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State of European Integration

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EUROPE TODAY

In view of the substantial degree of amendment which has been necessary, the enclosed pages constitute a complete revised edition of 'EUROPE TODAY', and should be used to replace all of the existing pages in your looseleaf binder.

FOREWORD

The first elections to the European Parliament by direct universal suffrage are to take place in June 1979. They will undoubtedly be the major event of the year. The elections will heighten the awareness of the people of Europe of the immense progress made by the European idea in the thirty years since Robert Schuman laid the groundwork for the first European Community, itself a relatively recent development.

Of course there have been setbacks, but decisions — some of them important, others routine — are taken almost daily. The routine decisions are not necessarily the least significant, serving as they do to demonstrate the impact of the Community's activities on the everyday life of its citizens.

'Europe Today' describes the activities of the Community. It is a pleasure for me to introduce the third edition to our readers, and I wish it the same success as its predecessors.

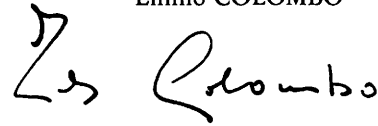
With this publication, the European Parliament has attempted to provide a means for rapid retrieval of the basic facts, and an assessment of the implications of Community measures with references to their precise legal sources. The third edition is divided into five chapters giving a full account of the Community's internal activities and a general outline of its external activities. A sixth chapter on the Community's relations with individual countries and groups of countries is in preparation.

Already, in its present form, the publication largely meets the European Parliament's wish not simply to take part in the Community decision-making process, reflecting the will of the people of the Community but also to make the work and activities of the Community institutions better

known. For this purpose it relies greatly on all those who, in political movements, the universities, professional bodies or in the mass media, are involved in publicizing and interpreting progress towards European integration.

Luxembourg, December 1978

Emilio COLOMBO

A handwritten signature in black ink, consisting of a stylized initial 'E' followed by the name 'Colombo' in a cursive script.

INTRODUCTION

1. This handbook is a collection of the most important legislative acts of the European Community in their most recent form, and is designed to give an overall picture of the latest stage reached in the political and legal development of the Community. It will be kept up to date by supplements from time to time.

Its purpose is to furnish politicians, journalists and other observers of the European scene with a handy source of information on the legal position in various sectors of the Community, together with indications of where more exhaustive information can be found.

2. The book is to be published in two sections. The text has been so arranged as to present the European Communities as a political organization. The institutional structure of the Community and its decision-making procedures have therefore been separated from the more specialized chapters and placed at the beginning in a chapter of their own. This is followed, in the first section, by chapters on the internal structure of the Communities (creation of the common market and economic policies) and, in the second section which will be published as soon as possible, by others on external economic relations and the associations.
3. In view of its size and scope, the material has had to be presented in the form of brief entries headed by keywords and confined to those decisions which are regarded as essential. The sole criterion has been that of political relevance. Any attempt to include all legal provisions would have necessitated a publication far exceeding the scope envisaged and however concise the presentation, would have led to a

volume of unmanageable proportions. Consequently, technical details have almost without exception been omitted. The decisions included are given in the form currently available at the date of publication ; brief reference is frequently made to earlier developments and those projects which are still being elaborated.

4. *Layout* : the text is subdivided according to the decimal system. The figure preceding the decimal point indicates the chapter and each figure following the decimal point indicates a subdivision of the preceding section.

Example :

- 1.4 **Evolution of political structures**
- 1.41 **Expansion of institutions**
- 1.411 European Parliament
- 1.4111 Further developments provided for in treaties.

5. *How to read the pages :*

— left-hand column :

legal authority for the decision (article of a treaty or legal act, etc., adopted by an organ of the Communities, together with date or number)

— central portion :

content of the decision, etc.

— right-hand column :

sources from which the information is derived or publication in which the decision, etc., has appeared.

The principal sources are as follows :

— Official Journal of the European Communities :

Number/Year

- Bulletin of the European Communities :
Number/Year
 - General Reports of the Commission on the Activities of the Communities :
Number/Institution
 - Reports and other documents of the European Parliament :
Number/Session.
6. The ISIC list used in the text to describe certain economic activities is the revised 1958 edition ('International Standard Industrial Classification of Economic Activities', United Nations, Series M, No 4 Rev. 1, New York 1958).
 7. In view of the number of amendments to the basic texts on agriculture normally only the most recent amendment is indicated beside the original text.

The value of this work will be considerably enhanced by the readiness of its users to share their experience of its use in practice ; any suggestions to be considered for incorporation in future supplements, and any constructive criticism of the present contents should be addressed to :

Directorate-General for Research and Documentation (Europe Today)
European Parliament,
P.O. Box 1601.
Luxembourg.

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ABBREVIATIONS

AASM	Assoc. African States and Madagascar
Act of	
Accession	Act concerning the conditions of accession and the adjustments to the Treaty
Addit. Prot.	Additional Protocol
AETR	European Agreement concerning the work of crews of vehicles engaged in international road transport
Agric.	Agriculture, agricultural
Agrmt	Agreement
AP	Agricultural policy
Art.	Article
ASEAN	Assoc. of South East Asian Nations
Assoc.	Association, associated
Assoc.	
Agrmt	Association Agreement
Assoc. C	Association Council
Bull.	Bulletin
C	Council
CAP	Common Agricultural Policy
CCT	Common Customs Tariff
CECLA	Latin American Special Coordination Commission
CJEC	Court of Justice of the European Communities
CM	Common Market
COM	Common organization of the market(s)
Comm.	Commission
Commun.	Communication
Conv.	Convention
Comm. Sec.	Commission Secretariat
Cttee	Committee
Dec.	Decision
Decl.	Declaration
Dir.	Directive

EAEC	European Atomic Energy Community
EAEC Tr.	Treaty establishing the EAEC
EAGGF	European Agricultural Guidance and Guarantee Fund
EC	European Community, European Communities
ECE	Economic Commission for Europe
ECSC	European Coal and Steel Community
ECSC Tr.	Treaty establishing the ECSC
EDF	European Development Fund
EEC	European Economic Community
EEC Tr.	Treaty establishing the EEC
EFTA	European Free Trade Assoc.
EIB	European Investment Bank
EP	European Parliament
ERDF	European Regional Development Fund
ESC	Economic and Social Committee
EUA	European unit of account
FAO	Food and Agriculture Organization
GATT	General Agrmt on Tariffs and Trade
GR	General Report
GSP	Generalized system of preferences
HA	High Authority of the ECSC
ICRC	International Committee of the Red Cross
IFAD	International Fund for Agricultural Development
ILO	International Labour Organization
IMF	International Monetary Fund
Impl. Conv.	Implementing Convention
Impl. Reg.	Implementing Regulation(s)
ISIC	International Standard Industrial Classification
JET	Joint European Torus
LAFTA	Latin American Free Trade Assoc.
Merger Tr.	Treaty establishing a single Council and a single Commission of the European Communities (8. 8. 65 OJ 152/67)
MO	Market organization
Nat. govt	National government
OCT	Overseas Countries and Territories

OECD	Organization for Economic Cooperation and Development
OJ	Official Journal
OQ	Oral Question
Par.	Paragraph
Prog.	Programme
Prop.	Proposal, proposed
Qual.	Qualified
Rec.	Recommendation
Reg.	Regulation(s)
Rep.	Report
Res.	Resolution
RP	Rules of Procedure
Subpar.	Subparagraph
Suppl.	Supplement
t.	tonne
Tr.	Treaty, Treaties
u.a.	Units of account
UNCTAD	UN Conference for Trade and Development
UNO	United Nations Organization
UNRWA	United Nations Relief and Works agency
Vol.	Volume
WD	Working Document
WFP	World Food Programme
WQ	Written Question

0. **SYSTEMS OF GOVERNMENT OF MEMBER STATES**

Constitution of 1831

BELGIUM, Constitutional Monarchy

Executive :

King (right to veto laws, not exercised)

Cabinet (responsible to King and Parliament)

Legislature :

Chamber of Representatives :

212 Members

Life : 4 years

Elections by universal suffrage based on proportional representation

Minimum age to vote : 21 years ; to be elected : 25 years

Senate :

181 Members + 1 Member as of right (Prince Albert)

Life : 4 years

106 Senators elected directly

50 elected by provincial councils

25 coopted by the Senate

Minimum age to vote : 21 years ; to be elected : 40 years

Constitution of 5 June 1953

DENMARK, Constitutional Monarchy

Executive :

Queen (must approve laws)

Cabinet nominated by the Sovereign

0.
(contd)

Legislature :

Unicameral system

Diet (Folketing) :

179 Members

Life : 4 years

Elections by universal suffrage based on proportional representation

Minimum age to vote : 20 years ; to be elected : 20 years

Constitution
(Basic Law)
of 23 May 1949

GERMANY, Federal Republic

Executive :

President (elected for 5 years by the Federal Assembly)

Chancellor (elected by Federal Diet)

Legislature :

Federal Diet (Bundestag) :

518 deputies in all, of which 496 are entitled to vote and 22 are Berlin Members appointed by the Berlin House of Representatives, acting in an advisory capacity with limited voting rights

Life : 4 years

Elections by universal suffrage based on a mixed system of majority and proportional representation

Minimum age to vote : 18 years ; to be elected : 18 years

Federal Council (Bundesrat) :

45 Members of the 'Länder' governments, by whom they are appointed and recalled

Executive :

President of the Republic

(elected by universal suffrage for 7 years by an absolute majority, in default of which the two most successful candidates are voted for in a second ballot): can dissolve the National Assembly

Government

(nominated by President without consulting Assembly) responsible to National Assembly

Legislature :

National Assembly :

490 Members

Life : 5 years

Elections by universal suffrage based on majority system. Second ballot if no candidate gains an absolute majority

Minimum age to vote : 18 years ; to be elected : 23 years

Senate :

283 Members

Length of mandate : 9 years

One-third of Members re-elected every three years. Representatives of local government organs elected at 'département' level by an electoral college (composed of National Assembly Members, Departmental Councillors and delegates of the Municipal Councils) by a majority system (4 seats or less) or by proportional representation (5 seats or more)

Minimum age to be elected : 35 years

Constitution of 29
December 1937

0.

IRELAND, Republic

Executive :

President (elected for 7 years by universal suffrage)
Cabinet

Legislature :

bicameral system 'Oireachtas'

Dáil Éireann (House of Representatives):

144 Members (number varies according to population)

Life : 5 years

Elections by universal suffrage based on proportional representation

Minimum age to vote : 18 years ; to be elected : 21 years

Seanad Éireann (Senate):

60 Members

11 nominated by Prime Minister

3 nominated by National University of Ireland

3 nominated by Trinity College, Dublin

43 elected on basis of proportional representation from panels representing vocational groups by an electoral college comprising members of the Dáil, outgoing Senate, and members of County Councils and County Borough Councils

Minimum age to be elected : 21 years

Constitution of 1 January
1948

ITALY, Republic

Executive :

President of the Republic, elected for 7 years by both chambers (Senate and Chamber of Deputies):

can dissolve both chambers

Government (nominated by President):

must enjoy the confidence of both chambers

0.

0.
(contd)

Legislature :

Parliament (bicameral system)

Chamber of Deputies :

630 deputies

Life : 5 years

Elections by universal suffrage based on proportional representation within each province

Minimum age to vote : 18 years ; to be elected : 25 years

Senate :

322 members (of which 5 for life) plus all ex-presidents of the Republic

Life : 5 years

Elections by universal suffrage based on proportional representation within each region

Minimum age to vote : 25 years ; to be elected : 40 years

Constitution of 1868

LUXEMBOURG, Constitutional Monarchy

Executive :

Grand Duke

Cabinet

Legislature :

unicameral system

Chamber of Deputies :

59 Members

Life : 5 years

Elections by universal suffrage based on proportional representation

Minimum age to vote : 18 years ; to be elected : 21 years

Constitution of 1814

0.
(contd)

NETHERLANDS, Constitutional Monarchy

Executive :

Government, i.e. Sovereign and Ministers

can dissolve the chambers (separately or together)

The members of the Government may not be members of the States-General

Legislature : States-General

Second Chamber :

150 Members

Life : 4 years

Election by universal suffrage based on proportional representation

Minimum age to vote : 18 years ; to be elected : 25 years

First Chamber :

75 Members

Life : 6 years

50 % of members re-elected every three years by provincial councils

Constitution based on
common law

UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN
IRELAND, Constitutional Monarchy

Executive :

Queen (must authorize laws)

Cabinet

Prime Minister, leader of the majority party in the Commons

0.

0.
(contd)

Legislature :

House of Commons :

635 Members

Life : 5 years

Election by a simple majority

Minimum age to vote : 18 years ; to be elected : 21 years

House of Lords :

(total membership variable)

817 hereditary peers

279 life peers (nominated by the Queen on Government advice)

42 other *ex officio* members (High Court judges, bishops)

1. **CONSTITUTION OF THE EUROPEAN COMMUNITIES**

1.1 **Institutions**

ECSC Tr., Art. 20—25
EEC Tr., Art. 137—144
EAEC Tr., Art. 107—114

1.11 **EUROPEAN PARLIAMENT**

Conv. of 25 Mar. 1957 on
certain Institutions common
to the EC, Art. 1

Parliamentary organ of the three Communities (ECSC, EAEC, EEC) with consultative, supervisory and decision-making powers. Delegates designated by national Parliaments from among their own members

— until 31 December 1972	142 delegates
Belgium	14 delegates
France	36 delegates
FR of Germany	36 delegates
Italy	36 delegates
Luxembourg	6 delegates
Netherlands	14 delegates
— since 1 January 1973	198 delegates
as shown above, plus :	
Denmark	10 delegates
Ireland	10 delegates
United Kingdom	36 delegates

Part-sessions in Strasbourg or Luxembourg (in 1976 : five part-sessions in Strasbourg, seven part-sessions in Luxembourg). Total duration : 56 days.

1.111 **Powers**
(contd)

EEC Tr., Art. 144
RP EP, Rule 21

(a) *of control*

vis-à-vis Comm.

— motion of censure on Comm. with a two-thirds majority of the votes cast and a simple majority of members of EP; if adopted, Comm. must resign, as a body

RP EP, Rule 45

vis-à-vis Comm., C and Conference of Foreign Ministers (1976):

— written questions (to be answered within one month by Comm., within two months by C) 973

RP EP, Rule 46

— oral questions with or without debate and, possibly, vote 107

RP EP, Rule 47

— question time during every part-session — questions 259

RP EP, Rule 47a

RP EP, Rule 48

Petitions 18

(b) *budgetary powers*

— *Progressive reinforcement:* OJ L 2/71

— Tr. of 22 April 1970

— Tr. of 22 July 1975, entered into force, 1 June 1977

ECSC Tr., Art. 49—50

— *Creation of revenue:*

EEC Tr., Art. 201

— the nature of revenue is fixed by treaty or by decision equivalent to treaty

EAEC Tr., Art. 173

C/Dec. of 21 April 1970

— the amount of revenue is fixed at the time of adoption of the budget, up to a given ceiling OJ L 94/70

ECSC Tr., Art. 78
 EEC Tr., Art. 203
 EAEC Tr., Art. 177
 Joint Decl.
 EP-C-Comm.
 4 March 1975

1.111
 (contd)

- *Creation of expenditure :*
 - the nature of expenditure depends in the last resort on the legislative power of C, unless the conciliation procedure is initiated
 - the amount of expenditure is determined by the budgetary authorities :
 - for obligatory expenditure the last word is with C
 - for non-obligatory expenditure the last word is with EP, unless the maximum rate has been exceeded

ECSC Tr., Art. 78d and g
 EEC Tr., Art. 205a and 206b
 EAEC Tr., Art. 179a and 180b

- *Control of revenue and expenditure :*
 discharge is given to Comm. by EP following recommendation from C on the basis of a report prepared by the Court of Auditors in the case of the operational expenses of the ECSC the separate report drawn up by Court of Auditors is used

ECSC Tr., Art. 78h
 EEC Tr., Art. 209
 EAEC Tr., Art. 183

- *Budgetary regulations :*
 depend on the legislative power of C, unless the conciliation procedure is initiated

RP EP Rule 25
 ECSC Tr., Art. 95, 96
 EAEC Tr., Art. 204
 EEC Tr., Art. 236

- (c) *consultative powers :*
 - EP may, or must be consulted by C
 - EP is entitled to take up any matter on its own initiative
 - EP must be consulted when treaties are to be amended

1.112 **Structure**

RP EP Rules 5—7

Bureau :

President

12 Vice-Presidents

Enlarged Bureau :

Members of the Bureau and chairmen of political groups

RP EP Rules 36—44

Committees and Delegations :

Political and Legal Affairs Committees, Committees on Economic and Monetary Affairs, Budgetary Affairs, Social Affairs, Employment and Education, Agriculture, Regional Policy, Regional Planning and Transport, the Environment, Public Health and Consumer Protection, Energy and Research, External Economic Relations, Development and Cooperation, and Rules of Procedure and Petitions. Delegation to the Joint Parliamentary Committee on the EEC/Greece Association. Delegation to the Joint Parliamentary Committee of the EEC/Turkey Association.

RP EP Rule 36

Political Groups :

Minimum strength of a political group : 14 representatives (or 10 representatives from at least 3 Member States)

Composition of EP on 17 March 1978

Socialist Group	65 representatives
Christian-Democratic Group (Group of the European People's Party)	53 representatives
Liberal and Democratic Group	23 representatives
European Progressive Democratic Group	19 representatives
European Conservative Group	19 representatives
Communist and Allies Group	17 representatives
Non-attached	3 representatives

Secretariat : (Luxembourg)

Secretary-General

5 Directorates-General

- for Sessional and General Services
- for Committees and Inter-Parliamentary Delegations
- for Information and Public Relations
- for Administration, Personnel and Finance
- for Research and Documentation

C. Dec. and Act
of 20 Sept. 1976

Following the direct elections planned for 1979 the number of EP representatives elected in each Member State will be as follows :

Belgium	24
Denmark	16
FR of Germany	81
France	81
Ireland	15
Italy	81
Luxembourg	6
Netherlands	25
United Kingdom	81
Total	410

EEC Tr., Art. 145—153

Merger Tr., Art. 2

Communiqué Summit
Conf. 1974

Merger Tr., Art. 4

EEC Tr., Art. 148
ECSC Tr. Art. 28

EEC Tr., Art. 149
Luxembourg Agrmt of 30
Jan. 1966

EEC Tr., Art. 148
EAEC Tr., Art. 118
ECSC Tr., Art. 28

Structure :

- composed of representatives of the Member States in the persons of their Foreign, Finance, Social Affairs, Justice, Education, Agriculture, or Transport Ministers, etc.
- Heads of Government can also constitute C
- is presided over for 6 months by each of the Foreign Ministers in turn
- is assisted by the Committee of Permanent Representatives of the Member States

8 GR EC, Annex

Procedure :

Convened by its President on his own initiative or at the request of one of its members or of the Comm. Decisions by unanimous vote or by simple or qual. majority, according to the Tr.

- can amend Comm. proposals only by unanimous vote
- matters considered by one Member State to affect its 'vital interests' can be settled only by a unanimous decision of C
- if a qual. majority is required, votes are weighted as follows : Belgium 5, Denmark 3, France 10, Germany 10, Ireland 3, Italy 10, Luxembourg 2, Netherlands 5, United Kingdom 10

9 GR EEC, Par. 13

Qualified majority :

from 1 January 1973 :

41 votes on proposals from the Comm.

41 votes cast by at least 6 Member States in all other cases

Powers :

Legislative organ of EC in cases set out in Tr.

All important decs. taken by C

Luxembourg Agrmt of 30
Jan. 1966

1.12

- Since 1966 :
shares with Comm. right to accept the credentials of ambassadors
from third countries to the EC
- From 1975 :
shares budgetary powers with EP

Permanent Representatives

Merger Tr., Art. 4

Member States' ambassadors to EC function as Permanent Representatives

They have deputies to deal with technical matters (see 1.203)

The Committee of Permanent Representatives

- prepares the work of the Council
- carries out tasks assigned to it by the Council

1.122

Association Councils

Attached to C are Assoc. Councils comprising members of C, Comm. and governments of the assoc. countries or groups of countries, to supervise implementation of these Associations.

For information concerning individual Assoc. Councils, see Part II.

COMMISSION*Structure :*

Members nominated by Member States for 4 years ; may be reappointed.
From among these 1 President and 5 Vice-Presidents nominated for 2 years

— from 1 January 1973

13 Members, including 1 President, and 5 Vice-Presidents

Members are completely independent in the performance of their duties.
Members guilty of serious misconduct may be compulsorily retired by CJEC.

In 1965 executives of EEC, ECSC and EAEC were merged to form a single Comm.

Powers (differ according to the Treaties):

— entitled to initiate measures and take decisions in cases laid down in Tr.

— supervises proper implementation of EC decisions

— ensures observance of Tr. provisions and provisions laid down by EC organs

— implements the budget on its own responsibility

Relations to other EC organs :

— to EP ;

responsible to EP (see 1.111)

submits annually to EP general report on EC activities

— to C :

to amend a Comm. proposal, C must act unanimously

C may request Comm. to submit proposals

EEC Tr., Art. 155—163
Merger Tr., Art. 9—19

EEC Tr., Art. 169—186
ECSC Tr., Art. 33—44

ECSC Tr., Art. 78 c
EEC Tr., Art. 205
ECSC Tr., Art. 179

EEC Tr., Art. 144
EEC Tr., Art. 143
Merger Tr., Art. 18

EEC Tr., Art. 149
EEC Tr., Art. 152

1.131

Association Committees

Attached to the Comm. are Association Committees which are responsible for countries or groups of countries, with which Association Agreements exist and whose task is to prepare the work of the Assoc. Councils. For information concerning individual Assoc. Comms. See Part II.

1.14 EUROPEAN COURT OF JUSTICE

Task :

EEC Tr., Art. 164
ECSC Tr., Art. 31
EAEC Tr., Art. 136
Conv. of 25 Mar. 1957 on
certain Institutions common
to the EC, Art. 3, 4

to ensure observance of the law in interpretation and application of the
Treaties

EEC Tr., Art. 165/168

Composition :

— from 1 January 1973 :

9 Judges, 4 Advocates-General

appointed for 6 years by common accord of Member States' governments.

CJEC Statute of 18 Apr.
1951 and 17 Apr. 1957

Partial replacement every 3 years.

Appointments are renewable.

The Judges elect CJEC President.

2 chambers

Jurisdiction (see 1.31, 1.331)

Jurisdiction based on the Tr., but may be determined by agreement in
individual cases.

EEC Tr., Art. 183
EAEC Tr., Art. 155

Where not explicitly conferred on CJEC, jurisdiction in cases involving
EC may devolve upon Courts of the Member States.

EEC Tr., 183
ECSC Tr., 40

Procedure :

Suits may be filed by : Member States, EC Institutions and private persons
in cases laid down by the Tr.

— written procedure

— oral procedure

— written application (applicant's name, subject matter of the disputed,
etc.)

— hearing of evidence

— speeches by Counsel and submission by the Advocate-General

— CJEC judgments have immediate effect and are final.

OJ 318/59

OJ 2/60

RP of 3 Mar. 1959 and 4
Dec. 1974

OJ L 350/74

1.15 EUROPEAN COURT OF AUDITORS

Establishment :

treaty of 22 July 1975, entered into force on 1 June 1977

OJ L 359/77

Task :

to carry out audit

ECSC Tr., Art. 7
EEC Tr., Art. 4
EAEC Tr., Art. 3

Composition :

- 9 members — President elected from among their number for 3 years
— chosen from among persons who belong or have belonged in their respective countries to external audit bodies or who are especially qualified for this office
- appointed for 6 years by C, acting unanimously after consulting EP. Members eligible for re-appointment. Initially 4 members appointed for 4 years only
- completely independent in performance of their duties, in general interest of EC

ECSC Tr., Art. 78e
EEC Tr., Art. 206
EAEC Tr., Art. 180

Powers :

- to examine accounts of all revenue and expenditure of all bodies set up by EC in so far as relevant constituent instrument does not preclude such examination, to establish whether revenue has been received and expenditure incurred in a lawful and regular manner and whether financial management has been sound.
permanent audit, even before closure of accounts for financial year but subsequent to commitment or authorization of expenditure
audit based on records and, if necessary, performed on the spot in the institutions of EC and in Member States, in liaison with national audit bodies

ECSC Tr., Art. 78f
EEC Tr., Art. 206a
EAEC Tr., Art. 180a

1.15
(contd)

- to draw up annual report to be published in the OJ together with replies of the institutions : separate report is drawn up by Court of Auditors stating whether accounting other than that for administrative revenue and expenditure has been conducted by ECSC in a regular manner
- to submit, at any time, observations on specific questions and deliver opinions at request of one of the institutions
- to assist EP and C in exercising their powers of control over implementation of budget
- to adopt its annual report or opinions by a majority of its members.

ECONOMIC AND SOCIAL COMMITTEE

EEC Tr., Art. 193—198
 EAEC Tr., Art. 165—170
 Conv. of 25 Mar. 1957 on
 certain Institutions common
 to the EC, Art. 5

Structure :

from 1 January 1973 :	144 members
Belgium	12 members
Denmark	9 members
FR of Germany	24 members
France	24 members
Ireland	9 members
Italy	24 members
Luxembourg	6 members
Netherlands	12 members
United Kingdom	24 members

- Members appointed by C, acting unanimously, from lists submitted by Member States of candidates representing various categories of economic and social activity
- appointments for 4 years, renewable
- chairman and officers elected by ESC for 2 years from among own members
- ESC include specialized sections for principal fields covered by the Tr.

Advisory role of ESC :

- ESC *must* be consulted in cases laid down in Tr., e.g. cases concerning free movement of workers, freedom of establishment, freedom to supply services, and in all cases where approximation of provisions laid down by national laws, regulations or administrative action entails amendment of national legislation
- ESC *may* be consulted if considered necessary by C or Comm. Since 1974, ESC may now act on its own initiative.

EEC Tr., Art. 49, 54, 100
 Reg. of 13 Jun. 1974

OJ L 228/74

C Dec of 12 Feb 1974

Bull. EC 2/74, item 2505

EUROPEAN INVESTMENT BANK*Independent public institution within the Community*

EEC Tr., Art. 129

EEC Tr., Art. 130

Task :

To contribute to the balanced and steady development of the common market by facilitating on a non-profit-making basis (low rates of interest), the financing of the following projects in all sectors of the economy :

- projects for developing less developed regions ;
- projects for modernizing or converting undertakings or for developing fresh activities called for by the progressive establishment of the common market ;

Financing of private and public projects up to 50 % of cost of fixed assets.

Granting of 'global loans' to intermediary institutions which lend on to small and medium-scale undertakings.

EEC Tr., Art. 130

Field of activity :

Originally limited to territories of Member States of EC, field of activity of EIB has been gradually extended under various association or cooperation agreements to 13 Mediterranean countries (Greece, Turkey, Algeria, Morocco, Tunisia, Syria, Jordan, Egypt, Lebanon, Malta, Yugoslavia, Israel and Cyprus) and to 53 countries in Africa, the Caribbean and the Pacific, signatories of Lomé Convention.

Loans granted by EIB in these countries attract interest subsidies financed out of EC budget.

1.17
(contd)

For projects serving the interests of EC as a whole, Bank may, with special authorization from Board of Governors, provide financing in other non-member countries.

Resources :

Prot. on the Statute
of the EIB, Art. 4

Member States have each subscribed share of Bank's capital which amounted to 3 543.75 million units of account⁽¹⁾ as at 31 December 1977.

Prot. on the Statute
of the EIB, Art. 4, 5, 6

Bank borrows most of the funds required to carry out its tasks on national and international capital markets.

Structure :

Prot. on the Statute
of the EIB, Art. 8-14

Administrative structure of Bank comprises :

- Board of Governors : 1 Minister appointed by each Member State, generally the Finance Minister
- Board of Directors : 17 directors and 9 alternates appointed by Board of Governors for period of 5 years following nomination by Member States, and 1 director and 1 alternate appointed by Commission of EC for same period.
- Management Committee, the Bank's 'motor', composed of President and 4 Vice-Presidents appointed for term of 6 years by Board of Governors on proposal from Board of Directors.

⁽¹⁾ Unit of account used by EIB is European unit of account

1.17
(contd)

EIB financing operations within the Community
Sectoral breakdown

	1977					from 1958 to 1977				
	Number		Amount (in million u.a.)			Number		Amount (in million u.a.)		
	Total	of which global loan allocations	Total	of which global loan allocations	% of total	Total	of which global loan allocations	Total	of which global loan allocations	% of total
Energy, communication and other infra- structures	46	975.1		69.6	28.2		4 955.3		66.9	
Energy	16	379.4		27.1	12.5		2 143.6		29.0	
Communications	16	310.0		22.1	11.4		2 164.9		29.2	
Water supply and distribution	14	285.7		20.4	4.1		630.4		8.5	
Public buildings					2		16.3		0.2	
Industry, agriculture and services	169	133	426.2	57.8	30.4	1 055	686	2 451.5	320.2	33.1
Industry	157	122	420.0	54.0	30.0	1 031	668	2 424.0	312.9	32.7
Agriculture, forestry, fisheries	6	6	1.9	1.9	0.1	11	10	9.4	3.9	0.1
Services	6	5	4.3	1.9	0.3	13	8	18.1	3.3	0.3
Grand Total	215	133	1 401.3	57.8	100.0	1 337	686	7 406.8	320.2	100.0

1.17
(contd)

Financing provided in 1977 and from 1958 to 1977
Breakdown by project location

	1977				From 1958 to 1977			
	Number	Amount (in million u.a.)	% of total	% Member States	Number	Amount (in million u.a.)	% of total	% Member States
Ordinary operations								
Community	82	1 401.3	89.2	100.0	651	7 406.8	87.1	100.0
Belgium	—	—	—	—	9	112.0		1.5
Denmark	8	32.7		2.3	24	85.9		1.2
FR of Germany	1	28.4		2.0	73	793.5		10.7
France	9	296.5		21.2	109	1 449.3		19.6
Ireland	6	79.7		5.7	21	243.8		3.3
Italy	32	425.7		30.4	320	3 039.3		41.0
Luxembourg	—	—		—	3	9.0		0.1
Netherlands	—	—		—	9	105.2		1.4
United Kingdom	23	489.5		34.9	77	1 458.3		19.7
Third Countries ⁽¹⁾	3	48.8		3.5	6	110.5		1.5
(of which guarantees) ⁽²⁾	(—)	(—)	(—)	(—)	(12)	(228.2)		(3.1)
Outside the Community	20	152.0	9.6		88	571.0	6.7	
Greece	—	—			22	116.4		
Portugal	5	60.0			9	150.0		
Turkey	—	—			2	25.0		
Yugoslavia	1	25.0			1	25.0		
ACP-OCT	14	67.0			54	254.6		
Special operations ⁽³⁾	11	18.2	1.2		113	527.8	6.2	
Turkey	—	—			55	363.7		
ACP-OCT	11	18.2			58	164.1		
Grand Total	113	1 571.5	100.0		852	8 505.6	100.0	

⁽¹⁾ Operations outside EC but of direct interest to it.

⁽²⁾ Of which Germany: 118.8 million; Italy: 90.2 million; Netherlands: 16.5 million; France: 2.7 million.

⁽³⁾ Special operations financed from budget resources of EC or of Member States.

1.2 Legal measures

EEC Tr., Art. 3

EC's legislative powers not all-embracing, but are limited to spheres and procedures laid down in the Tr. The *form of a measure and the manner of its adoption* depend on its content and objective.

1.201 Types of official act

EEC Tr., Art. 189, Par. 2
EAEC Tr., Art. 161, Par. 2
ECSC Tr., Art. 14, Par. 2

EEC Tr., Art. 189, Par. 3
EAEC Tr., Art. 161, Par. 3
ECSC Tr., Art. 14, Par. 3

EEC Tr., Art. 189, Par. 4
EAEC Tr., Art. 161, Par. 4

e.g. EEC Tr., Art. 18, 111,
113, 238
ECSC Tr., Art. 6, Par. 2
EAEC Tr., Art. 101

e.g. EEC Tr., Art. 142

EEC Tr., Art. 199

— *Regulations* (in ECSC Tr: '*Decisions*'), comparable to national laws, have general application and confer obligations and entitlements directly upon natural and legal persons in the Member States.

— *Directives* (in ECSC Tr: '*Recommendations*'), in practice extremely detailed, are *binding only upon Member States* but may *confer entitlements upon natural and legal persons*.

— *Decisions* are rulings applicable to individual cases and are addressed to individuals or states.

— *Opinion, Recommendations*

— Programmes

— International agreements of the EC

— Provisions relating to internal organization (RP, Statutes, appointments)

— The Budget

CJEC, Case 33/70
Coll. Vol. XVI, p. 1213

1.202 Decision-making procedure

— C decides independently

— Comm. decides independently

- 1.202
(contd)
- C decides on Comm. proposal after consulting :
 - *EP*
 - *ESC*
 - *EP and ESC*
 - *ECSC Consultative Committee*
 - *Committee procedure* :

EEC Tr., Art. 155, 4th
indent

C has often (e.g. in agric. and customs legislation) empowered Comm. to issue Impl. Reg. to implement its rules: in most of such cases a committee, composed of representatives of Member States, must be involved before Comm. can act.

For details of procedures see 3.411

1.203 **Decision-making within the individual organs**

In the C authority is distributed over several levels :

Provisional RP C, Rule 16 ;
Merger Tr., Art. 4

— proposed measures are examined by *specialized working parties* composed of representatives of Member States and Comm. and chaired by a delegate of that Member State whose representative is currently President of C. Chairmen of working parties are assisted by C. Secretariat ;

— proposed measures then examined by the *Committee of Permanent Representatives* (Member States' ambassadors or their deputies). If these are agreed, C automatically gives formal approval (as an 'A item on the Agenda'); otherwise proposed measures are examined by C, which approves or refers them back. If approved, they are drawn up in EC languages, adopted by C as a rule at its next meeting, signed by C President and published or forwarded to those to whom they are addressed.

<p>EEC Tr., Art. 148 C Decl. of 29 Jan. 1966 RP Comm., Rule 1 Comm. Dec. of 3 Apr. 1968</p>	<p>1.203 (contd)</p>	<p>According to measure concerned, C decides by <i>simple or qual. majority or by unanimous vote</i>.</p> <p>Comm. acts as body, deciding by majority vote.</p> <ul style="list-style-type: none"> — Except with regard to certain agric. levies, subsidies and refunds (entailing decisions liable to constant revision), which individual members are authorized to 'fix and alter for and on behalf of the Comm.' — Working out of proposals in close contact with Member States through consultation with national experts. Proposals with more extensive material implications are submitted to nat. govts before finalization. <p>Comm. frequently alters proposals before their finalization by C on account of</p> <ul style="list-style-type: none"> — EP's opinion — Need for compromise in C — For EP (see 1.11) 	<p>9 GR EEC, Par. 13</p> <p>OJ L 89/68</p> <p>9 GR EEC, Par. 13</p>
<p>C Decl. of 29 Jan. 1966</p> <p>EEC Tr., Art. 149, Par. 2 EAEC Tr., Art. 119, Par. 2</p>	<p>1.204</p>	<p>EP's proposals for changes in decision-making process</p> <ul style="list-style-type: none"> — referring back of proposals to EP when C rejects EP's opinion ('Second Reading'); intervention of a conciliation procedure; — Delaying effect of rejection of proposal by EP, e.g. repeated rejection of proposal by EP should block it for at least 6 months; — entitlement for EP to participate in conclusion of international treaties, admission of new members, amendment of Treaties, application of Art. 235 of EEC Tr., and adoption of Regs. with financial implications; — at a later stage, participation by EP so that legislative acts of EC require EP approval; 	<p>OJ C 82/72 OJ C 179/75</p>

1.204
(contd)

— continuation of gradual move to extend budgetary powers of EP so as to give the latter unlimited jurisdiction (fiscal power, abolition of the distinction between compulsory and non-compulsory expenditure, joint decisions on regulations).

1.21 **CHARACTERISTICS OF DECISION-MAKING IN PRACTICE**

Great majority of decisions reached in cooperation between Comm. and C. Nature of measures to be taken is laid down for various sectors by Tr.; however, practice diverges from Tr. provisions in individual questions, e.g.:

- *EP* frequently consulted by C when such consultation not prescribed;
- *Comm.* frequently informs EP of intended proposals to C;
- formal voting carried out only occasionally in C;
- Decisions prepared for the most part in Permanent Representatives' Committee;
- political guidelines are issued by European Council (heads of State or government).

1.22 **DECISION-MAKING IN INDIVIDUAL SECTORS**

Free movement of goods (see 2.12)

Competition (see 2.412, 2.422)

Approximation of taxes (see 2.51)

Common agricultural policy (see 3.1)

Common economic policy (see 4.03, 4.16)

Common research policy (see 4.2211, 4.2221, 4.2232)

Common energy policy (see 4.2331, 4.2341)

Common transport policy (see 4.2412, 4.2422)

Common social policy (see 4.31)

1.22
(contd)

Approximation of laws

In the absence of special provisions, this proceeds in accordance with EEC Tr., Art. 100-102.

EEC Tr., Art. 100, Par. 1

Acting unanimously on Comm. proposals, C issues directives containing model laws which Member States must enact as national laws or regs.

EEC Tr., Art. 100, Par. 2

EP and ESC must be consulted if implementing such directives would involve amendment of existing national legislation.

EEC Tr., Art. 101, Par. 2

C, acting by qual. majority on Comm. proposals, issues directives to eliminate distortions of competition arising from differences in nat. provisions laid down by law, reg. or administrative action.

EEC Tr., Art. 101, Par. 2

Comm. and C may take any other appropriate measures provided for in Tr. to eliminate such distortions.

EEC Tr., Art. 102

In particular Comm. addresses *recommendations* to Member States when the adoption or amendment of nat. legislation may result in distortion of competition.

1.23 **DECISION-MAKING PROCEDURE DURING EXPANSION OF COMMUNITIES**

1.231 **Procedure for expansion of EC by accession**

First Stage:

EEC Tr., Art. 237, Par. 1
EAEC Tr., Art. 205, Par. 1

— *Application to C by applicant State*

ECSC Tr., Art. 98

— *C asks Comm.* to negotiate the terms of accession treaty (in practice the accession negotiations with UK, Ireland and Denmark were mainly handled by C alone)

1.231
(contd)

Second Stage:

— *Comm. submits its opinion* (not binding on C)

Third Stage:

— *unanimous decision on admission by C* (under ECSC Tr., procedure completed at this stage with deposit of instrument of accession)

Fourth Stage:

— *Agreement between Member States and applicant State*

Fifth Stage:

— Ratification of agreement by all contracting States

Criticism by EP:

— *EP demands right of veto or assent without which legitimation of decisions on admission is incomplete*

OJ C 82/72

ECSC Tr., Art. 98

EEC Tr., Art. 237 Par. 2
EAEC Tr., Art. 205, Par. 2

EP Res. of July 5 1972
Par. 7

1.2311

EXPANSION OF EC ON 1 JANUARY 1973

May 1967
1/2 Dec. 1969
June 1970 to Jan. 1972

Denmark, UK, Ireland and Norway applied to C for membership. In accordance with the Resolution of the Summit Conference of the Hague, formal accession negotiations were carried out between 1970 and 1972.

19 Jan. 1972

Formal positive opinion of Comm.

OJ L 73/72

22 Jan. 1972

C decision concerning admission of the new States into the ECSC, the EEC/EAEC and Treaty between old and new States covering conditions of accession to EEC and EAEC.

OJ L 73/72

OJ L 73/72

C Dec. of 1 Jan. 1973

Treaties ratified in Denmark, United Kingdom and Ireland, and rejected in Norway. Enlargement operative as from 1 January 1973. Details of the accession, adjustment of existing Treaties and special provisions for new members, (concerning, *inter alia*, the transitional period) are settled in 'Acts of Accession' together with 11 Annexes and 30 Protocols.

OJ L 2/73

In view of Norway's failure to accede, special adjustments were made in relation to the Act of Accession (in particular in regard to Community Institutions).

Act Acc, Art. 2-4
Act Acc, Art. 9

1.2311
(*contd*)

Fundamental principle of Accession Treaties :

All Community decisions, in particular Community law applicable to original and new Member States alike.

Exception : transitional measures covering agriculture, free movement of goods, etc. with special rules for new Member States. Valid until 31 Dec. 1977 at the latest.

(For details, see the respective chapters.)

10/11 Mar. 1975

On 1 April and on 4 June 1974 the British Government at Meeting of C expressed reservations with regard to conditions of accession. The last of these reservations (correction mechanism for contributions of a Member State in the case of budget deficits ; relations with New Zealand) were resolved at the Dublin Summit Conference.

Bull. EC 3/1974
item 1 104
Bull. EC 6/1974
items 1 102—1 107
Bull. EC 3/1975
items 1 101—1 106

In consequence the British Government recommended the electorate to vote 'yes' in the Referendum on whether or not UK should remain in EC. Referendum was held on 5 June 1975 and showed 67.2 % of votes in favour of staying in EC.

1.232 **Procedure for expansion of EC by Association**

EEC Tr., Art. 238

General Procedure

EAEC Tr., Art. 206

First Stage :

— Comm. negotiates assoc. agrmt.

Second Stage :

— C asks EP for opinion

Possible intermediate stage :

— Amendment of Tr. according to EEC Tr. Art. 236 (see 1.234)

1.232
(contd)

Third Stage :

— C takes unanimous decision on association

Implementation of assoc. agrmt by :

— Assoc. C (composed of members of govts of EC Member States, C and Comm. and of govt of Assoc. State) in 'cooperation' with EP and ESC (see 6.1)

OJ 26/63
OJ 217/64

e.g. EEC-Greece Assoc.
Agrmt
9 Jul. 1961, Art. 65, 71
EEC-Turkey Assoc. Agrmt
12 Sept. 1963, Art 23,27

1.233

Major amendment of EC Treaties

EEC Tr., Art. 235
EAEC Tr., Art. 203

Under EEC Tr. and EAEC Tr.

If action by Community proves necessary to attain one of its objectives and

if Tr. has not provided the necessary powers, C, acting unanimously on Comm. proposal and after consulting EP, takes appropriate measures.

Requirements of EP :

EP Res. of 5 Jul. 1972

Right to participate in decisions on application of Art. 235 of EEC Tr.

OJ C 82/72

Under ECSC Tr. :

First possibility :

ECSC Tr., Art. 95 Par. 1

If dec. or rec. of Comm. appears necessary to attain one of ECSC's objectives set out in Art. 2—4 of ECSC Tr., and if the case is not provided for in the Tr.

Comm., takes dec. or makes rec. with C's unanimous assent and after consulting the Consultative Committee ;

1.232/1.233

ECSC Tr., Art. 95 Par. 3

1.233
(contd)

Second possibility:
If difficulties in applying Tr. or economic or technical changes necessitate adaptation of rules governing Comm.'s powers, and if proposed amendments neither conflict with Art. 2—4 of ECSC Tr. nor interfere with distribution of powers, C (by $\frac{8}{9}$ majority) and Comm. jointly submit prop. amendments to CJEC and then, if found in order, to EP. They enter into force if approved by EP ($\frac{3}{4}$ of the votes cast and $\frac{2}{3}$ of its members)

ECSC Tr., Art. 95, Par. 4.

1.234 **Extension of EC Treaties to confer new powers on EC organs**

EEC Tr., Art. 236
EAEC Tr., Art. 204
ECSC Tr., Art. 96

First Stage:

Prop. amendments submitted to C by govt of a Member State by Comm.

Second Stage:

EP delivers opinion; Comm. gives opinion only when the prop. comes from a nat. govt (not under ECSC Tr.)

Third Stage:

C decides whether to call conference of representatives of govts of Member States; if C so decides (under ECSC Tr., by $\frac{2}{3}$ majority), then:

Fourth Stage:

C President convenes conference and amendments are determined by common accord.

Fifth Stage:

Amendments enter into force after ratification by all Member States.

1.24 BUDGETARY POWERS

Joint Decl. EP-C-Comm.
of 4 Mar. 1975

1.241 Conciliation procedure

OJ C 89/75

Generally speaking, the type of expenditure is governed by the legislative power of the Council. The amount of expenditure is fixed during the budgetary procedure. The increase in the budgetary powers of the EP involves its participation in the legislative acts of the Council. The conciliation procedure means that the EP can play an active part in the process of preparing and adopting the decisions which give rise to significant expenditure or revenue for the Communities ; the purpose of the conciliation procedure is, with the active assistance of the Commission, to reach an agreement between EP and C, which makes the final ruling, at the end of the conciliation procedure, and if necessary after a further opinion of the EP.

1.242 Budgetary procedure

During first half-year joint C (Ministers for Foreign Affairs and Ministers for Finance) and EP each examine a Comm. document giving an overall review of budget problems for following year.

ECSC Tr. Art. 78
EEC Tr. Art. 203
EAEC Tr. Art. 177

1.2421 *THE FIVE STAGES OF THE PROCEDURE*

First Stage :

Each institution draws up, before 1 July (15 May 1978), an estimate of its expenditure for the following year.¹

¹ The dates given in parentheses indicate the adjusted time schedule for examining the budget for the 1979 financial year, by agreement between the EP, C and Comm. with a view to increasing the time for examining budget documents.

1.242!
(cont'd)

On the basis of a report prepared by the Secretary-General of the EP and following an internal procedure involving the enlarged Bureau of the EP, the Committee on Budgets prepares the draft estimate of expenditure of the EP, which is adopted at the plenary sitting in June (20 June 1978). Comm. consolidates estimates, attaches its opinion, and presents them to C and to EP by 1 Sept. (16 June 1978)

Second Stage :

Council :

- *consults* institutions concerned whenever it intends to depart from the preliminary draft budget ;
- establishes draft budget, acting by qual. majority ;
- places it before EP not later than 5 Oct. (beginning of August) after 35 days, discussion (45 days).

Third Stage :

EP :

- has 45 days in which to state its position (58 days, i.e. from 1 September to 28 October 1978) ;
- *may propose modifications* to obligatory expenditure, acting by an absolute majority of votes cast.
- may *amend* those parts of the draft budget which concern non-obligatory expenditure, acting by a majority of its members.

Fourth Stage :

Council :

- has 15 days to complete its second reading (25 days, i.e. from 29 October to 22 November 1978)
- may modify each of the amendments, acting by qual. majority

1.2421
(contd)

- may, acting by qual. majority, reject proposed modifications which do not result in an increase in overall expenditure of any institution
- may, acting by a qual. majority, accept proposed modifications which result in an increase in overall expenditure of any institution
- forwards modified draft budget to EP by 5 December (22 November 1978)

Fifth Stage :

EP :

- has 15 days to complete its second reading (22 days, i.e. from 22 November to 14 December 1978);
- is informed of C's decision regarding the proposed modifications
- rules on the modifications made to its amendments by C, acting by a majority of its members and by three-fifths of the votes cast
- adopts the budget accordingly, *not later than 20 December (14 December 1978).*

The President of EP declares budget finally adopted,

- may reject draft budget as a whole on serious grounds, acting by majority of its members and 2/3 of votes cast.

1.2422

LIMITS OF BUDGETARY POWERS

ECSC Tr. Art. 87 (10)
EEC Tr. Art. 203 (10)
EAEC Tr. Art. 177 (10)

- each institution exercises the powers described above in compliance with the provisions of the treaties and the acts adopted in consequence of the treaties

ECSC Tr. Art. 78 (9)
EEC Tr. Art. 203 (9)
EAEC Tr. Art. 177 (9)
C-EP Agrmt

- a maximum rate of increase for non-obligatory expenditure is determined by Comm. The institutions must conform to this during the course of the budgetary procedure. EP may, exercising its right of amendment, further increase the total amount of that expenditure to a

1.2421/1.2422

1.2422
(contd)

limit not exceeding half the maximum rate. A new rate may be determined jointly by EP and C if the activities of the Communities require that this maximum rate should be exceeded.

Although, several times, the maximum rate was exceeded by agreement between the C and the EP, the latter also had a working margin equal to approximately half the maximum rate.

- As a rule, the Budgetary authority has retained in preliminary draft budget. the classification of obligatory and non-obligatory expenditure proposed by the Commission in preliminary draft budget.
Obligatory expenditure includes
- the lump sum refund to Member States from own resources and the effects of exchange rates
 - Titles VI and VII of the budget concerning, the EAGGF, Guarantee Section,
 - Title VIII of the budget, concerning the EAGGF, Guarantee Section
 - Title IX, regarding financial and technical cooperation with Maghreb and Malta, food aid and emergency measures to assist developing countries.

All other expenditure is classified as non-compulsory, with a few exceptions

1.2423

COOPERATION BETWEEN EP AND C DURING BUDGETARY PROCEDURE

C-EP Agrmt

In accordance with Resolution No 3 annexed to the agreement of 22 Apr. 1970 strengthening the budgetary powers of EP, a cooperation procedure has been established, in consequence of which :

OJ C 124/71

1.2422/1.2423

- 1.2423
(cont'd)
- C receives a delegation of EP before adopting draft budget (second stage) and before making a ruling during second reading (fourth stage). Further meetings may take place
 - C takes part in the discussions of the Committee on Budgets and in the plenary sessions.

1.2424 *IMPROVEMENT OF CERTAIN BUDGETARY
MACHINERY:*

EP Opinion

Each year EP examines jointly with C and Comm. (trialogue) the following questions with a view to improving the budgetary procedure in the Communities :

EP Doc. 119/77
OJ C 163/77

- inclusion of borrowings in the budget
- inclusion in the budget of credits from financial cooperation and the European Development Fund
- wider use of commitment and payment appropriations, to avoid carrying appropriations over from one year to the next
- ways of avoiding supplementary budgets as far as possible
- budgetary nomenclature, particularly transfers of appropriations
- transparency of the budget, particularly as regards the decentralized management of appropriations

The work is prepared by ad hoc working party of the Committee on Budgets. C and Comm. forward their replies to EP opinion in writing.

1.2425 *OPERATIONAL BUDGET OF ECSC*

This budget is adopted by Comm. after consulting EP (customary law)

1.243 **EC's own resources**

ECSC Tr., Art. 49—51

- ECSC has two sources of revenue :
 - levies on the production of coal and steel, the rate of which is fixed by Comm. at not more than 1 % (currently 0.29 %)
 - funds obtained by borrowing, with a view to granting loans to companies.

In addition it has revenues arising from its investments. The rate of the levy may exceed 1% if C authorizes it, acting by a two-thirds majority.

EEC Tr., Art. 201
EAEC Tr., Art. 173
C Dec. of 21 Apr. 1970

- Since 1971 the own resources of the EEC and EAEC consist of :
 - agricultural levies and levies on sugar OJ L 94/70
 - customs duties arising from common external tariff

C. Dir. 388 of 17 May 1977

- revenues arising from value added tax (VAT) up to a limit not exceeding 1 % applied on a uniformly-determined basis. As this directive not yet been applied, the balance of revenue required is made up of financial contributions from Member States. OJ L 145/77

EAEC Tr., Art. 172
C Dec. of 6 Apr. 1977

- EAEC may raise loans with a view to financing research or investments. The general terms of the loans raised are fixed by C. Additional EAEC projects may be financed by financial contributions OJ L 88/77

C Reg. of 17 Feb. 1975

- EEC may borrow funds in order to re-lend those funds to one or more Member States in balance of payments difficulties caused by the rise in prices of petroleum products. OJ L 46/75

Acces. Tr., Art. 129—131

1.243
(contd)

Accession :

Own resources of the three new Member States are being paid into the budget of the Communities by progressive stages, from 1973 until 1978 (1973 : 45% — 1978 : 100%). Special provisions cover 1978 and 1979.

ECSC Tr., Art. 78 c
EEC Tr., Art. 205
EAEC Tr., Art. 179

1.244

Implementation and control of budget

Provisions of the treaties

Comm. implements budget on its own responsibility.

If budget has not been voted by beginning of financial year, a sum may be spent each month in respect of any chapter or other subdivision provided that it does not exceed one-twelfth of budget appropriations for preceding financial year and one-twelfth of those provided for in draft budget.

C may authorize expenditure exceeding one-twelfth ; where such an authorization covers non-compulsory expenditure, EP may take a different decision in following month on the part in excess of one-twelfth.

Comm. submits annually to C and EP accounts of preceding financial year.

EP, on a recommendation from C acting by a qual. majority, gives discharge to Comm. in respect of implementation of budget, after examining annual report of Court of Auditors.

Comm. presents every year to EP separate report by Court of Auditors on accounts of ECSC, other than administrative expenses.

Since 1 January 1978 budget has been drawn up in European units of account, save for special rates applied to EAGGF.

ECSC Tr., Art. 78 b
EEC Tr., Art. 204
EAEC Tr., Art. 178

ECSC Tr., Art. 78 d
EEC Tr., Art. 205a
EAEC Tr., Art. 179a

ECSC Tr., Art. 78g
Tr., Art. 206 b
Tr., Art. 180 b

ECAC Tr., Art. 78

ECSC Tr., Art. 78 b
EEC Tr., Art. 207 and 208
ECSC Tr., Art. 181 and 182

Fin. Reg. of 21 Dec. 1977

1.244
(*cont'd*)

The European unit of account (EUA) is expressed as the weighted sum of the currencies of the Member States. It is determined by Comm. on basis of exchange rates recorded each day on exchange markets. Daily rates for conversion of EUA into the various national currencies are published each day in series C of the OJ.

The EUA is also applied to ECSC transactions, to the EIB and the EDF. Value as at 10 Apr. 1978 : 1 EUA = Bfrs 39·7 ; DM 2·54 ; Fl 2·72 ; £0·675 ; Dkr 7·03 ; FF 5·75 ; Lit 1 077 ; \$ 1·26

OJ L 356/77

Implementing rules

C Reg. of 21 Dec. 1977
EP Rep.

(a) Financial Regulation, applicable to the general budget of the Communities covering :

OJ L 356/77
EP Doc. 469/76

- general principles
- presentation and structure of the budget
- implementation of the budget
- conclusion of contracts, inventories, accountancy
- responsibility of authorizing officers, financial controllers, accounting officers and administrators of advance funds
- presenting and auditing accounts
- Special provisions applicable to the EAGGF, Food Aid, research and investment appropriations and the Publications Office

C Reg. of 19 Dec. 1977

(b) Implementation of Decision of 21 April 1970 concerning replacement of financial contributions by own resources.

OJ L 336/77

Own resources are established by Member States and made available to Comm.

1.244
(contd)

Control of revenue and expenditure

Control is exercised :

- at national level by the competent authorities in the Member States,
- at Community level, in the following order :
 - by the authorizing officer ;
 - by the internal controller (DG XX of Comm.);
 - by the external controller (Court of Auditors);
 - by the Council and Parliament, who give a discharge to Comm. on a recommendation from C.

(a) Control by the Member States

Control by the competent authorities in the Member States is decisive, since 85% of the budget consists of expenditure incurred and revenue collected by the national administrations.

Measures taken :

- Member States undertake verification and inquiries related to establishing and making available Community's own resources. Comm. takes part, at its own request, in their control procedures ; OJ L 336/77
- mutual assistance among Member States for recovery of claims resulting from operations forming part of system of financing of EAGGF, and of agricultural levies and customs duties ; OJ L 73/76
OJ L 333/77
- stricter prevention of and proceedings against irregularities in financing of common agricultural policy ; OJ C 298/75

C Reg. of
19 Dec. 1977

C Dir. of
15 March 1976
Comm. Dir. of 4 Nov. 1977

C Res. of
16 Dec. 1975

Comm. Rec. of 3 Feb. 1975	1.244 (<i>contd</i>)	— reciprocal and direct exchanges of information between authorities of Member States on all matters relevant to campaign against irregularities and fraudulent practices to detriment of EAGGF, Guarantee Section.	OJ L 44/75
C Dir. of 27 June 1977		— inspection by Member States of commercial documents of undertakings receiving or making payments in order to ensure that transactions forming part of system of financing by EAGGF, Guarantee Section, are actually carried out and are executed correctly ;	OJ L 172/77
Measures being drawn up :			
Comm. Prop. Reg.		— mutual assistance between competent authorities of Member States and between these authorities and Comm. for ensuring correct application of Community customs and agricultural regulations ;	OJ C 100/73 Doc. EP 65/73
Comm. Prop. DEC.		— extension of field of application of C Dir. of 15 March 1976 to cover VAT, excise duties and other charges applying to consumption ;	OJ C 249/76 Doc. EP 366/76
Comm. Prop.		— draft for Treaty amending Treaties establishing European Communities so as to permit adoption of common rules on protection under criminal law of financial interests of Communities and prosecution of infringements of provisions of those Treaties.	Doc. EP 290/76
(b) Community control			
Control procedures are laid down by the Treaties and the financial regulation of 25 April 1973. In addition, special measures have been taken as part of the rules establishing the various agricultural, social and regional funds. The following should also be mentioned :			
C Reg. of 21 Jan. 1974		— powers and obligations of officials appointed by the Commission to take part in control measures carried out by Member States on own resources ;	OJ L 20/74

C. Reg. of
7 Feb. 1972

1.244
(contd)

- prevention of irregularities and recovery of sums wrongly paid as part of financing of common agricultural policy and organization of an information system in this field.

OJ L 36/72

The Commission has adopted various measures, particularly internally, in order to reinforce these controls :

EP 37.478
COM (75) 3599

- reorganization and reinforcement of internal checks at the Commission ;
- planned spot checks and random sampling checks ;
- special control assignments in several sectors (dairy products, olive oil, beef and veal) ;
- building up documentation centres (at the disposal of authorized paying officers) which cover Community and national regulations and which have a bearing on Community finance.

(c) Parliamentary control

EP Res. of
15 June 1976

The Parliament passed a resolution on the role and function of parliamentary control of Community resources and expenditure. It considers that its control functions should :

OJ C 159/76
Doc. EP 143/76

- be such as to combine internal and external control with a view to drawing political conclusions ;
- cover on a permanent and retrospective basis all Community resources and expenditure ;
- make use of the close and permanent assistance of the Court of Auditors and the help of Community and national administrations ;
- be such as to induce the institutions to take action on the comments appearing in the decisions giving discharge.

1.244
(contd)

It confirms its decision to set up a subcommittee of the Committee on Budgets with powers of information and investigation concerning the implementation of Community expenditure :

- the forwarding, both by the Community institutions and by the national authorities, of all documents ;
- the hearing of officials or experts from the Community institutions and Member States ;
- the carrying out of inspection visits to the Community institutions and national bodies.

1.245 · Budget of EC — 1978 (in EUA million)

Revenue

Country	Total	Own resources	Financial contribution	%
Belgium	853.2	613.5	239.7	6.9
FR of Germany	3 610.6	1 897.6	1 713.0	29.5
France	2 203.7	930.5	1 273.2	18.0
Italy	1 584.7	881.1	703.6	12.9
Luxembourg	13.6	4.1	9.5	0.1
Netherlands	1 270.6	950.6	320.0	10.4
Denmark	363.8	225.9	137.9	2.9
Ireland	95.8	63.5	32.3	0.8
United Kingdom	2 230.3	1 329.2	901.1	18.2
Total	12 226.3	6 896.0	5 330.3	100.0

Own resources	6 896.0
Financial contributions	5 330.3
Miscellaneous revenue	135.7
Total	12 362.0

Expenditure

Parliament :	100.4
Council :	97.2
Court of Justice :	17.4
Court of Auditors	9.9
Commission :	
(a) Personnel	385.4
(b) Operation	159.2
(c) 10 % repayment on own resources	689.6
(d) Specific assignments and research	290.7
(e) Social Fund	538.8
(f) Regional Fund	525.0
(g) EAGGF — Guarantee	6 960.0
— Guidance	423.5
(h) Exchange rate	1 705.5
(i) Cooperation	380.5
(j) Miscellaneous	79.0
Comm. Total	12 137.1

12 362.0

Source : OJ L 36/78

1.3 Legal matters

1.31 COMMUNITY LAW

Object : attainment of aims set out in Treaties.

A body of regulations, practices, interpretations and judicial rulings, the result of combined efforts of national authorities and Community institutions.

Basic legislation : treaties and protocols.

Secondary legislation : legislative instruments of the institutions. C and Comm. make *regulations* ('decisions' in ECSC Tr.) — having application, binding in their entirety and directly applicable in all Member States; issue *directives* ('recommendations' in ECSC Tr.) — binding, as to result to be achieved, on each Member State to which they are addressed, but leaving free choice of form and methods;¹ take *decisions* ('make recommendations' in ECSC Tr.) — binding on those to whom they are addressed.

Judgments of the Court of Justice

Object : to ensure Community law is uniformly applied.

(a) Rulings in actions brought on grounds of illegality and in actions in which the CJEC has unlimited jurisdiction (see 1.331).

EEC Tr., Art. 189
EAEC Tr., Art. 161
ECSC Tr., Art. 14

¹ According to a recent judgment of CJEC certain provisions arising from Community directives may have direct effects on individuals subject to them, thus conferring on these individuals rights enforceable by them in national courts. (See judgment of Court of Justice in Case 41/74, CJEC Rulings Vol. VIII 1974, p. 1337).

EEC Tr., Art. 177
EAEC Tr., Art. 150

1.31
(contd)

(b) Preliminary rulings on :
interpretation of Treaties ;
validity and interpretation of acts of Community institutions ;
interpretation of statutes of bodies established by act of C, where
those statutes so provide.

Courts of first instance and various courts of appeal as well as several
supreme courts in Member States have referred matters to CJEC under
EEC Tr., Art. 177.

1.32

COMMUNITY LAW AND NATIONAL LAW

General obligations laid down in Treaties

EEC Tr., Art. 5
EAEC Tr., Art. 192
ECSC Tr., Art. 86

Member States take all appropriate measures to ensure fulfilment of obligations arising from Tr. or acts of institutions, and abstain from any measure which might jeopardize attainment of aims of Treaties.

1.321

Precedence of Community law :

Definition of relationship at Community level :

Where Community and national laws conflict, aims and terms of Tr. demand that Community law must prevail.

e.g. Case 6/64
(Costa-ENEL)

No domestic legislation can be incompatible with the law established by Tr. and thus having independent legal foundation ; otherwise the legal basis of EC itself would be called into question.

CJEC Rulings
Vol. X/64

As members of EC, States have, by accepting the supremacy of Community law, definitively forsworn some part of their own legal sovereignty.

1.321
(contd)

Direct application of Community regulations.

Judges may not apply national law covering concrete cases if this conflicts with Community law.

e.g. Case 26/62
(Van Gend & Loos —
Netherlands Tax
Authorities)

National judges must apply directly Community rulings which, even though addressed only to Member States, embody a special obligation and do not leave implementation to discretion of States. This can thus confer rights on third parties concerned, which must be upheld.

CJEC Rulings
Vol. LX/63

e.g. Case 74/69 Bremen
Main Customs Office —
Freihafen-Waren-Import-
Gesellschaft Krohn & Co.)

When problems arise (classification of a product) national authorities may adopt implementing measures, in conformity with Community provisions and without laying down generally binding interpretations.

CJEC Rulings
Vol. XVI/70

e.g. Case 106/77
(Italian Tax Authorities
— Simmenthal SA.)

National judges are under a duty to give unqualified effect to provisions of Community law, refusing if necessary to apply any contrary provisions of national legislation, even if adopted subsequently.

Judgment of
9 March 1978

1.322

Definition at national level

BELGIUM

Constitution

The exercise of certain powers may be transferred by treaty or by law to international legal bodies.

Court rulings

In *Belgian State v. 'Le Ski' Dairy*, the Court did not regard conflict between international treaty and national law as a conflict between laws and therefore ruled out application of principle '*lex posterior derogat legi priori*'. What is valid for an international treaty also applies to Community law. Hence judges are required 'not to apply internal legislation which conflicts with provisions of the Treaty'.

Judgment of Belgian
Court of Cassation
(Section 1) 27 May 1971

Journal des Tribunaux No.
4750—1971

1.322
(cont'd)

DENMARK

Constitution

Constitution Art. 20,1

The powers attributed by the Constitution to the Danish authorities can be delegated by law to international authorities set up by virtue of an international convention in order to promote cooperation and the rule of international law.

GERMANY

Constitution (Basic Law)

Art. 24, Par. 1

Federal Republic can transfer sovereign rights, by legislative process, to international institutions.

Art. 25

The general rules of public international law are a constituent part of Federal law, take precedence over laws and embody directly applicable rights and obligations for inhabitants of the Federal Republic. Where there is any doubt in a dispute as to whether rules of international law are a constituent part of Federal law and create directly applicable rights and obligations for individuals, appeal must be made to Federal Constitutional Court.

Art. 100, Par. 2

Federal Constitutional Court
9 Jun. 1971

Court rulings

Conflicting views on precedence of Community law. Community law takes precedence over national laws. Judgments of CJEC in context of proceedings for preliminary rulings are binding. Moreover courts must also apply legal provisions deriving from autonomous external jurisdiction, which, however, have direct effect within State and override and supersede national law. A court must not apply a rule conflicting with that of a higher authority.

Außenwirtschaftsdienst der
Betriebsberater 1971 — p.
418

Federal Finance Court 10
Jul. 1968

1.322
(*contd*)

Drew a distinction between validity and interpretation of Community law and its applicability in national law. Decisions valid in constitutional law can be incompatible with application of Community law.

Außenwirtschaftsdienst der
Betriebsberater 1968 — p.
397

Federal Constitutional Court
29 May 1974

This court has reserved the right to judge the compatibility of EC regulations with fundamental rights defined by the Constitution. It follows from this that it can rule that a Community regulation is inapplicable in the Federal Republic when it conflicts with fundamental rights.

Neue Jurist. Wochenschrift
1974 No 38 p. 1697

FRANCE

Constitution

Art. 54 and 55

If Constitutional Council declares that a clause of an international agreement conflicts with Constitution, ratification or adoption requires amendment to Constitution.

Treaties or agreements which have been duly ratified or approved take precedence, from date of publication, over laws, provided treaties or agreements also applied by other parties to treaty.

Precedence of international law over existing internal laws seems established and allows no laws to be passed which conflict with international law.

Court rulings

French Court of Cassation
24 May 1975

Decision in the case of Revenue Authority v. S.A.R.L. Weigel and Cafés Jacques Fabre affirms priority of Community law even over national law subsequently enacted : the Treaty of 24 March 1957 establishing the EEC, takes precedence over national law under Art. 55 of the Constitution. It establishes an independent order of law which is an integral part of the law of Member States and for this specific reason the legal structure created by it is directly applicable to the nationals of these States and is binding on their judicature. An Appeal Court has decided therefore

1.322
(contd)

correctly that in the present case, Art. 95 of the Treaty is to be applied in the place of Art. 265 of the Customs Code, although the latter text was of later date.

It would be idle to argue that Art. 55 of the Constitution subordinates the authority which it confers on Treaties ratified by France to the requirement that it should be applied by the other contracting party, when within the framework of Community law the failure of a Member State to meet its obligations arising from the Treaty of 25 March 1957 is subject to the recourse provided by Art. 170 of the Treaty which excludes the possibility of action based on a lack of reciprocity being used as an argument before national courts.

Concerning the relationship between the Community and French sovereignty in the context of a directly-elected European Parliament, the French Constitutional Court concluded that direct elections would *not* affect national sovereignty.

French OJ of 31 Dec. 1976,
P. 7651 = EP Bull.
45/1976-77

Constitutional Council
of 30 Dec. 1976

IRELAND

Constitution

The Irish Constitution was amended by referendum on 10 May 1972 in order to permit Irish membership of the EC and to enable Ireland to fulfil the obligations arising from her membership.

(See Constitution Art. 29 (4) Par. 3)

Keesings Contemporary
Archives P 25333

ITALY

Constitution

Legislation conforms to generally recognized rules of international law.

Agrees, on condition that other States do likewise, to restrictions on sovereignty called for by the legal requirement to safeguard peace and justice.

Art. 10, Par. 1
Art. 11

1.322
(contd) *Court rulings*

Constitutional Court
7 March 1964

Asked to rule on possible conflict between law on nationalization of electricity undertakings (setting up of ENEL) and EEC Tr., the court acknowledged that treaties placing restrictions on sovereignty may be concluded and that, on certain conditions, it is admissible to apply them on basis of ordinary law.

Foro italiano,
Vol. 1 1964 — Column 1 ;
465

In its grounds for judgment, however, court expressed the view that Article 11 of the Constitution does not accord law ratifying EEC Tr. a special position in relation to other laws. It did not give a ruling on precedence of Community law.

In view of some courts Parliament can ratify a treaty which restricts sovereignty. However, if treaty not ratified according to correct procedure for passing constitutional laws, it is accorded no special status in national law.

Constitutional Court
27 Dec. 1973

In this judgment the Constitutional Court conceded the constitutional legality of EEC Tr., Art. 189, and thus affirmed the precedence of Community law over internal law.

Foro Italiano
Volume 2 — 1974
column 1 ; 314

Constitutional Court
22 Oct. 1975

Following rulings of the Italian courts whereby only national legal provisions could be applied, the Constitutional Court declared that such provisions were unconstitutional even if their court content were the same as that of Community regulations. Recourse to internal legal provisions to apply Community regulations could not only lead to a delay in their application, which is in direct contravention of Article 189, second paragraph, of the Treaty of Rome, but would also have an even more serious consequence, namely that such legal requirements, as internal provisions would no longer be subject to interpretation by the Court of Justice of the Communities.

Gazzetta Ufficiale
No 281 of 22 Oct. 1975
9th GR EC (1975)
Par. 520

LUXEMBOURG

Constitution

Art. 49 a

Amended on 25 October 1956 : exercise of legislative, executive and judicial powers normally under constitutional jurisdiction can be transferred temporarily by treaty to international institutions.

Court rulings

Supreme Court 14 Jul. 1954

Judges must apply the provisions of a relevant international treaty, even if this conflicts with national law of later date, since a legally ratified international treaty has precedence over ordinary law.

Pasicrisie Lux.
Vol XVI — p. 150

NETHERLANDS

Constitution

Art. 60, Par. 3
Art. 131, Par. 2

No judicial examination made of legal status of international treaties. Laws are inviolable.

Art. 63

Should developments in international law so require, a treaty can depart from provisions of Constitution. Such derogations must be expressly approved.

Art. 65, Par. 1

Treaty provisions which are binding on individuals come into force from date of publication.

Art. 66

Valid legal provisions not to be applied if they conflict with generally binding provisions of international treaties ratified before or after enactment of national law.

Art. 67, Par 2

Articles 65 and 66 also apply to provisions of international organizations to which legislative, executive and judicial powers have been transferred by international treaty.

The principle of treaties having precedence over laws not disputed.

Constitutional position

The position in the United Kingdom is marked by the existence of principles which *a priori* make it difficult to ensure the priority and application of Community law. The undertaking of international obligations is a prerogative of the Crown ; the application to domestic law of obligations resulting from international agreements is a prerogative of Parliament. It follows that an international obligation legally entered into by the Crown can in no way affect the rights or obligations of individuals until Parliament has taken the necessary steps to enable the international obligation to have effect in the body of domestic law.

Thus, in order to introduce Community law into the national legal system, the European Communities Act 1972 enacted that Community law will be 'recognized and available in law ... and ... enforced, allowed and followed accordingly'. Community law is therefore applied by Act of Parliament, but not as law emanating from Parliament.¹

Legal decision

In its decision of 22 May 1974 the Court of Appeal stated that Community treaties were henceforward part of U.K. law.

Court of Appeal London, 22
May 1974

Report on the work
of the CJEC 1974
CMLR 74 p. 91

¹ See J.-P. Puissechet, *l'Élargissement des Communautés Européennes*. Éditions techniques et économiques (Paris 1974), p. 118 *et seq.*

1.33 LEGAL PROTECTION, PETITIONS

1.331 Legal protection by CJEC

from measures applying Treaties or in their interpretation :

(a) annulment and default proceedings before

CJEC alleging maladministration by Community institutions or their failure to act.

Valid grounds for complaint are :

- lack of competence,
- infringement of essential procedural requirement,
- infringement of Treaty or implementing provision,
- misuse of powers.

Following are entitled to lodge complaints :

- *Member State, Comm. or C* against acts of C or Comm. (except recommendations or opinions).
- any natural or legal persons against acts of commission or omission by EC institutions which directly and individually affect them ;
- *Member State* or *Community* institution if C or Comm. in default ;
- *Member State* or *C* against Comm. Dec. or Rec. or its failure to act ;
- *Member State* or *Comm.* against acts of EP or C decisions, but only for lack of competence or infringement of essential procedural requirements ;
- *Undertakings* or *associations* against Commission Decs. or Recs. or its failure to act (under specified conditions) ;

EEC Tr., Art. 173, Par. 1
EAEC Tr., Art. 146, Par. 1

EEC Tr., Art. 173, Par. 2,
175, Par. 3
EAEC Tr., Art. 146, Par. 2,
148, Par. 3

EEC Tr., Art. 175 Par. 1,2
EAEC Tr., Art. 148, Par. 1,2
ECSC Tr., Art. 33, Par. 1,
Art. 35
ECSC Tr., Art. 38
ECSC Tr., Art. 33, Par. 2
Art. 35

1.331
(contd)

(b) Cases in which CJEC has unlimited jurisdiction :

these cover :

ECSC Tr., Art. 36
EEC Tr., Art. 172
EAEC Tr., Art. 144

— pecuniary sanctions imposed by executive bodies on persons and undertakings subject to Community law ;

ECSC Tr., Art. 40
EEC Tr., Art. 179
EAEC Tr., Art. 152

— measures connected with Staff Regulations or Conditions of Employment of EC servants ;

ECSC Tr., Art. 37

— an express or implied decision by Comm. refusing to recognize an allegation by a Member State that an action or failure to act on its part is such as to provoke fundamental and persistent disturbances in the economy of that State ;

(c) Claims for damages

CJEC can order payment of damages either upon application or when giving an annulment judgment against :

ECSC Tr., Art. 40
EEC Tr., Art. 178 and 215
EAEC Tr., Art. 151 and 188

— EC, for any damage caused by its institutions or its servants in performance of their duties ;

ECSC Tr., Art. 34

— Comm., if it fails to take steps called for by judgment of annulment ;

ECSC Tr., Art. 47

— Comm., for any breach of professional secrecy causing damage to an undertaking.

1.332

Petitions to EP

RP EP Rule 48

EP accepts petitions relating to Community activity. Referred to relevant committee for examination. Cttee can report to Parliament and may ask for petition to be forwarded to C or Comm.

EP gives extensive application to the provisions of its RP on this matter.

Merger Tr., Art. 28 ;
Protocol on Privileges and
Immunities of EC of 8 April
1965

EC and EIB enjoy privileges and immunities necessary for performance of their tasks : inviolability of premises and buildings ; exemption from taxed and customs duties ; same treatment for official communications and transmission of documents as that accorded to diplomatic missions ; freedom from censorship of communications.

Members of EP : facilities in respect of customs and exchange control ; Parliamentary immunity during part-sessions (can be waived by EP) ; immunity from prosecution because of opinions expressed in the performance of their duties.

Representatives of Member States, their advisers and technical experts, and members of the EC advisory bodies enjoy the customary privileges.

Officials and other servants : immunity from legal proceedings in respect of acts performed in an official capacity ; freedom from immigration restrictions ; facilities in respect of currency or exchange regulations ; right to import furniture, personal effects and motor-car free of duty on taking up their post and re-export them free of duty on termination of their duties ; exemption from national taxes on salaries, wages and emoluments paid by EC. In application of income taxes, wealth taxes and death duties and for the purposes of Double Taxation Conventions, officials are, in certain circumstances, deemed to have retained their domicile for tax purposes in their country of origin at the time of entering the service of the Communities.

Members of EP and certain officials of EC institutions issued with laissez-passer recognized as valid travel document within territory of Member States and, in certain circumstances, of third countries.

Purpose :

To set out rights and obligations of staff in relation to EC institutions.

Definition of 'official'

Staff Regulations, Art. 1

'Official of the Communities' is any person appointed to an established post on the staff of one of the EC institutions.

Rights and obligations

Staff Regulations, Art.
11-26

Officials serve EC exclusively, must neither seek nor take instructions from any government or authority outside their institution.

Governments must respect officials' independence.

Officials who are candidates for elective public office must apply for leave on personal grounds. The Appointing Authority must decide whether any official elected to such office can continue in active employment or should apply for leave on personal grounds.

Strictest confidence on facts, documents or information.

Privileges and immunities are accorded solely in interest of EC.

Recruitment — career

Staff Regulations, Art.
27-34

Basic principles : purpose of recruitment ; necessary preconditions, e.g. must be national of a Member State ; publication of selection procedure ; open competition ; geographical distribution ; no posts can be reserved for nationals of particular Member State.

Officials of institutions receive priority in recruitment to vacant permanent established posts (promotion, transfer, internal competition).

Appointments permanent. Entry at first step in starting grade. One or two grades for every post.

Staff Regulations, Art. 65	1.35 (<i>contd</i>)	<i>Remuneration</i> Remuneration reviewed each year by C on prop. from Comm.	OJ L 56/68
C Reg. of 29 Feb. 1968		<i>Taxes</i> Tax on salary calculated individually according to salary and family circumstances. Tax deducted at source, proceeds entered as revenue in EC Budget.	
Staff Regulations, Art. 77		<i>Pension</i> Officials entitled to retirement pension after 10 years' service or from age 60.	
Staff Regulations Art. 83		Maximum pension 70 % of final basic salary at last grade and step in which official has spent at least one year, and after 35 years of pensionable service and from age 60. Officials pay one-third of total pension contribution equivalent to 6.75 % of basic salary. Pension exempt from national tax.	
Staff Regulations, Art. 9		<i>Staff Committees, Disciplinary Boards</i> Staff are consulted on problems affecting them through elected representatives. — <i>Staff Committee</i> : represents interests of staff; consulted on amendments to Staff Regs. and Impl. Regs.; shares in management and supervision of social welfare bodies set up by institution. — <i>Joint Committees</i> : supervision of selection procedure, etc. — <i>Reports (or promotion) Committee</i> — <i>Disciplinary Board</i>	

1.35
(contd)

Disciplinary action, complaints by staff, protection of staff rights

Failure, whether intentional or through negligence, to fulfil obligations makes official liable to disciplinary action.

Officials may submit applications or complaints to appointing authorities.

Officials may bring disputes with institutions before CJEC.

Staff Regulations, Art.
86-91

1.4 Development of political structures

1.41 EXTENSION OF POWERS OF THE INSTITUTIONS

1.411 European Parliament

1.4111 *DEVELOPMENT PROVIDED FOR IN TREATIES :*

ECSC Tr., Art. 21

Direct elections

EEC Tr., Art. 138
EAEC Tr., Art. 108

Procedure for introduction of direct elections : Proposals by EP, decision by C, adoption by Member States.

EP Dec. of 17 May 1960

Following EP proposals of 1960 (Dehousse draft) and of 1975.

EP Dec. of 14 Jan. 1975

'Draft convention introducing elections to European Parliament by direct universal suffrage' (Patijn draft).

C Dec. and Act
of 20 Sept. 1976

Introducing elections to the European Parliament by direct universal suffrage.

Art. 2

Main provisions of new Act :

— number of representatives :	(EP proposal)	
Belgium	24	23
Denmark	16	17
Germany	81	71
France	81	65
Ireland	15	13
Italy	81	66
Luxembourg	6	6
Netherlands	25	27
United Kingdom	81	67

410

355

OJ 37/60 Selected Docs :
'The case for elections to EP
by direct universal
suffrage'; EP 1969.
OJ C32/75, Doc. 368/74
OJ L 278/76

- Art. 7 1.4111 — during transitional period national electoral systems to be used
(*contd*) thereafter European electoral system (to be drawn up by EP);
- Art. 5 — national parliamentary mandate compatible with EP mandate;
- Art. 3 — term of EP representatives : 5 years ;
- Art. 9, 13 — elections to take place simultaneously in Member States ; first election
in May/June 1978.

1.4112 *FURTHER AIMS OF EP*

- EP Res. of 5 July 1972 Improved participation in EC legislative process through : OJ C 82/72
- EP Res. of 27 June 1963 — extension of right of consultation (opinions should be binding on C ; EP Doc. 31/63
EP Res. of 10 July 1975 conciliation procedure should at least be used in cases of C and EP
adopting opposite views) ; EP Doc. 174/75
- Opinion of Legal Affairs — more effective consultation procedure within EP (simplified procedure EP Doc. 40.527 Fin.
Committee of 17 July 1975 for minor proposals, to allow concentration on major issues) ;
- EP Res. of 5 July 1972 — extended powers for EP (e.g. ratification of international agreements, OJ C 82/72
EP Res. of 11 July 1975 for details see 1.204) ; EP Doc. 166, 167/75
- extension of budgetary powers (for details of new proposals of C see
1.242)
- Effective participation in appointment of Members of Comm. and CJEC.
Extension of its powers of control.

1.4113 *PROGRESS SO FAR*

- more regard paid to EP's opinions by C : EP 31.383 (BUR) Ann.
(a) C tells EP why when it departs from EP's opinions ; OJ C 89/75

- (b) when enacting legislation of general application, which has appreciable financial implications, and of which the adoption is not required by virtue of acts already in existence, conciliation procedure between C and EP adopted, if C wishes to depart from opinion of EP.

Objects :

Agreement between C and EP.

EC can deliver new opinion. Thereafter C makes final decision.

— C has undertaken to inform EP committees confidentially :

- (a) before concluding trade and association agreements with third countries ('Luns-Westerterp Procedure');

EP Doc. 155/70

- (b) on questions being discussed among Foreign Ministers in context of cooperation on foreign policy ('Davignon Procedure').

— *Improved budgetary procedure :*

(See 1.24) and in accordance with the commitment undertaken on 22 April 1970, by C and Comm., a draft treaty was submitted to EP to strengthen its budgetary powers.

EP Doc. 501/74

— C must act by qual. majority in order to reject a proposed modification (compulsory expenditure) presented by EP if this proposal does not increase the overall amount of expenditure of an institution (compensatory adjustments) :

in the opposite case it must act by qual. majority in order to accept the proposed modification.

— Right to reject budget in its entirety is specifically provided for.

— Discharge on the accounts given by EP alone, on recommendation of C.

— A Court of Auditors has been set up to replace the Audit Board having more extensive powers of control.

	1.4113 <i>(contd)</i>	The EP gave its opinion on the prop. Tr. in its resolution of 11 Jul. 1975. The representatives of the govts. of the Member States signed the prop. Tr. on 22 Jul. 1975.	OJ C 179/75 OJ 1975 Ann. No 193
Final Decls.	1.4114	<i>MANDATE OF 19-20 OCTOBER 1972 AND 9-10 DECEMBER 1974 FROM HEADS OF STATE OR GOVERNMENT</i> — Strengthening EP's powers of control and legislation — Improvement of EP's relations with C and Comm. — Measures by EC institutions to allocate roles and responsibilities in work of Economic and Monetary Union.	6th GR EC and 8th GR EC Annex
Vedel Rep.	1.4115	PROPOSALS 'VEDEL' WORKING PARTY — Greater participation by EP in major legislative decisions and other measures, by : (a) sharing in decisions on Tr. <i>amendments, application of Art. 235 of EEC Tr., admission of new members, ratification of international agreements</i> (b) right of suspensive veto (right to demand a fresh decision from C) in areas of special political importance — extended powers of decision and control in budgetary sector — EP to be consulted on appointment of Comm. President.	EC Bull. Suppl. 4/72
Comm. proposal of 30 May 1973	1.4116	<i>COMM. PROPOSALS</i> — To improve relations between the institutions, and strengthen EP's powers of control — more political debates at EP	EP Doc. 103/73

- 1.4116
(contd)
- where Comm. intends to disregard general political approach of debates it will so inform EP, explaining its reasons
 - extended consultation on all important matters in coal and steel sector
 - Information on progress in negotiations on trade agreements
 - Comm. statement before EP on measures to be taken in response to proposed amendments.
- Comm. proposal of 13. Jun. 1973
- Measures for allocation of powers and responsibilities with a view to Economic and Monetary Union
 - second reading (consultation) whenever C intends to depart substantially from EP opinion
 - budgetary powers (see 1.24).
- EP Doc. 68/73
- Comm. proposal of 6 Jun. 1973
- COM (73) 1 000
- 1.4117
- PROPOSALS BY MR TINDEMANS**
- recognition, at first unofficial and subsequently to be given legal value through a Treaty amendment, of Parliament's *right to take initiatives*, the Council undertaking to consider the resolutions which Parliament addresses to it ;
 - *recognition of Parliament's right to consider all questions within the competence of the Union*, whether or not they are covered by the Treaties ;
 - *organization of an annual debate on the state of the Union* and the functioning of the institutions ;
 - recognition of Parliament's right of approval when the President of the Commission is elected
- EC Bull.,
Suppl. 1/76
- 1.412
- Council**
- *Mandate of the 1972 and 1974 Summit Conferences*
Improvement of working methods (e.g. through harmonization of national cabinet meetings), as from 1975 Heads of Government meet at least three times a year as C.
- Final Decls.
- 6th GR EC
8th GR EC, Annex

1.412
(contd)

Waiver of unanimity in decision-making process, strengthening of role of Permanent Representatives, increased delegation of executive powers to Comm., closer integration (Secretariat) with cooperation in the foreign policy field.

C Res. of 4-5 Feb. 1974

— *Achieved so far:*

regular liaison between C and Comm., in order to avoid contradictions between decisions of individual specialized ministerial councils, working programme covering a six-month period, grouping of related items on the agenda, speeding up of decision-making procedure, in individual cases decisions taken by majority vote, Heads of Government meet as C. As from 1975 foreign policy cooperation more closely connected with C.

C Press communiqué of 8
Feb. 1974

1.42 PLANS FOR PROMOTING INTEGRATION

1.421 Foreign policy

'Fouchet Plan' (for political union)

Plan for a UNION OF STATES, submitted by France on 2 Nov. 1961 after conferences of 10-11 Feb. 1961 (Paris) and 5 May and 18. July 1961 (Bonn).

Aims: cooperation in foreign and defence policy

Die Politische Union,
Dokumentensammlung,
pubd. by EP, January 1964

Organization:

Heads of State or Government meet every four months.

Unanimous decisions.

Chairmanship by four-monthly rota.

Consultative Assembly to submit recommendations and questions (to be answered by C within four months).

1.421
(contd)

Executive Comm. of senior officials, who preside in turn on four-monthly rota, with no right of initiative.

Commission to sit in Paris.

Subject to unanimous approval of 'Six', membership of Union open to Member States of Council of Europe.

Counter-proposals by other members of 'Six':

Secretary-General independent of Member States ;

Revision of Union Tr., to strengthen powers of its institutions ;

Parliament elected by universal direct suffrage ;

Introduction of majority dec. in Union C.

— *Collapse of project* on 17 Apr. 1962, due to failure to reach agreement among 'Six'.

— *Meetings of Foreign Ministers ('Davignon Procedure')*

Committee of heads of political departments of Foreign Ministries set up in October 1970 as a result of Hague Conference to prepare Foreign Ministers' conferences at regular intervals, for harmonization of certain sectors of foreign policy. Report presented after each meeting by C President-in-Office to EP Political Affairs Cttee. and once yearly to plenary session of EP.

EP Doc. 155/70

EP Doc. 12/73

Hague Conference of 1-2
Dec. 1969
1st Foreign Ministers' report
EP report of 3 Apr. 1973

2nd Foreign Ministers'
report of 23 Jul. 1973

At least four annual meetings of Foreign Ministers. Setting up of working parties to study individual problems and 'Groups of correspondents' to prepare work of Cttee. of heads of political departments
Increased cooperation of Member States' ambassadors to third countries and in international organizations.

7th GR EC, p. 509 *et seq.*

Subjects : 'All important foreign policy matters'. Each State undertakes not to establish its own position definitively without first consulting its partners as part of the process of political cooperation.

Letter of C President to EP
President of Feb. 1975.

(*contd*)

Close liaison with C and Comm.
Parliament : as well as existing contacts, since Feb. 1975, parliamentary questions concerning political cooperation are answered by C.

EP 39.916

1.422

Economic and Monetary Union

Werner Report of 8 Oct.
1970

'Werner Plan' submitted as result of Hague
Conference of 1-2 Dec. 1969 (see 4.16)

OJ C 136/70

1.43

EUROPEAN UNION

EUROPEAN POLITICAL COMMUNITY (1952-1954)

Draft Treaty concerning the
Statute of the European
Community of 10 March 1953

Constitution for a European Community was drawn up in connection with proposals for European Defence Community by *ad hoc* Assembly (ECSC Common Assembly, 9 specially elected members of Consultative Assembly of C of Europe, and 13 observers). Adopted by that Assembly on 10 March 1953, but not adopted by Member States.

Proposal : 'European Community' with federal structure. Art. 2 sets out tasks and aims in general terms.

Legislature :

First Chamber, elected by universal suffrage.

Second Chamber, Senate, nominated by nat. parliaments.

Executive :

European Executive Council responsible to both Chambers, President nominated by Senate ; Council of Member States' Ministers assuring liaison between Executive Council and nat. govts.

1.43
(*contd*)

Judiciary :

Federal Court (Court of ECSC)

Union of States (1961-1962) (see Fouchet Plan, 1.421)

1.431

EUROPEAN UNION (1972 PROPOSALS)

— *Plan :*

Transformation of all relations between Member States into a 'European Union' by 1980.

— *Mandate :*

Comm., EP, CIEC to draw up reports by mid-1975

8th GR EC, Ann.

— *CJEC Report :*

Demands binding and uniform legal rules for Union, and safeguards for individual rights. Provisions to be adopted to prevent conflict between existing EC law and new juridical structure.

EP 39.850

— *Comm. Report :*

All tasks which can no longer be efficiently carried out by Member States alone should be passed on to Union — in particular those relating to economic and monetary union. Institutions of the Union must have direct powers of decision and control as well as financial resources ; they must perform a judicial function.

Bull. Suppl. 5/75

Proposal : collegiate European government, independent of nat. govts., combining all existing executive functions of C and Comm. Legislature : bicameral system (Chamber of Peoples — Chamber of States). During transitional period : participation of Ministerial Committee (consisting of national ministers) in decision-making process.

Summit Conference
Final Decl. of 20 Oct. 1972

Summit Conference
Final Decl. of 9-10 Dec.
1974

15 July 1974

25 June 1975

- 10 July 1975
- 1.431
(contd)
- *EP Report* :
- EU must be a pluralistic and democratic community. Authority in all fields, which can no longer be effectively governed by individual States. Organization : independent decision-making centre, participation on equal terms, of Parliament in decision-making process a Court of Justice, Economic and Social Council and Audit Office.
- Transitional* period necessary. During transitional period : direct elections, strengthening of powers of EP, participation in appointment of members of Comm., conciliation procedure in the case of all proposals where C chooses to depart from opinion of EP.
- Submission of a programme by Comm. for transitional period.
Setting up of a 'Charter of Civil Rights by EC'.
- 17 July 1975
- Summit Conference Final
Decl. of 9-10 Dec. 1974
- Report of Economic and Social Committee :
- By end of 1975 : comprehensive report of Belgian Prime Minister Tindemans.
- 29 Dec. 1975
- Report on European Union by Mr Léo Tindemans to the European Council : Mr Tindemans proposed that the European Council should define the various elements of European Union as follows :
- (1) European Union implies that we present a united front to the outside world. We must tend to act in common in all the main fields of our external relations whether in foreign policy, security, economic relations or development aid. Our action is aimed at defending our interests but also at using our collective strength in support of law and justice in world discussions.
- (2) European Union recognizes the interdependence of the economic prosperity of our States and accepts the consequences of this : a common economic and monetary policy to manage this prosperity, common
- Doc. 174/75
OJ Annex 193 10.7.75
- EC Bull., Suppl. 9/75
8th GR EC, p. 340
- EC Bull., Suppl. 1/76

1.431
(*contd*)

policies in the industrial and agricultural sectors and on energy and research to safeguard the future.

(3) European Union requires the solidarity of our peoples to be effective and adequate. Regional policy will correct inequalities in development and counteract the centralizing effects of industrial societies. Social action will mitigate inequalities of income and encourage society to organize itself in a fairer and more humane fashion.

(4) European Union makes itself felt in people's daily lives. It helps to protect their rights and to improve their life style.

(5) In order to achieve these tasks European Union is given institutions with the necessary powers to determine a common, coherent and all-inclusive political view, the efficiency needed for action, the legitimacy needed for democratic control. The principle of the equality of all our States continues to be respected within the Union by each State's right to participate in political decision making.

(6) Like the Community whose objectives it pursues and whose attainments it protects European Union will be built gradually. So as to restart the construction of Europe straight away and increase its credibility its initial basis is the political commitment of the States to carry out in different fields specific actions selected according to their importance and the chances of success.'

(For details please consult the relevant chapters.)

2. THE COMMON MARKET

2.1 Free movement of goods

2.10 OBJECTIVES

— elimination of customs duties between Member States and of quantitative and qualitative restrictions on trade

2.11 REQUIREMENTS OF TREATIES

ECSC Tr., Art. 4a
EAEC Tr., Art. 93
EEC Tr., Art. 30, 31, 32, 33,
34
EEC Tr., Art. 12-17
EEC Tr., Art. 33
EEC Tr., Art. 35
EEC Tr., Art. 9-11
EEC Tr., Art. 36

Abolition of customs duties on imports and exports, charges having equivalent effect and all quantitative restrictions

Progressive abolition of customs duties, including those of a fiscal nature

Gradual increase of global quotas

Accelerated abolition of quantitative restrictions where possible

Creation of customs union within 12 years

Prohibitions and restrictions allowed if on grounds of public morality, public policy or public security, etc.

2.12 DECISION-MAKING PROCEDURES

C adopts independently (in practice in cooperation with Comm.):

— measures for defining concept 'originating products' *vis-à-vis* Assoc. States

e.g. C Dec. of 5 May 1966
and 17 Dec. 1970

1966 p. 1445
OJ L 284/70

EEC Tr., Art. 25 (1)	2.12 (contd)	<i>Acting on Comm. prop., C by qual. majority:</i>	— grants individual Member States tariff quotas if Comm. finds EC supply of particular products insufficient.	
		<i>unanimously:</i>		
EEC Tr., Art. 100			— issues Dirs. to approximate nat. legal provisions (e.g. those concerning customs matters) directly affecting the Common Market (must consult EP and ESC if amendment of nat. legislation involved)	
		<i>Comm. independently adopts:</i>		
EEC Tr., Art. 10 (2)			— Decs. on methods of administrative cooperation to achieve customs union	
EEC Tr., Art. 27			— Recs. to Member States on approximation of provisions in respect of customs matters; since end of the transitional period (1 July 1968), such measures have been based on EEC Tr., Art. 100 and 235 (see 1.22, 1.233 for procedure)	
C Reg. of 19 Dec. 1972, Art. 4			— measures for maintaining EC tariff quota <i>vis-à-vis</i> developing countries	OJ L 296/72
EEC Tr., Art. 33 (7)			— Dirs. on abolition of measures having effect equivalent to that of quotas	
EEC Tr., Art. 37 (6)			— Recs. on adjustment of State commercial monopolies	
		<i>Comm. in conjunction with a management cttee (see 1.202) proposes measures such as:</i>		
C Reg. of 18 March 1969			— Reg. on Community transit procedures	OJ L 77/69
C Reg. of 27 June 1968			— Reg. on common definition of concept of 'origin of goods'	OJ L 148/68
C Dir. of 4 March 1969			— Dir. on harmonization of provisions on inward processing	OJ L 58/69

PRESENT STATE OF INTEGRATION

C Dec. of 26 July 1966 C Reg. of 28 June 1968	(a) Abolition 18 months earlier than planned, on 1 July 1968, of customs duties on industrial and agric. products except a maximum duty of 25 % for some agric. products not subject to COM.	OJ 165/66 OJ L 172/68
Acces. Tr., Art. 32, 38	For new Member States, abolition of customs duties as from 1 July 1977.	OJ L 197/73
Comm. Dec. of 27 Feb. 1973	Certain customs duties may be retained subject to Comm. authorization.	
	(b) Gradual abolition of charges having equivalent effect ; many cases are still under examination.	
	(c) Travel :	
Comm. Rec. of 21 June 1968	— simplified inspection of travellers and vehicles at frontier posts within EC ;	OJ L 167/68
	— abolition of 'Green Card' check at frontier posts within EC as from 25 May 1974 ;	
	— regulation of turnover taxes and excise duties applicable in international passenger transport (see 2.5223).	OJ L 139/72
Comm. Prop. for Dir. of 21 Jan. 1977	Provides for increase in exemption from turnover tax and excise duty in international travel.	OJ C 31/77
C Dir. of 19 Dec. 1977	Derogation accorded to Denmark relating to rules governing turnover tax and excise duty applicable in international travel	OJ L 336/77
	(d) Common External Customs Tariff.	OJ L 289/77
C Reg. of 18 March 1969 C. Prop. of 8 Oct. 1975	(e) EC transit procedure, in force since 1 Jan. 1970, simplifies customs formalities in respect of goods transport.	OJ L 77/69 OJ C 244/75
Acces. Tr., Art. 42	(f) Prohibition of measures having effect equivalent to quantitative restrictions, from 1 Jan. 1975 in the Enlarged Community ; Comm. ensures that no new restrictions are introduced.	

General C Programme of 28
May 1969
Suppl. of 21 May 1973

2.13
(contd)

(g) Removal of technical obstacles to trade in industrial goods ; mutual recognition of nat. provisions, to make possible production at common market level and offer consumers a better choice ; essential element of EC's industrial policy.

OJ C 76/69
OJ C 38/73

Some 100 directives have been adopted by C. More than 50 Comm. proposals for directives are under examination by C.

11 GR EC, Par. 124

C. Dir. 70/32

(h) Tenders for public work contracts : public authorities may not give preference to national undertakings nor may imported products be excluded. Where necessary, the Commission initiates the procedure laid down in Art. 169.

OJ L 13/70

C. Dir. No 62
of 20 Dec. 1976

Adoption by the Council of the directive coordinating procedures for the award of public supply contracts. All goods in free circulation may be offered for public works contracts awarded in the Member States. Dir. does not apply to purchases by transport and telecommunications services and by water, gas and electricity supply services.

OJ L 13/77

Progress achieved :

Comm. Programme of 28
April 1971

(i) Harmonization of customs laws ; Comm. programme only partly implemented. Numerous proposals are before C for examination.

Comm. working progr. of
25 Feb. 1975

(j) Simplification of customs procedures and formalities.

EP Rep.
EP Opinion

(k) EP concern that administrative barriers at internal frontiers in EC are imperilling progress achieved towards integration and hampering further realization of free movement of goods.

EP Doc. 132/77
OJ C 163/77

EP Rep.
EP Opinion

(l) EP calls for simplification and harmonization of procedures governing imports and exports and continuation of efforts towards harmonization of customs legislation.

EP Doc. 376/77
OJ C 229/77

2.2 **Rights and Freedoms**

2.21 **WORKERS' FREEDOM OF MOVEMENT**

2.210 **Objectives :**

EEC Tr., Art. 7

Same treatment for foreign workers as for nationals of Member States, freedom of movement throughout the territory of the EC.

2.211 **Requirements of Treaties**

ECSC Tr., Art. 69

— Abolition of all restrictions based on nationality upon employment in coal and steel industries, subject to limitations imposed by health and public policy requirements ;

EEC Tr., Art. 48 (1, 2, 3)

— Abolition by end of transitional period of all discrimination based on nationality between workers of Member States as regards employment, remuneration and other conditions of work and employment, except where justified by public policy, security or health ;

EEC Tr., Art. 50

EEC Tr., Art. 51

— Joint programme for encouraging exchange of young workers ;
— Adoption of system to ensure, for migrant workers and entitled dependants aggregation of qualifying periods and payment of benefit within social security scheme (see also 4.335) ;

EAEC Tr., Art. 96, Par. 1

— Abolition of all restrictions based on nationality upon access by Member States' nationals to skilled employment in nuclear energy field, except those justified by public policy, security or health.

2.212 **Decision-making procedures**

EEC Tr., Art. 49

- (a) *C, acting on Comm. prop. and after consulting ESC,*
— issues Dirs. or makes Reg. for progressive realization workers' freedom of movement

EAEC Tr., Art. 96, Par. 2

- (b) *After consulting EP, C, acting by qual. majority on prop. from Comm., which has consulted ESC.*
— issues Dirs. for achieving free movement of skilled workers in nuclear energy field

EEC Tr., Art. 51

- (c) *C, acting unanimously on Comm. prop.,*
— adopts social security measures necessary for workers' freedom of movement

EEC Tr., Art. 54 (3, d)

- (d) *Comm. enacts independently*
— Impl. Regs. enabling workers to remain on territory of another Member State

2.213 **State of integration**

C Reg. of 15 Oct. 1968
(replaces C Reg. of 25 March 1964)

- All Member States' nationals entitled to work as wage or salary-earners in territory of another Member State according to legal and administrative provisions applying there

OJ L 257/68

C. Dir. of 15 Oct. 1968

- Abolition of restrictions on movement and residence within EC for workers of Member States and their families except those justified by public policy, security or health

OJ L 257/68

- Equal treatment of and for immigrant workers on conditions of employment and work, esp. as regards remuneration, dismissal, reinstatement, etc.; same social and tax advantages, equal rights on joining trade unions, and on housing

2.213 (<i>contd</i>)	<ul style="list-style-type: none"> — Cooperation between Member States' central employment services and with Comm. in matching jobs wanted and jobs vacant — Organs entrusted with running system <ul style="list-style-type: none"> 1. European Coordination Office for Vacancy Clearance 2. Advisory Committee assisting Com. 3. Technical Committee 	
C Dir. of 25 Feb. 1964	Coordination of special measures on movement and residence of foreign nationals justified on grounds of public policy, security or health (see 2.22)	OJ 56/64
Decl. of 25 March 1964 by Member States' Representatives in C	Recognition of need for special goodwill when examining question of allowing recognized refugees, as defined in 1951 Agreement, resident in territory of one Member State to enter that of another for purpose of accepting employment as wage or salary-earners	OJ 78/64
1st General Programme of 8 May 1964 of Member States' Representatives in C	Fostering of exchanges within EC of young workers (18—30 years) with basic qualifications who want to complete training in another Member State while gainfully employed	OJ 78/64
C Dec. of 15 Oct. 1968	Extension of application of Art. 48 and 49 of EEC Tr., and implementing measures to French overseas departments	OJ L 257/68
Comm. Reg. of 29 Jun. 1970	Right of workers to remain in a Member State after having been employed there	OJ L 142/70
C Dir. of 18 May 1972	Extension to workers exercising this right of C Dir. of 25 Feb. 1964.	OJ L 121/72

2.214 **Work in progress**

Prop. for C Reg.	Measures concerning conflicts of labour law within EC ; aimed at determining provisions to be applied to workers moving from one Member State to another	6 GR EC, Par. 206
Prop. for C Reg.	Preparation of comparable statistics concerning workers from outside the EC working within the EC	6 GR EC, Par. 206
Opinion of Specialist Committee on free movement of workers 19 Feb. 1974	Measures designed to avoid legislative differences which might permit agencies for temporary employment to avoid their responsibilities to the disadvantage of workers : provision for exchange of information between Member States.	8 GR EC, Par. 225
Prop. for C Reg.	Measures concerning the admission of workers from other Member States to leading positions in trade union organizations.	8 GR EC, Par. 225 OJ C 221

2.215 **Prospects**

3rd Programme for medium-term economic policy, Par. 110	Workers' freedom of movement to be enhanced by <ul style="list-style-type: none">— information on labour situation and job opportunities in the various Member States— general and detailed forecasts in sphere of employment— more effective measures for settling migrant workers in their new working environment— mutual recognition of professional qualifications	OJ L 49/71
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2.22 **RIGHT OF ESTABLISHMENT
AND FREEDOM TO PROVIDE SERVICES**

2.220 **Objectives**

EEC Tr., Art. 52—56

- (a) Abolition of all restrictions, based on nationality, on establishment and provision of services by natural and legal persons ;
- (b) Coordination of rules on taking up and pursuing self-employed activities (including services), and mutual recognition of professional qualifications.

2.221 **Requirements of Treaties**

EEC Tr., Art. 66

Provisions common to the right of establishment and freedom to provide services

EEC Tr., Art. 52, 59 and 60

— During transitional period : progressive realization of freedom of establishment (access to self-employed activities and right to set up and manage undertaking) and freedom to provide services (industrial, commercial, craftsmen's and professional activities pursued for remuneration, in so far as not governed by provisions on freedom of movement for goods, capital and persons) ;

EEC Tr., Art. 53 and 62

— No new restrictions to be introduced

EEC Tr., Art. 54 and 63

— Drawing up of general programmes (not in themselves mandatory) setting out general conditions under which and stages by which freedom of establishment for each type of activity and service attained

EEC Tr., Art. 66	2.221 (<i>contd</i>)	Common provisions on right of establishment and freedom to provide services
		— not covered
EEC Tr., Art. 55, Par. 1		activities which in any Member State are connected, even occasionally, with exercise of official authority ;
EEC Tr., Art. 55, Par. 2		activities covered by C ruling ;
EEC Tr., Art 56 (1)		— Tr. does not prejudice applicability of provisions laid down by law, regulation or administrative action providing for special treatment for foreign nationals on grounds of public policy, security or health
EEC Tr., Art 57		— The taking up and pursuing of self-employed activities facilitated by mutual recognition of diplomas and other professional qualifications ; coordination of nat. legal provisions
		Special provisions on freedom to provide services :
EEC Tr., Art. 61 (1)		— in field of transport, under EEC Tr. provisions relating to transport (EEC) Tr., Arts. 74-84)
EEC Tr., Art. 61 (2)		— in field of banking and insurance, to keep step with progressive liberalization of movement of capital (EEC) Trs. Arts. 67-73)
EEC Tr., Art. 64		— liberalization beyond limits of general programme, if the economic situation permits
EEC Tr., Art. 65		— restrictions still obtaining not to involve distinctions on grounds of nationality

2.222 Decision-making procedures

- (a) *C, acting on Comm. prop. after ESC and EP have been consulted, unanimously:*
- EEC Tr., Art. 54 (1) and 63 (1) — draws up general programmes for achieving right of establishment and freedom to provide services
by qual. majority
 - EEC Tr., Art. 54 (2) and 63 (2)
EAEC Tr., Art. 96, Par. 2 — issues Dirs. to implement general programmes or achieve freedom of establishment or freedom to provide services as regards certain professions
- (b) *C, acting on Comm. prop. after consulting EP, issues*
- EEC Tr., Art. 57 (2) — Dirs. to coordinate nat. legal provisions on taking up and pursuing, as self-employed persons, certain specially-protected activities (banking, medicine, pharmacy, etc.) and self-employed activities covered by legislation in at least one Member State.
 - EEC Tr., Art. 56 (2) — Dirs. to coordinate nat. legislation providing for special treatment for foreign nationals on grounds of public policy, security or health (coordination of regulation and admin. *action without consulting EP*)
 - EEC Tr. Art. 57 (1) — Dirs. on mutual recognition of diplomas and other professional qualifications
 - EEC Tr. Art. 57 (2) — Dirs. to coordinate nat. legal provisions on taking up and pursuing other self-employed activities
- (c) *C, on Comm. prop., acting unanimously:*
- EEC Tr., Art. 59, Par. 2 — may extend provisions on freedom to provide services to nationals of third countries
- acting by qual. majority:*
- EEC Tr., Art. 55, Par. 2 — may exclude certain activities from provisions on right of establishment

2.223 **State of integration**

2.2231 *GENERAL*

Deadline (1 Jan. 1970) for abolishing restrictions on freedom of establishment and freedom to provide services not observed.¹

OJ 2/62

General Programmes of 18
Dec. 1961

Mutual recognition of diplomas and other professional qualifications and coordination of nat. legal provisions on taking up and pursuing activities to be completed by time restrictions are abolished. Possibility of transitional measures based on production of evidence of having actually and legally pursued such activities

OJ 2/62

Services :

- Those who are already benefiting include :
 - Member States' nationals resident within Community
 - companies with registered office within EC and formed according to laws of a Member State
- restrictions still to be abolished concern :
 - entry, exit and residence
 - treatment differing from that of own nationals
 - change of location of service operation or provider of services
 - transfers of funds
 - payments for services
- until restrictions are abolished, most favourable treatment is applied without discrimination on grounds of nationality

Dec. CJEC 21. June 1974

¹ In the *Reyners* case the Court ruled that at the end of the transitional period the Member States would no longer have the right to maintain restrictions on freedom of establishment, since from that moment Art. 52 would have direct application.

(Jurisprudence Vol. 1974
p. 631 Case No 2/74)

2.2231
(contd)

Right of establishment

- Those who are already benefiting include :
 - as regards establishment :
 - Nationals of Member States ;
 - Companies formed according to laws of a Member State and with registered office there ;
 - as regards the setting up of agencies, branches or subsidiaries :
 - Nationals of one Member State resident in territory of another ;
 - Companies, having no more than their registered office in EC, must be genuinely and permanently bound up with economy of a Member State ;
- restrictions still to be abolished concern
 - entry and residence ;
 - differing treatment of nationals of other Member States as regards their activities or rights ;
 - activities of nationals of non-member countries (even when such restrictions are applied irrespective of nationality) ;
 - cessation of aids to establishment.

C Decl. of 16 Nov. 1971

Procedure laid down for speeding up current work on mutual recognition of diplomas in respect of right of establishment ; Comm. asked to study, together with national experts on higher education, the question of such recognition.

5 GR EC Par. 157

2.2231
(contd)

Attainment of freedom of establishment

- | | | |
|------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|
| C Dir. of 25 Feb. 1964
superseded by
C Dir. of 21 May 1973 | (a) Abolishing restrictions on movement and residence for Member States' nationals with regard to establishment and provision of services | OJ 56/64
OJ L 172/73 |
| C Dir. of 17 Dec. 1974 | (b) Right to remain in the territory of another Member State after having been active there in a self-employed capacity | OJ L 14/75 |
| C Dir. of 25 Feb. 1964
amended by
C Dir. of 17 Dec. 1974 | (c) Coordinating special measures for entry and residence of foreign nationals justified on grounds of public policy, security and health | OJ 56/64
OJ L 14/75 |
| C Dir. of 31 May 1963 | (d) Removing all prohibitions of or obstacles to payments where these constitute sole hindrance to provision of services | OJ 86/63 |

2.2232

RULES FOR INDIVIDUAL OCCUPATIONS

- | | | |
|----------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------|-------------------------------------|
| C Dir. of 7 July 1964 | — Mining and quarrying | OJ 117/64 |
| C Dir. of 13 March 1969 | — Prospecting and drilling for petroleum and natural gas | OJ L 68/69 |
| C Dir. of 28 Feb. 1966 | — Production and distribution of electricity, gas and water | OJ 42/66 |
| C Dir. of 7 July 1964 | — Manufacturing and processing industries falling within ISIC Major Groups 23-40 : Transitional measures | OJ 117/64
ibid. |
| C Dir. of 4 March 1969 | — Manufacture of corrective appliances for sight and hearing (without examination of human organs) | |
| C Dir. of 25 Feb. 1964 | — Wholesale trade
Transitional measures
Certification of practice of occupation in country of origin | OJ 24/65 |
| Comm. Rec. of 12. Jan. 1965 ¹
C Dir. of 30 Nov. 1970
C Dir. of 15 Oct. 1968 | — Wholesale coal trade and activities of intermediaries in the coal trade
Transitional measures | OJ L 267/70
ibid. |
| Comm. Rec. of 22 May 1969 ¹ | — Retail trade
Transitional measures
Certification of practice of occupation in country of origin | OJ L 260/68
ibid.
OJ L 146/69 |

¹ Superseded by Comm. Commun. of 31 May 1974 (OJ C 81/74) relating to the nine Member States.

C Dir. of 4 June 1974	2.2232 (contd)	— Trade in and distribution of toxic products Transitional measures	OJ L 307/74 ibid.
C Dir. of 25 Feb. 1964		— Activities of intermediaries in trade, industry and crafts Transitional measures	OJ 56/64 ibid.
Comm. Rec. of 12 Jan. 1965 ¹		Certification of practice of occupation in country of origin	OJ 24/65
C Dir. of 13 Dec. 1976		— Activities of self-employed insurance agents and brokers Transitional measures	OJ L 26/77
Dir. Cons. 24 July 1973		— Direct insurance other than life insurance (taking up and pursuit) ²	OJ L 228/73
		— Corrigendum to the 1st Dir	OJ L 5/78
C Dir. of 29 June 1976		— Amended provisions	OJ L 189/76
C Dir. of 25 Feb. 1964		— Reinsurance and retrocession	OJ 56/64
C Dir. of 12 Jan. 1967		— Real estate business (except surveying), ISIC 6901	OJ 10/67
		— Other business services, such as enquiry and advertising agencies, interpreting	OJ 10/67
C Dir. of 15 Oct. 1968		— Eating, drinking and lodging establishments, camp-sites (ISIC Groups 852, 853) Transitional measures	OJ L 260/68 ibid.
Comm. Rec. of 22 May 1969 ¹		Certification of practice of occupation in country of origin	OJ L 146/69
		— Manufacture of food, beverages and tobacco (ISIC Major Groups 20, 21) Transitional measures	OJ L 260/68
C Dir. of 15 Oct. 1968		Certification of practice of occupation in country of origin	OJ L 260/68
Comm. Rec. of 22 May 1969 ¹		— Film industry	OJ L 146/69
C Dir. of 13 May 1965		2nd Dir. on cinemas specializing in foreign films, import and screening quotas, dubbing	OJ 85/65

¹ Superseded by the Communication from the Commission of 31 May 1974 (OJ C 81/74) relating to the nine Member States.

² The Directives on the abolition of restrictions on freedom of establishment was rendered obsolete by the judgment handed down in the Reyners case.

C Dir. of 15 Oct. 1963	2.2232 <i>(contd)</i>	— Implementation in respect of film industry of provisions of General Programme for abolition of restrictions on freedom to provide services	OJ 159/63
Comm. Rec. of 8 Apr. 1964		— Implementation of General Programme	OJ 63/64
C Dir. of 15 Oct. 1968		— Film distribution	OJ L 260/68
C Dir. of 29 Sep. 1970		— Film production	OJ L 218/70
C Dir. of 24 Oct. 1967		— Forestry and logging	OJ 263/67
C Dir. of 14 Dec. 1964, 16 Dec. 1970		— Agriculture and horticulture	OJ 1/65 OJ L 8/71
C Dir. of 28 June 1973		— Self-employed activities of banks and other financial institutions	OJ L 194/73
C Dir. of 22 March 1977		— Freedom of lawyers to provide services	OJ L 78/77
C Dir. of 16 June 1975		— Mutual recognition of diplomas, certificates and other medical qualifications, and measures aimed at facilitating the effective exercise of the right of establishment and the freedom to provide services	OJ L 167/75
C Statement		— On adopting the text concerning freedom of establishment and freedom to provide services for doctors within the Community	OJ C 146/75
C Dir. of 16 June 1975		— Coordination of provisions laid down by law, regulation or administrative action in respect of activities of doctors	OJ L 167/75
C Dir. of 16 June 1975		— Creation of an Advisory Committee on Medical Training	OJ L 167/75
C Dec. of 16 June 1975		— Creation of a Committee of Senior Officials on Public Health	OJ L 167/75
C Dec. of 27 Jun. 1977		— Amending Dec. setting up Committee of Senior Officials on Public Health	OJ L 176/77
C Rec. of 16 June 1975		— Special rules relating to nationals of the Grand Duchy of Luxembourg holding diplomas in medicine conferred in a third country	OJ L 167/75
C Rec. of 16 June 1975		— Clinical training of doctors	
C Dir. of 27 Jun. 1977		— Mutual recognition of diplomas, certificates and other evidence of formal qualifications of nurses responsible for general care, including measures to facilitate effective exercise of right of establishment and freedom to provide services	OJ L 176/77

C Dir. of 27 Jun. 1977	2.2232 (contd)	— Coordination of provisions laid down by law, regulation or administrative action in respect of activities of nurses responsible for general care	Ibidem
C. Dec. of 27 Jun. 1977		— Setting up an Advisory Committee on Training in Nursing	Ibidem
C Dir. of 20 May 1975		— Special medicinal products Second Directive on the coordination of laws, regulations and administrative provisions	OJ L 147/75
C Dir. of 16 June 1975		— Itinerant activities Transitional measures	OJ L 167/75
C Dir. of 12 Nov. 1974		— Inland and international transport Carriage of passengers and goods by road	OJ L 308/74
Comm. Rec. of 16 Dec. 1977		— Admission to occupations of road haulage operator and road transport passenger operator	OJ L 25/78
C Dir. of 16 June 1975		— Auxiliary occupations connected with travel, transport and storage ; customs agents	OJ L 167/75
C Dir. of 16 June 1975		— Transitional measures	
Comm. Rec. of 19 Sep. 1977		— Admission to occupation of road haulage operator and road transport passenger operator	OJ L 248/77
		— Various activities pursued by self-employed persons (communications, domestic service) Transitional measures	
	Attainment of freedom to provide services	OJ L 185/75	
	— public works contract		
	Coordination of procedures for awarding contracts		
	Setting up of an Advisory Committee on Public Works Contracts		
Decl. by Member States' Representatives in C		Announcement of contracts ; nomination of concessionaires ; award of subcontracts	OJ C 82/71

C Dir. of 26 July 1972	2.2232	Procedures and conditions for publication of notices of public works contracts and licences for public works published in the Official Journal of the European Communities	OJ 176/72
		Attainment of freedom of establishment in agriculture	
C Dir. of 2 April 1963		— for agricultural workers from other Member States who have worked as such for two years	OJ 62/63
C Dir. of 2 April 1963		— on agricultural holdings that have been abandoned or left uncultivated	OJ 62/63
		— Legislation on agricultural leases to farmers from other Member States	OJ 190/67
C Dir. of 25 July 1967		— for farmers resident in another Member State in respect of :	
		changing farms	OJ 190/67
		access to cooperatives	ibid.
		access to the various forms of credit	OJ L 93/68
		access to the various forms of aid	OJ L 308/68
C Dir. of 30 Nov. 1970		— Attainment of freedom of establishment for self-employed persons in agriculture and market gardening	OJ L 267/11

2.224 **Work in Progress**

Props. for C Dir. on attainment of freedom of establishment and freedom to provide services in the following sectors :

- Self-employed commercial agents
 Coordination of the laws of the Member States
-
- Architects ¹
 Recognition of diplomas, certificates and other qualifications ²
 Coordination of laws, regulations and administrative provisions ²

OJ C 13/77
under examination by EP
EP Report 48.337 + Suppl.

OJ 239/67
ibid.

EP Opinion
OJ C 72/68

¹ Proposal withdrawn on 4 Nov. 1974 following ruling of Court of Justice : Case 2/74 in the Reyners case (1974) ECR.

² Under examination by C.

2.224 (<i>contd</i>)	— Transport agents and travel agents Transitional measures ¹	OJ 73/66 EP Opinion OJ C 72/68
	— Research, design, consultation and technical application (esp. engineering activities) ¹ Transitional measures ² Coordination of legal and administrative provisions on the training of engineers ²	OJ C 99/69 ibid. ibid. EP Opinion OJ C 51/70
	— Activities in finance, economics and accountancy ¹ Transitional measures ²	OJ C 115/70 ibid.
	— Credit institutions Coordination of the laws, regulations and administrative provisions ²	EP Opinion OJ C 45/71 OJ C 12/75
	— Dentists ¹ Recognition of diplomas, certificates and other qualifications ² Coordination of laws, regulations and administrative provisions ²	OJ C 54/69 EP Opinion OJ C 101/70 OJ C 54/69
	— Doctors Attainment of freedom of establishment and freedom to provide services ¹	
	— Activities of self-employed persons under ISIC classes 22 and 61 (tobacco and salt monopolies) ¹ Transitional measures ²	OJ C 21/70 OJ C 6/71 EP Opinion OJ C 103/70

¹ Proposal withdrawn on 4 Nov. 1974 following the ruling by the Court of Justice in the *Reyners* case 2/74 ([1974] ECR).

² Under examination by C.

2.224 (<i>contd</i>)	— Activities of self-employed persons in pharmacy ¹ Recognition of diplomas, certificates and other qualifications ³ Coordination of laws, regulations and administrative provisions ³ Dir. on attainment of freedom of establishment and freedom to provide services in wholesale trade sector covering medicinal products ¹	OJ C 54/69 OJ C 54/69
	— Opticians ¹ Recognition of professional qualifications ³ Coordination of legal and administrative provisions on the taking up and pursuit of such activities by a natural and legal person ³	OJ C 155/69 ibid. ibid.
	— Midwives ¹ Recognition of professional qualifications ² Coordination of legal and administrative provisions ²	OJ C 18/70 ibid. ibid. EP Opinion OJ C 101/70
	— Veterinary surgeons ¹ Recognition of professional qualifications ² Coordination of legal and administrative provisions ²	OJ C 92/70 ibid. ibid. EP Opinion OJ C 19/72
	— Veterinary medicinal products Dir. on approximation of laws of Member States relating to veterinary medicinal products	OJ C 152/76
	— Journalism ¹	Suppl. 8/64-Bull. EEC

¹ Proposal withdrawn on 4 Nov. 1974 following the ruling by the Court of Justice in the Reyners case 2/74 ([1974] ECR).

² Under examination by C.

³ Proposal withdrawn by Comm. on 8 Dec. 1976.

2.224 (<i>contd</i>)	— Hairdressers ¹ Recognition of professional qualifications ² Coordination of legal and administrative provisions ²	OJ C 106/71 ibid. ibid. EP Opinion OJ C 103/72
	— Tax consultants and tax attorneys ¹ Transitional measures ²	OJ C 107/71 ibid. EP Opinion OJ C 36/72
	Props. for C Dir. on attainment of freedom of establishment for self-employed persons in :	
	— Direct life insurance ¹	OJ C 27/74
	— Agricultural services ¹	OJ C 39/69
	— Itinerant activities ¹	OJ C 89/70
	— Customs forwarding agents Transitional measures ²	OJ 73/66
	— Insurance agents and brokers ¹	OJ C 14/71
	— Carriage of goods and passengers by road and waterway ²	OJ C 72/70
	— Recognition of professional qualifications	OJ C 1/76 EP Opinion OJ C 125/76
	— Transport of goods and passengers by road and by inland waterway (recognition of diplomas)	OJ C 279/75
	— Various activities (formerly ISIC class 01-80) ¹	OJ C 21/70

¹ Proposal withdrawn on 4 Nov. 1974 following the ruling by the Court of Justice in the Reyners case 2/74 ([1974] ECR).

² Under examination by C.

2.224
(contd)

Props. for C Dir. on attainment of freedom to provide services in

— Cinematography (public register)
Coordination of laws, regulations and administrative provisions¹

OJ C 106/71
EP Opinion
OJ C 36/72

— Activities of self-employed persons in film distribution¹

OJ C 50/71

Prop. for C Dir. on

Coordinating procedures for *public contracts* except those issued by public transport, water and energy utilities.

Proposals for directives coordinating national provisions on the taking up and pursuit of the following activities :

— credit institutions

OJ C 12/75
EP Opinion
OJ C 128/75

— direct life insurance

OJ C 35/74
EP Opinion
OJ C 140/74

— direct insurance other than life insurance (directive amending the Directive of 24 July 1973);

OJ C 243/75

— direct insurance other than life insurance (second directive);

OJ C 32/76
under examination
by EP Doc. 381/77

— co-insurance operations.

OJ C 72/74
EP Opinion
OJ C 60/75

¹ Proposal withdrawn on 5 May 1976 following the ruling of the Court of Justice in the Van Binsbergen case : Case 33/74 ([1974] ECR).

2.224
(*cor.td*)

Special provisions for Luxembourg nationals

Props. for Rec. on facilitating taking up and pursuit in other Member States by Luxembourg nationals possessing appropriate diplomas issued in third countries and recognized by Luxembourg law, of the professions of :

Comm. props for C Rec.

— Dentist ¹

OJ C 54/69

— Pharmacist ²

— Veterinary surgeon ¹

OJ C 92/70

— Engineer ¹

OJ C 99/69

C. Rec. of 16 June 1975

— Doctor

— and activities in the financial, economic and accounting spheres ¹

OJ L 167/75

OJ C 115/70

¹ Under examination by C.

² Proposal withdrawn by Comm. on 14 Dec. 1976

2.23 **FREE MOVEMENT OF CAPITAL**

2.230 **Objective**

C Res. of 22 Mar. 1971

Free movement of capital not later than 1980.

OJ C 28/71

2.231 **Requirements of Treaties**

EEC Tr., Art. 67, 68 (2), 69

To extent necessary for proper functioning of Common Market, progressive abolition during transitional period of *restrictions* on movements of capital and of *discrimination* based on nationality or place of residence ; Liberalization from 1 Jan. 1962 of current payments connected with movement of capital ;

Enactment by C of Directives implementing Art. 67 of EEC Tr.

Non-discriminatory application of domestic rules to liberalized movements of capital ;

EEC Tr., Art. 68 (1), 70, 71

Liberal granting of necessary *exchange authorizations* ;

Progressive coordination of national exchange policies in respect of movement of capital between Member States and third countries ;

Wherever possible, no new exchange restrictions ;

EEC Tr., Art. 68 (3)

Loans to be issued by one Member State in another only after prior agreement between States concerned ;

EEC Tr., Art. 72

Notification to Comm. of movements of capital to and from third countries.

EEC Tr. Art. 73 (2)

Protective measures by a Member State following authorization by Comm. in the event of disturbances in the functioning of its capital market ; on grounds of secrecy or urgency, Member State may take measures itself ; after consulting the Monetary Committee Comm. may decide that these measures must be amended or abolished.

ECSC Tr. Art. 51

2.231
(contd)

Funds obtained from loans issued may only be used by Comm. to grant loans ; issue of loans by the Comm. on the markets of the Member States is subject to the rules in force in these markets (see EEC Tr., Art, 68 (3)).

No State to be obliged to give guarantee for issue of loans by EC ;

Comm. may guarantee loans and take over guarantees for loans granted direct to undertakings by third parties ;

EAEC Tr., Art. 172

EC may borrow on capital market of a Member State to finance research projects and investments in accordance with legal provisions applying to domestic loan issues, or if no such provisions exist, by agreement with State in question.

2.232

Decision-making procedures

(a) *C on proposal of Comm. with latter having consulted Monetary Cttee, by qual. majority, issues :*

EEC Tr., Art. 69

— Directives aimed at abolishing restrictions on movements of capital

(b) *C on proposal of Comm., by unanimous vote, issues :*

EEC Tr., Art. 70 (1)

— Directives aimed at coordination of foreign exchange policy by qual. majority, decides :

EEC Tr., Art. 70 (2, Par. 2)

— amendment or abolition of special national provisions aimed at alleviating foreign exchange difficulties.

(c) *Comm. may, after consulting Monetary Cttee, issue :*

EEC Tr., Art. 71 (Par. 3)

— Recommendations aimed at reducing foreign exchange restrictions on movements of capital

- | | | |
|----------------------|----------------|----------------------------------------------------------------------------------------------------------------------------|
| EEC Tr., Art. 73 (1) | 2.232 | — Authorizations for national protective measures during disturbances of capital markets, (C may revoke by qual. majority) |
| EEC Tr., Art. 73 (2) | <i>(contd)</i> | — Decisions on amendment or abolition of national protective measures, prompted by disturbances of capital market. |

2.233 **State of integration**

- | | | |
|----------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|
| 1st C Dir. of 11 May 1960 | Implementation of EEC Tr., Art. 67 | OJ 43/60 |
| | (a) Greatest possible liberalization of capital movements relating to :
direct investment, investment in real estate, personal capital transactions, short-term and medium-term credits in respect of commercial transactions, transfers in performance of insurance contracts, acquisition, imports and exports of securities dealt in on a stock exchange (excluding units of unit trust) | |
| 2nd C Dir. of 18 Dec. 1962 | (b) Currency restrictions may be maintained in respect of issue of securities of enterprises, acquisition of securities not dealt in on a stock exchange, foreign bonds issued on a foreign market and denominated in national currency, short-term trade credits and non-commercial loans and credits. | OJ 9/63 |

Extension of scope of 1st Directive to :

- Transactions in connection with services
- Transfers of migrant workers' savings
- Death duties, damages, royalties, etc.

The 1st and 2nd Directives constitute minimum obligations ; the Member States have frequently gone further. However, many restrictions have been imposed on free capital movements since 1971. Their objective has been to restrict inflow, or outflow, of capital.

Comm. Dec. of 20 Jun. 1975 and 29 Sep. 1976	2.233 (<i>contd</i>)	Italy authorized to maintain restrictions on certain capital transactions.	OJ L 158/75 and OJ L 268/76
Comm. Dec. of 22 Dec. 1977		Denmark, Ireland and United Kingdom authorized, under EEC Tr., Art. 108 (3), to take protective measures relating to transactions in securities and, in the case of United Kingdom, to direct investments and certain capital movements of a personal nature.	OJ L 45/78
C Dir. of 21 March 1972		Monetary authorities must have available the appropriate instruments for regulating international capital movements effectively and neutralizing the effects of such movements on the domestic monetary situation. (See also 2.5).	OJ L 91/72

2.234 **Work in progress**

Prop. for Dir. (amended 8 Dec. 1975) EP Rep. EP Opinion		Prospectus for admission of securities to the stock exchange.	OJ C 131/72 (COM (75) 603) EP Doc. 186/73 OJ C 11/74
Prop. for Dir. (amended 28 Oct. 1976) EP Rep. EP Opinion		Coordination of conditions for admission of securities to official stock exchange quotation.	OJ C 56/76 (COM(76) 565) EP Doc. 236/76 OJ C 238/76
Prop. for Dir. (amended 2 Jun. 1977) EP Rep. EP Opinion		Coordination of provisions regarding collective investment undertakings for transferable securities.	OJ C 171/76 (COM(77) 227) EP Doc. 532/76 OJ C 57/77

2.3 **Company law**

2.30 **OBJECTIVES**

Mutual recognition of companies and legal persons.

Creation of Community legal machinery required for establishment of undertakings or groups of undertakings.

Coordination of national legislation on company law, in particular for protection of interests of shareholders and third parties.

2.31 **REQUIREMENTS OF TREATIES**

EEC Tr., Art. 54 (3) (g)

Coordination, for protection of shareholders and third parties, of provisions safeguarding companies including cooperative societies, and other legal persons governed by public or private law, save for those which are non-profit-making.

EEC Tr., Art. 52

Progressive abolition of restrictions on setting up of agencies, branches or subsidiaries (see 2.223).

EEC Tr., Art. 220

Mutual recognition of companies and legal persons.

Retention of legal personality when their seat is transferred from one country to another.

Merger possibilities for companies governed by laws of different countries.

EEC Tr., Art. 58

Prerequisites for application of provisions on freedom of establishment and freedom to provide services :

- formation of company in accordance with law of a Member State ;
- registered office, central administration or principal place of business within EC.

EAEC Tr., Art. 45—51

Status of Joint Undertakings in nuclear industry.

2.32
(contd)

STATE OF INTEGRATION

Gen. Progr. Title VI
(Freedom of Establishment)

Deadline for coordination of safeguards required of companies (end of 1964) not met.

OJ 2/62

C Dir. of 9 March 1968

First Directive

OJ L 65/68

EP Opinion

Coordination of general safeguards (disclosure, validity of obligations entered into on behalf of a company).

OJ 96/66

C. Dir. of 14 Dec. 1976

Second Directive

OJ L 26/77

EP Opinion

Formation of stock-holding company, maintenance and alteration of its capital.

OJ C 114/71

Conv. of 29 Feb. 1968

Convention on mutual recognition of companies and legal persons.

Suppl. 4/71 — EC Bull.

2.33

WORK IN PROGRESS

A. Coordination of provisions safeguarding shareholders and third parties

Prop. Dir.
Prop. amendment
Second prop. amendment
EP Opinion
Second EP Opinion

(a) Third Directive

— merger of limited companies in a Member State.

OJ C 89/70
Comm. Doc. (72) 1668 fin.
Comm. Doc. (75) 671 fin.
OJ C 129/72
OJ C 95/75

Prop. Dir.
Prop. amendment
EP Opinion

(b) Fourth Directive

— annual statement of accounts of company (breakdown and contents of annual statement, situation report, methods of valuing assets).

OJ C 7/72
Comm. Doc. (74) 191 fin.
OJ C 29/72

Prop. Dir.	2.33 (<i>contd</i>)	(c) Fifth Directive — structure of limited company (composition, powers and obligations of its organs).	OJ C 131/72
Prop. Dir. Prop. amendment EP Opinion		(d) Sixth Directive — guarantees concerning content, checking and distribution of prospectus to be published when securities issued by companies are admitted to official stock exchange quotation.	OJ C 131/72 Comm. Doc. (75) 603 fin. OJ C 11/74
Prop. Dir.		(e) Seventh Directive — consolidated balance sheet (standards for drawing up and evaluating group accounts).	OJ C 121/76 OJ C 56/76
Prop. Dir. Prop. amendment EP Opinion		(f) Coordination of conditions for admission of securities to official stock exchange quotation.	OJ C 56/76 Comm. Doc. (76) 565 fin. OJ C 238/76
Prop. Reg. EP Opinion		(g) Control of concentrations (obligation to notify Comm. of certain transactions concerning concentration of undertakings).	OJ C 92/73 OJ C 23/74

B. On basis of EEC Tr., Art. 235 (cases not provided for in Tr.)

Prop. Reg. Prop. amendment EP Opinion		(a) Statute of European company — enables enterprises with activities not restricted to satisfaction of purely local needs to reorganize their activities at Community level by concentration and merger measures ; — available to companies governed by laws of individual States and to holding companies and subsidiaries of companies governed by a number of different legal systems ;	OJ C 124/70 Comm. Doc. (75) 150 fin. OJ C 93/74
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2.33
(cont'd)

- not subject to laws of any individual State ;
- introduces dual structure (Board of Management and Supervisory Board) ;
- company registered in European Commercial Register under supervision of CJEC ;
- creation of European factory committees and representation of employees on company's board ;
- taxation system of State in which company or management has its seat to be applied.

(b) Creation of joint undertakings

Facilitation of the creation of bodies at EC level concerned with provision of services in public interest and of enterprises to carry out activities important in general European interest for technological development or the supply of raw materials ;

Prop. Reg.

- creation of Joint Undertakings (analogous to EAEC Tr., Art. 45 ff.) in the hydrocarbons sector ;

OJ C 106/71
OJ C 46/72

EP Opinion

- comparable proposal for petroleum industry companies ;

(c) European 'cooperation grouping'

— Creation of a European cooperation grouping modelled on the association of business interests existing under French law, for the purpose of cooperation between, in particular, small and medium-sized undertakings engaged in business activities in the territory of various Member States.

Prop. Reg.
EP Opinion

OJ C 14/74
OJ C 163/77

C. International conventions

- draft Conv. on international mergers.

Suppl. 13/73 — EC Bull.

D. Multinational undertakings

- multinational undertakings and EC Regulations.

Prop. Res.
EP Opinion

OJ C 114/73
OJ C 5/75

TAXATION SYSTEM

A. State of integration

- | | | |
|---------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------|
| C. Dir. of 17 July 1969
EP Opinion | — indirect taxes on raising of capital, | OJ L 249/69
OJ 119/65 |
| C. Dir. of 9 April 1973
EP Opinion | — variation of field of application of reduced rate of capital duty provided for in respect of certain company reconstruction operations by Article 7 (1) (b) of Dir. concerning indirect taxes on raising of capital, | OJ L 103/73
OJ C 138/72 |
| C. Dir. of 9 April 1973
EP Opinion | — fixing common rates of capital duty, | OJ L 103/73
OJ C 78/71 |
| C. Dir. of 7 Nov. 1974
EP Opinion | — amendment to Article 5 (2) of Dir. concerning indirect taxes on raising of capital. | OJ L 303/74
OJ C 76/74 |

B. Work in progress

- | | | |
|--------------------------|-----------------------------------------------------------------------------------------------------------------------------|----------------------------|
| Prop. Dir.
EP Opinion | — common taxation system applicable to mergers, hive-offs and transfers of assets among companies of various Member States, | OJ C 39/69
OJ C 51/70 |
| Prop. Dir.
EP Opinion | — common taxation system applicable to parent companies and subsidiaries of various Member States, | OJ C 39/69
OJ C 51/70 |
| Prop. Dir. | — harmonization of systems of company taxation and of withholding taxes on dividends. | OJ C 253/75 |
| Prop. Dir.
EP Opinion | — elimination of double taxation (arbitration procedure). | OJ C 301/76
OJ C 163/77 |

RIGHTS OF WORKERS

A. State of integration

- | | | |
|---------------------------------------|-------------------------------------------------------------------------------|--------------------------|
| C. Dir. of 17 Dec. 1975
EP Opinion | — approximation of laws of Member States relating to collective redundancies. | OJ L 48/75
OJ C 19/73 |
|---------------------------------------|-------------------------------------------------------------------------------|--------------------------|

Prop. Dir.
Prop. amendment

2.33
(contd)

B. Work in progress

- Harmonization of legislation of Member States on retention of rights and advantages of employees in case of mergers, takeovers and amalgamations.

OJ C 104/74
Comm. Doc (75) 429 fin.
OJ C 95/75

2.4 **Competition**

2.40 **OBJECTIVES**

1st Comm. Report on
Competition Policy

- Realization of customs union unhampered by :
 - agreements which restrict competition ;
 - abuse of dominant economic positions ;
 - restrictive or distortive action by State affecting public or private undertakings ;
- Creating favourable conditions for cooperation between or merger of undertakings to extent necessary for economic development
- Consumer protection

EP Doc. 31/72

EP Rep.
EP Opinion

EP requests Comm. to ensure that in scope and application, the competition policy in general covers all economic activities

EP Doc. 347/77
OJ C 299/77

2.41 **REGULATION OF COMPETITION IN ECSC TREATY**

2.411 **Requirements of ECSC Treaty**

ECSC Tr., Art. 5

Establishment, maintenance and observance of normal competitive conditions ; if necessary, direct influence by EC on production and market ;

ECSC Tr., Art. 60

Prohibition of discriminatory and unfair pricing practices ;

ECSC Tr., Art. 63

Publication of price lists and conditions of sale ;

Action by Comm. in cases in which discrimination is being systematically practised by purchasers, in particular under provisions governing contracts entered into by bodies dependent on a public authority ;

ECSC Tr., Art. 65

Prohibition (legal invalidity) of agreements and concerted practices which may restrict competition ;

Authorization by Comm. of agreements on specialization or joint buying or selling possibly subject to specified conditions and for limited periods ;

2.4/2.411

ECSC Tr., Art. 66

2.411
(*contd*)

Prior authorization by Comm. of all measures leading to concentration between undertakings. Authorization given provided concentration does not enable undertakings to determine prices or to evade rules of competition ;

No prior authorization required when size of assets or undertakings concerned is insignificant ;

Powers of decision and sanction by Comm. against public or private undertakings with dominant position shielding them against effective competition in a substantial part of the Common Market if that position used for purposes contrary to objectives of Tr. ;

ECSC Tr., Art. 64—66

Fixing of fines or periodic penalty payments, by Comm., if ECSC. Tr. infringed ;

ECSC Tr., Art. 67

Action by Comm. against measures by Member States liable to have appreciable repercussions on conditions of competition.

2.412

Decision-making procedure under ECSC Treaty

Comm. after consulting :

ECSC Tr., Art. 60 (2)

— *Consultative Cttee in accordance with ECSC Tr.* may issue :
instructions on publication of prices

ECSC Tr., Art. 60 (2)

— *Consultative Cttee in accordance with ECSC Tr. and C* may make :
decisions defining prohibited practices

ECSC Tr., Art. 61, Par. 1

— *studies of price levels*

ECSC Tr., Art. 67

recommendations for abolition of national measures restricting competition

ECSC Tr., Art. 66 (7)

— *national governments, may determine :*

prices, conditions of sale, etc. where undertakings dominate market, if corresponding recommendations not complied with.

2.412 *Comm. decides independently by implementing regulations and individual decisions on :*
(cont'd)

- ECSC Tr., Art. 60 (2) (a)
 - ECSC Tr., Art. 63
 - ECSC Tr., Art. 61
 - ECSC Tr., Art. 65 (2)
 - ECSC Tr., Art. 65 (3,4)
 - ECSC Tr., Art. 65 (5)
 - ECSC Tr., Art. 66 (6)
 - ECSC Tr., Art. 66
 - ECSC Tr., Art. 66 (5)
 - ECSC Tr., Art. 66 (7)
- recommendations for preventing practices restricting competition
 - fixing prices
 - authorization of specialization agreements
 - monitoring prohibition of practices restricting competition
 - fixing fines
 - authorization of mergers
 - decisions declaring concentration of enterprises unlawful ; execution of separation measures
 - recommendations to prevent dominant positions on market.

2.413 **State of integration**

(a) ECSC Tr., Art. 60, 63

- HA Dec. of 12 Feb. 1953 Modes of assessment for sales of coal in Common Market OJ 2/53
- Conditions for publication of price lists and conditions of sale applied by :
- HA Dec. of 12 Feb. 1953 — coal and iron ore undertakings OJ 2/53
- HA Dec. of 2 May 1953 — iron and steel undertakings OJ 6/53
- HA Dec. of 7 Jan. 1954 OJ 1/54
- HA Dec. of 2 May 1953 Practices prohibited by Art. 60 (1) of ECSC Tr. Deviation from OJ 6/53
- HA Dec. of 7 Jan. 1954 published price lists is discrimination if seller cannot prove that : OJ 1/54
- transaction does not fall within categories covered
- deviation is common to all comparable transactions
- HA Dec. of 11 Dec. 1963 Amendment and supplementation of decisions on publication of provisions in force for prices and disclosure as result of extension to cover producer's selling agencies. OJ 187/63

Comm. Prop. 1st Rep. on Competition, Apr. 1972	2.413 (contd)	Aligning of quotation on those of enterprises outside EC and rebates or special prices for indirect exports must be notified to Comm. Adaptation of application of EEC Tr., Art. 60 by defining comparable transactions and separating prohibition of discrimination and obligation to disclose activities	EP Doc. 31/72
HA Dec. of 11 Jul. 1953 HA Dec. of 6 May 1954	(b) ECSC Tr., Art. 65, 66	As ECSC Tr. contains concrete provisions, no Impl. Reg. for Art. 65 and 66 apart from decisions supplementing certain definitions (characteristics of control of an undertaking ; exemption from prior authorization ; information to be supplied to HA) ; new application of ECSC Tr., Art 66 (3) Exemption from requirement for prior authorization for — mergers between producers, — mergers between coal and steel producing undertakings and undertakings outside ECSC, — mergers between marketing undertakings, if annual production of enterprises involved in merger does not exceed specified amounts or turnovers matching development of production and sales structures ;	OJ 10/53 OJ 9/54
HA Dec. of 22 Jun. 1967		Extends scope of exemption from requirement of prior authorization under Art. 66 (3) for mergers between small producer and user firms	OJ 154/67
Amended Draft Dec. 25/67		Individual decisions to ensure minimum of competition on (coal and steel) market with oligarchic structure	11 GR EC, Par. 183
		<i>Coal :</i> Policy of prohibition of concentrations (ECSC Tr., Art. 65) has given way to policy of support aiming at allowing concentrations because of growing pressure of competition from crude oil and natural gas ;	

Comm. Dec. of 19. Dec.
1969
Comm. Dec. of 22 Dec.
1970

2.413
(*contd*)

Production subsidies for coking coal
Revision of EC system of measures for coal-mining industry ;
subsidies for total or partial closure of pits, for workers, for exception-
ally large pithead stocks etc. Obligation on all Member States to give
Comm. full details of all aid.

OJ L 2/70
OJ L 3/71

Outlines of competition
policy

Steel :

Comm. has defined competition policy respect to structure of steel
industry

OJ C 12/70

- favourable approach to vetting of applications for concentration of
enterprises in order to improve competitiveness ;
- monitoring to see that concentrations do not lead to obstruction
of effective competition (critical threshold is where production by
group after concentration exceeds 12-13 % EC production) ;
- ensuring that large groups remain independent of each other ;
- preventing alignment of market behaviour by large groups ;
- promotion of specialization or joint-selling agreements between
small and medium-sized undertakings to improve production or
sales conditions.

2.42 **REGULATION OF COMPETITION IN THE EEC TREATY**

2.421 **Requirements of EEC Treaty**

EEC Tr., Art. 3 (f)
EEC Tr., Art. 85 (1)

No distortion of competition within CM ;
Prohibition (legal invalidity) of agreements between undertakings that
affect trade or restrict competition ;

2.413/2.421

EEC Tr., Art. 85 (3)	2.421 (<i>contd</i>)	Exemption from such prohibition for agreements or categories of agreements which contribute to improving production or distribution of goods or to promoting technical or economic progress ;
EEC Tr., Art. 86		Prohibition of practices abusing a dominant position within CM or a substantial part of it ;
EEC Tr., Art. 88, 89		Until entry into force of Impl. Reg., Member States responsible for observation of EEC Tr., Art. 85 and 86 ; without prejudice to this Comm. ensures application of principles laid down in Art. 85 and 86 ;
EEC Tr., Art. 90, 37		Public undertakings subject to rules on competition in so far as application of rules does not obstruct performance of particular tasks assigned to them ; Adjustment of State commercial monopolies during transitional period ;
EEC Tr., Art. 91		Comm. to put end to dumping practices within CM before end of transitional period, viz. by 31 Dec. 1969 ;
EEC Tr., Art. 92-94		State aid which distorts competition is prohibited ; Certain kinds of aid compatible with EEC Tr ; other kinds of aid may be considered compatible ; Comm. keeps existing aid arrangements under review ; C may make Impl. Regs. for EEC Tr., Art. 92, 93 ;
EEC Tr., Art. 101		Consultations to eliminate differences in legal and administrative provisions ; C and Comm. may issue directive and take other measures provided for in Tr. ;
EEC Tr., Art. 102		Consultation to avoid distortion through adoption of legal provisions ; Comm. may make Recs.

2.422 **Decision-making procedure under EEC Treaty**

- EEC Tr., Art. 87 (1) (a) *C, on prop. of Comm. and after consulting EP, may issue*
— Regs. or Dirs, to give effect to principles of law on competition (since 1 Jan. 1961 by qual. majority) e.g. C Reg. of 6 Feb. 1962
OJ 13/62
- EEC Tr. Art. 94 (b) *C, on prop. of Comm., may make*
— Impl. Regs. for review of State aid
- EEC Tr., Art. 89 (c) *Comm. may independently issue Impl. Regs. and individual decisions on :*
— hearing procedures e.g. Comm. Reg. of 25 July 1963
OJ 127/63
— complaints procedures e.g. Comm. Reg. of 8 Aug. 1969
OJ L 209/69
- EEC Tr., Art. 89 — the form of negative clearance tests
— recording prohibited agreements, etc. as defined in EEC Tr., Art. 85 e.g. Comm. Dec. of 2 Jan. 1973
OJ L 140/73
- EEC Tr., Art. 89 — recording abuse of dominant market position as defined in EEC Tr., Art. 86
- EEC Tr., Art. 90 — directives or decisions on participation of public undertakings in competition
- EEC Tr., Art. 91 — prevention of dumping practices e.g. Comm. Reg. of 11 Mar. 1960
OJ 21/60
- EEC Tr., Art. 93 (1) — harmonization of national aid regulations
- EEC Tr., Art. 93 (2) — incompatibility with EEC Tr., or abuse of national aid regulations.
In exceptional circumstances C may, by unanimous vote and at a request of a Member State, declare aid to be compatible with CM e.g. Comm. Commun. to C on 'General Regional Aid Regulations'
OJ C 111/71

<p>C. Reg. of 6 Feb. 1962 EEC Tr., Art. 85, 86</p>	<p>2.422 (contd) (d) <i>Comm. after consulting:</i> — <i>Advisory Cttee on Restrictive Practices and Monopolies, takes:</i> Decisions under EEC Tr., Art. 85, 86 or Reg. for application of EEC Tr., Art. 85 (3) to categories of agreements or concerted prac- tices.</p>	<p>OJ 13/62</p>
<p>C. Reg. of 21 Feb. 1962 (amended and supple- mented by C. Reg. of 10 July 1962, 7 Nov. 1963 and 29 Dec. 1971)</p>	<p>2.423 State of integration</p> <p>A. Interpretation of Articles 85 and 86 of the EEC Tr.</p> <ul style="list-style-type: none"> — undertakings may request 'negative clearance' from Comm. certi- fying that state of affairs described in EEC Tr., Art. 85 (1) does not exist; — obligation to notify in order to obtain clearance with respect to EEC Tr., Art. 85 (3); — exclusive competence of Comm. to make implementation deci- sions under EEC Tr., Art. 85 (3); — creation of Advisory Cttee. <p>Results to end of 1962:</p> <ul style="list-style-type: none"> — 460 notifications and applications in respect of multilateral agree- ments; — 34 500 notifications and applications in respect of bilateral agree- ments. <p>Owing to abundance of notifications, procedure developed exempting certain categories of agreements.</p> <p>On 31 Dec. 1977, there were 4 117 pending, of which 3 862 were applications or notifications, 135 complaints from firms and 120 proceedings on the initiative of Comm. Some 59 % of notifications or applications concerned licensing agreements, 30 % distribution agree- ments and 11 % horizontal agreements.</p> <p>The Commission specifies its policy in individual decisions.</p>	<p>OJ 13/62 OJ 58/62 OJ 162/63 OJ L 285/71</p>

2.423
(contd)

B. Relaxation of rules on competition

(a) Exclusive dealing agreements and patent licensing contracts

Comm. Communications

Draft Comm. proposal for exclusive dealing agreements and patent licensing contracts not mentioned in EEC Tr., Art. 85 (1):

OJ 139/62

Reg. of 2 March 1965
C Tr., Art. 85 (3)

— procedures for exemption from prohibition on agreements (EEC) Tr., Art. 85 (3) for certain categories of agreements and concerted practices;

OJ 36/65

— Comm. may exempt individual classes or certain categories by special Reg. for bilateral exclusive distribution agreements and patent licensing contracts which meet the legal conditions for exemption in EEC Tr., Art. 85 (3);

— exemption may be revoked or made subject to specified conditions;

Comm. Reg. of 22 March 1967

Certain exclusive dealing agreements in international trade which improve distribution and facilitate sales promotion while affording consumer a suitable share in resulting benefit no longer have to be notified; Comm. is drafting amendment extending application of Reg. to certain exclusive supply agreements

OJ 57/67
11 GR EC, Par. 181

EP Rep.
EP Opinion

Comm. is drawing up Prop. for Reg. to give blanket authorization to certain categories of patent licensing agreements; EP request that Reg. should contain precise guidelines to promote economic use of new techniques within EC

EP Doc. 347/77
OJ C 299/77

Comm. Commun. of 27
May 1970

(b) Agreements of minor significance

do not fall under EEC Tr., Art. 85 (1) since they have only slight effect on trade between Member States. Comm. gives figures to serve as criteria for assessment;

OJ C 64/70

Amended Comm. Commun.
of 19 Dec. 1977

Raising of limits applied

OJ C 313/77

Comm. Commun.	2.423 (<i>contd</i>)	(c) Agreements furthering research and specialization	OJ C 75/68
		agreements on cooperation between firms with, in general, no restrictive effect on competition ;	
C Reg. of 20 Dec. 1971		abolition of obligation to notify agreements, decisions and concerted practices which concern only common research and development, and certain specialization agreements ;	OJ L 285/71
C Reg. of 20 Dec. 1971		Comm. authorized for a certain period by Reg. to declare EEC Tr.,	OJ L 285/71
Comm. Reg. of 21 Dec. 1972		Art. 85 (1) not applicable to categories of agreement relating to application of standards and types, research and development of products or processes, or specialization ;	OJ L 292/72
Comm. Reg. of 23 Dec. 1977		Widens scope of Reg. of 21 Dec. 1972	OJ C 338/77
C Reg. of 26 Nov. 1974		(d) Limitation periods in proceedings and enforcement of sanctions under the rules relating to transport and competition.	OJ L 319/74
C. Application of EEC Tr., Art. 86 ; abuse of dominant economic position			
		(a) EEC Tr., Art. 86 first applied in 1971-1972.	
Ruling of the Court 6/72 of 21 Feb. 1973		(b) There may be abuse if an enterprise with a dominant position strengthens this to such a degree that competition is substantially restricted.	Jurisprudence of Court of Justice Vol. 1973
Draft Reg. of 18 July 1973		(c) Checks on mergers of companies ; mergers involving companies with turnovers of not less than 1 thousand million u.a. per annum must be notified in advance.	OJ C 92/73
EP Rep. EP Opinion EP Rep. EP Opinion		On several occasions EP has deplored that C has not yet adopted draft reg.	EP Doc. 263/73 and 362/73 OJ C 23/74 EP Doc. 347/77 OJ C 299/77
		(d) Comm. further implements its policy by means of individual decisions.	

Comm. Communication of 7
Nov. 1973
Draft C decision of 7 Nov.
1973

2.423
(*contd*)

(e) Development of multinational concerns is on the whole positive, but requires that certain measures also be taken, particularly with respect to: collective dismissals, retention of acquired rights by workers in the event of mergers or rationalization programmes, guarantees of investment in third countries, domestic mergers of companies, statute of the European limited liability company, checks on mergers, international cooperation in respect of collection of taxes and common regulations with regard to establishment of prices and royalties within concerns, legislation relating to concerns of companies, collection of information on the international activities of enterprises.

COM (73) 1930

EP Rep.
EP Opinion
EP Rep.
EP Opinion

EP stresses that binding and legally enforceable norms must gradually be laid down for international undertakings and framework for their activities defined in one or more international agreements.

EP Doc. 292/74
OJ C 5/75
EP Doc. 547/76
OJ C 118/77

To this end, EP calls upon and Comm. to conduct negotiations with parties concerned, governments and international organizations and undertakings

D. Individual sectors

Agriculture (see 3.4)

Transport (see 4.25)

C Reg. of 19 July 1968

Prohibition of agreements between undertakings engaged in rail, road and inland waterway transport which can affect trade between Member States and restrict competition within CM.

OJ L 175/68

Transitional measures for agreements to reduce disturbances arising from structure of transport market; exception for groups of undertakings in which carrying capacity of individual undertakings and total carrying capacity of group do not exceed certain limits.

C Reg. of 26 Nov. 1962

Non-application of C Reg. of 5 Feb. 1962 (OJ 13/62) to sea and air transport.

OJ 124/62

2.423
(contd)

Comm. is preparing Prop. for Reg. applying rules of competition to air transport

11 GR EC, Par. 184

Commercial monopolies

(a) Free movement within EC has not yet been achieved in respect of a number of products marketed by national monopolies of commercial nature. Comm. reaffirmed that Art. 37 (1) has been directly applicable since end of transitional period. Provision entails abolition of exclusive import and trading rights if monopoly holding such rights itself produces goods in question.

5th Rep. Competition Policy
1975, Par. 149

(b) Comm. has initiated infringement proceedings for failure of Italian and French manufactured tobacco monopolies to comply with Art. 37

11 GR EC, Par. 201

E. Aids granted by the Member States

Comm monitors State aids, in accordance with two main principles : aids must contribute towards reaching a durable solution to structural problems of EC and preventing any sterile outbidding

11 GR EC, Par. 180

— sectoral aid must be aimed at restoring the competitiveness of the enterprises concerned and safeguarding employment in the short term ; e.g. in the textile, shipbuilding and film industries ; escalation of aid measures must be avoided, and a common system must be set up into which national aid measures can be fitted ; aid measures can also be approved if they promote other developments which are considered desirable, e.g. aid to the development of new energy sources, aid to investment in environmental projects, aid to electricity undertakings, using coal instead of oil, etc.

2.423
(cont'd)

— general aid regulations : Comm. accepts the implementation of such arrangements only within the framework of programmes with a sectoral or regional character.

4th Rep. on Competition
Policy, Par. 166

If Member States deviate from this rule, advance notice must be given to Comm. of all important measures.

Comm. Commun.
to C.

— regional aid schemes will be coordinated as follows for a period of three years from 1 Jan. 1975 :

EC Bull. 2/75

— assessment of the aid on basis of five facets — differentiated ceilings on aid intensity, transparency, regional aid and system of supervision ;

— regions have been classified in four categories in which investment aid may be granted up to a ceiling varying from 20 % to 30 % net subsidy equivalent ; in Greenland, Ireland, the Mezzogiorno, Northern Ireland and West Berlin aid has been frozen at its present level.

Comm. proposes to extend and adjust evaluation method used since 1971 ; a draft to this effect is being prepared.

11 GR EC, Par. 194

— Export aid considered incompatible with general principles of CM.

EP Rep.
EP Opinion

EP expects Comm. to continue work of scrutinizing and coordinating sectoral and regional aids and aids to the environment with object of ensuring their compatibility with goal of restructuring and need to ensure that economies of Member States are competitive.

EP Doc. 347/77
OJ C 299/77

2.423
(contd)

F. Public and other undertakings referred to in Article 90

Comm. is drawing up draft Dir. on basis of Art. 90 (3) to clarify for Member States their responsibilities under Art. 90, to introduce rules which will put Comm. in a better position to check that provisions of Art. 90 EEC Tr. are being observed, and to ensure that financial links between States and financial links between States and undertakings referred to in Art. 90 are more transparent.

G. Distortions arising from legislation of Member States

Check on actual cases by Comm. under EEC Tr., Art. 101 and 102.

H. European trademark

In August 1976 Comm. published memorandum on creation of a Community trademark. The memorandum announced proposal for regulation based on EEC Tr. Art. 235 and creation of Community trademark office to administer system.

This would enable undertakings to distribute their products under same trademark throughout territory of CM.

10th GR EC
Par. 145

To reduce likelihood of conflict between Community trademark and previous national trademarks, transitional solution envisaged: national trademarks will have priority for period of 10 to 15 years and conciliation body will be set up to settle disputes.

2.423
(contd)

I. Community patent

On 15 December 1975 Member States signed in Luxembourg the Community Patent Conv.

Conv. supplements 1973 Munich Conv, signed by 16 European States.

Luxembourg Conv. institutes single substantive patent law : Community patent, granted by European Patent Office to be set up in 1977, has same force in all Member States with regard to exercise of rights attaching thereto.

OJ L 17/76

2.5 Harmonization of taxation

2.50 OBJECTIVES

EEC Tr., Art. 95-102

Harmonization of tax laws of Member States to prevent distortion of competition and restriction and restriction of free movement of goods, services and capital.

Comm. Comun. to C.

Action Programme for Taxation

EC Bull. 9/75

- establishing tax conditions to permit maximum liberalisation in movement of persons goods services and capital
- bringing closer together impact of taxes and charges in this context

2.51 DECISION-MAKING PROCEDURES

EEC Tr., Art. 99, Par. 2

C decides unanimously, on proposal of Comm. :

EEC Tr., Art. 100, Par. 2)

- on approximation of national legislation

EP and ESC to be consulted

EEC Tr., Art. 98

C authorizes by qual. majority on proposal of Comm. limited-period discharge from countervailing charges in trade between Member States.

EEC Tr., Art. 97, Par. 2

If Member State infringes EEC Tr., Art. 95 or 96, Comm. itself issues directives or decisions.

2.52 INDIRECT TAXES

2.521 Requirements of Treaties

EEC Tr., Art. 95

Taxes on goods from other Member States not to exceed taxation imposed on similar domestic goods ; taxation not to afford any protection, even indirect.

EEC Tr., Art. 96

2.521
(*contd*)

Repayment of internal taxation on exported goods not to exceed direct or indirect internal taxation.

EEC Tr., Art. 99, 100

Turnover taxes, excise duties and other forms of indirect taxation to be harmonized. No general harmonization of tax laws provided for, except where measures by a Member State have significant effects on conditions of competition.

2.522

State of integration

Work done in two directions :

- removal of restrictions on free movement based on individual cases
- approximation of national laws (e.g. proposals for a number of Dir. on excise duties)

Aim of approximation :

Abolition of countervailing levies and border taxes in trade, removal of frontier controls

Stages :

Initially approximation of structures, later approximation of rates of taxation.

Suppl. 3/72 EC Bull.

2.5221

TURNOVER TAX

1st C Dir. 227 of 11 April
1967

Framework for harmonization of VAT laws of Member States

OJ 71/67

Objectives :

- short-term : abolition of taxation components which distort conditions of competition at national and Community level ;
- long-term : abolition of import levies and tax remissions on exports in trade between Member States.

2.521/2.5221

Methods :

- introduction of common VAT system, simple and neutral with respect to origin of goods and services and, if possible, embracing retail trade ;
- later, harmonization of tax rates and exemptions ;
- taking account of tax and budgetary policy of Member States when introducing VAT system.

2nd C Dir. 228 of 11 April
1967

Structure and procedures for applying common VAT system

OJ 71/67

- definition of following concepts : supply of goods and services, territory, taxable persons, importation of goods, basis of assessment, etc. ;
- certain limits set for establishment of tax rates, tax exemptions and deductions ;
- provides for the keeping of accounts, special systems for small undertakings and for undertakings in the agricultural sector and the possibility of Member States applying transitional measures.

C Dec. of 21 April 1970

Stipulates that up to 1 % of VAT revenue be allocated to EC budget from 1975, provided that assessment basis of VAT harmonized.

OJ L 94/70

Common system of VAT ; uniform basis of assessment. Principal provisions include :

OJ L 145/77

6th C. Dir. 388 of 17 May
1977
Arts. 1-20

— scope, territorial application, taxable persons, taxable transactions and their location, chargeable events and chargeability to tax, taxable amount, rates, exemptions and deductions ;

Arts. 24-26

— special schemes prescribed for small undertakings, for farmers and for travel agents ;

Art. 29

— VAT Advisory Committee set up.

C. Reg. of 19 Dec. 77	2.5221 <i>(contd)</i>	Implementation of C. Dec. of 21 Apr. 70 in respect of own resources from VAT, on replacement of financial contributions from Member States by EC's own resources. National procedures for implementation of 6th VAT. Dir. not completed in time to allow EC budget for 1978 to be based wholly on "own resources" system. (See 1.243)	OJ L 336/77
2.5222 <i>DUTIES ON RAISING OF CAPITAL</i>			
C Dir. 335 of 17 July 1969		Abolition of stamp duty on issue of securities.	OJ L 249/69
C. Dir. 79 of 9 April 1973		Harmonization of duty on subscription of capital : As from 1 January 1976 standard rate 1 % ; reduced rate of 50 % replaced by rate of 0 to 0.5 %.	OJ L 103/73 OJ L 103/73
C Dir. 553 of 7 Nov. 1974		Determination of basis to take account of actual value of subscribed capital.	OJ L 303/74
2.5223 <i>TAXES IN INTERNATIONAL TRAVEL</i>			
Harmonization of legal and administrative provisions relating to exemption from turnover tax and excise duty on imports in international travel.			
<i>Objective :</i>			
To make population of Member States aware of reality of CM when importing goods of a non-commercial nature.			
<i>Methods :</i>			
C Dir. 169 of 28 May 1969 amended by C Dir. 230 of 12 June 1972		(a) exemption from VAT and excise duty — Member States — third countries : 25 u.a. per person — between Member States : 125 u.a. per person, 30 u.a. for each child	OJ L 133/69 OJ L 139/72

2.5221/2.5223

2.5223
(contd)

- (b) tobacco products, alcoholic beverages, perfumes, coffee and tea :
exemption for limited amounts ; duty-free amounts increased in 1972
- (c) value and/or quantity of exempted goods may be fixed at lower level :
e.g. in frontier zone travel, for crew of transport used in international
travel, and for members of armed forces
- (d) exemption of goods already taxed in country of origin
- C Reg. of 18 Dec. 1973 (e) flat-rate import charges collected on small non-commercial consign-
ments of agricultural products so as to avoid the collection of several
different charges OJ L 361/73
- C Dir. of 19 Dec. 1974 (f) relief from VAT and excise duties on importations of small consign-
ments within the Community OJ L 354/74
- C Reg. of 19 Dec. 1974 (g) relief from customs duties and charges having equivalent effect on
importations of small consignments sent between original and new
Member States, or between the new Member States themselves. OJ L 354/74

2.5224 *EXCISE DUTIES*

The harmonization programme envisaged by the Commission covers the following products : mineral oils, manufactured tobacco, alcohol, beer, wine.

C Dir. 464 of 19 Dec. 1972
amended by
C Dir. 318 of 25 June 1974,
786 of 16 June 1975
911 of 21 Dec. 1976
and 805 of 19 Dec. 1977

— *Manufactured tobacco* OJ L 303/72
Directives lay down general principles of harmonization and special OJ L 180/74
criteria applicable during successive stages. OJ L 354/76
OJ L 338/77

First stage (1 July 1973 — 30 June 1978) : covered cigarettes which
were made liable to specific excise duty and proportional excise duty.

Second Stage (1 July 1978 — 31 Dec. 1980) : specific excise duty deter-
mined by reference to total tax (excise duty plus VAT) ;

2.5224 *(cont'd)* *Subsequent stages*: Rate of proportional excise duty and amount of specific excise duty must be same for all cigarettes and fairly reflect difference in the manufacturers' delivery prices. Methods of collection of excise duty to be harmonized at final stage at latest.

2.523 **Work in progress**

VAT

Comm. Prop. for 7th Dir.
of 11 Jan. 1978

Introduction of Common VAT system for used goods, works of art, antiques and collectors' items.

OJ C 26/78

Comm. Prop. for 8th Dir.
of 11 Jan. 1978

Introduction of common arrangements for refund of vat to undertakings in an EC country other than that in which goods or services invoiced inclusive of tax.

OJ C 26/78

Comm. Prop. for Dir. of 31
March 1976.
EP Opinion of 15 Oct. 1976

Taxes on raising of capital

Transactions in securities

— establishment of single taxation system to replace current taxes on stock exchange transactions; prescribes maximum rates and certain compulsory exemptions.

OJ C 133/76

OJ C 259/76

Comm. Prop. for Reg.

International travel

Several proposals by Comm. have not yet been made the subject of a C. Dec.: these include:

— tariff applicable to agricultural products contained in travellers' personal luggage;

OJ C 100/73

Comm. Prop. for Dir. of 20
Dec. 1974
amended 17 April 1975
EP Opinion of 21 Feb. 1975

— exemption from taxes on importation of small consignments from third countries of goods of a non-commercial nature;

OJ C 18/75

OJ C 60/75

Comm. Prop. for Reg. EP Opinion of 21 Feb. 1975	2.523 (<i>contd</i>)	— exemption from duties and charges on importation, in conjunction with previous proposal ;	OJ C 24/75 OJ C 60/75
Comm. Prop. for Dir. of 24 Oct. 1975 EP Opinion of 13 Feb. 1976		— tax exemptions applicable to personal property of individuals on permanent importation from another Member State ;	OJ C 267/75 OJ C 53/76
Comm. Prop. for Dir. of 24 Oct. 1975 EP opinion of 13 Feb. 1976		— tax exemptions for certain means of transport temporarily imported into one Member State from another	
Comm. Prop. for Dir. of 31 Dec. 1976 EP Opinion 12 May 1977		— increased exemption on imports to 200 u.a. ;	OJ C 31/77
		— maintained real value of exemptions by indexation in future.	OJ C 133/77

Excise duties

Comm. Prop. for Dir. of 7 Mar. 1972 EP Opinion of 5 April 1974		Introduction of harmonized excise duty system for mineral oils, manufactured tobacco, alcohol, beer, wine and mixed beverages. Abolition of other special excise duties, except those which do not give rise to tax on importation or remission of tax on exportation and no frontier controls.	
Comm. Prop. for Dec. 7 Mar. 72 EP Opinion of 5 April 1974		Setting up Excise Duty Committee.	OJ C 43/72
Comm. Prop. for Dir. of 27.3. 74 EP Opinion 15 Nov. 1974		— <i>Manufactured tobacco</i> Covers manufactured tobacco other than cigarettes ; authorizes Member States to subdivide to categories : cigars and smoking tobacco, but requires that products of same group be taxed under same scheme and at same rate.	OJ C 48/74 OJ C 72/74 OJ C 155/74
Amended Comm. Prop. for Dir. of Feb. 1976		Proposal on taxes other than turnover taxes taxes which affect consumption of manufactured tobacco	OJ C 45/76
Comm. Prop. for Dir. of 28 Jan. 1976 EP Opinion of 6 July 1976		Proposed second stage of harmonization, (see 2.5224). Specific component of excise duty on most popular price category of cigarettes not to be less than 15 % nor more than 50 % of total excise duty and VAT charged.	OJ C 45/75 OJ C 178/76

<p>Comm. Prop. for Dir. 9 Aug. 1973 EP Opinion of 13 Jan. 75 Comm. Prop. for Dir. of 1 Aug. 1973 EP Opinion of 13 Jan. 1975</p>	<p>2.523 (cont'd)</p>	<p>— <i>Mineral oils</i> Proposes harmonization of excise duties ; covers first stage in harmonization of excise duty structure relating to mineral oils : definition of products liable to excise duty, determination of chargeable event, conditions under which excise duty becomes due, arrangements covering importation and exportation, exemptions.</p>	<p>OJ C 92/73 OJ C 32/75 OJ C 92/73 OJ C 32/75</p>
<p>Comm. Prop. for Dir. of 23 Feb. 1972 EP Opinion of 5 Apr. 1974</p>		<p>— <i>Alcohol</i> Single rate of excise duty in each Member State ; reduced rate for certain wine-based beverages ; exemption for industrial alcohol.</p>	<p>OJ C 43/72 OJ C 48/74</p>
<p>Comm. Prop. for Dir. of 23 Feb. 1972 EP Opinion of 5 April 1974</p>		<p>— <i>Wines</i> Introduction of excise duty in some Member States where none exists ; minimum rate fixed immediately on entry into force of Dir. EP not in favour of extending excise duty to other Member States where none exists.</p>	<p>OJ C 43/72 OJ C 48/74</p>
<p>Comm. Prop. for Dir. of 23 Feb. 1972 EP Opinion of 5 April 1974</p>		<p>— <i>Beer</i> Standardization of rates for beers of same category ; fixing of relationship between rates applicable to various categories.</p>	<p>OJ C 43/72 OJ C 48/74</p>
<p>Comm. Prop. for Dir.</p>		<p>— <i>Mixed beverages</i> Collection of excise duty on alcohol in cases where ethyl alcohol has been added ; in all other cases, collection of excise duty appropriate to each of the constituents. Imported mixed beverages are subject to same fiscal system as like national beverages.</p>	<p>OJ C 43/72</p>
<p>Comm. Commun. to C. of 2 Aug. 77.</p>		<p>Recommends immediate resumption of work on proposals to harmonize excise duties firstly on alcohol and beer and subsequently on mineral oils, with a view to their adoption in 1978.</p>	

Comm. Prop. for Dir.	2.523 <i>(contd)</i>	<i>Taxation of commercial motor vehicles</i>	OJ C 95/68
Comm. Prop. for Reg. of 23 Dec. 1975 EP Opinion of 14 May 1976		Harmonization of laws of Member States on taxation of commercial motor vehicles, aimed at progressive transformation of national systems into system based on common principles and criteria with a view to calculating cost of using transport infrastructures. Provision for repayment or remission of export or import duties	OJ C 54/76 OJ C 125/76
	2.53	DIRECT TAXES	
	2.531	Requirements of Treaties	
EEC Tr., Art. 3 (c)		Intervention by EC in direct taxation where this represents obstacle to free movement of persons, services or capital.	
EEC Tr., Art. 100		Approximation of legal provisions directly affecting establishment or functioning of CM.	
EEC Tr., Art. 220		Member States to enter into negotiations to secure abolition of double taxation within EC.	
	2.532	State of integration	
C. Res. of 10. 2. 75 C. Dir. of 19 Dec. 77		Recognition of international dimensions of tax evasion and avoidance Mutual assistance by authorities of Member States in field of direct taxation :	OJC 35/75 OJL 336/77 OJC 293/76
EP opinion of 17 Nov. 76		<ul style="list-style-type: none"> — measures to combat tax evasion and avoidance ; — strengthening collaboration between national revenue departments ; — exchange of information to determine income and wealth tax liabilities ; — permits investigations by one Member State on behalf of another, and officials of one Member State working in another. 	

Work in progress

- Prop. Comm. Dir. of
16 Jan. 1969
EP Opinion
of 9 April 1970
Prop. Comm. Dir. of
16 Jan. 1969
EP Opinion of 9 April 1970
Prop. Comm. Dir. of
29 Nov. 1976
EP opinion of
14 Jun. 77
Prop. Comm. Reg. amended
30 April 1975
- Common tax system for mergers, separation and subscription of capital with respect to parts of undertakings involving companies from different Member States. OJ C 39/69
OJ C 51/70
- Common tax system for parent companies and subsidiaries belonging to different Member States. OJ C 39/69
OJ C 51/70
- Elimination of double taxation in connection with adjustment of transfers of profits between associated enterprises (arbitration procedure). OJ C 301/76
OJ C 163/77
- Creation of European Company ; settlement of a number of tax problems (see also 2.33)
- location of company domicile for tax purposes ;
- possibility of moving tax domicile from one Member State to another in connection with tax exemptions ;
- possibility of allowing losses suffered by permanent establishments, and in some cases even by subsidiaries, located in other Member States to be taken into account in Member State where tax domicile is located.
- Comm. Progr. of 30 July 1975
- Establishment of tax conditions for economic and monetary union EC Bull. 7/8-75
- Establishment of longer term measures with a view to greater integration.
- Harmonization of systems of company taxation and of withholding taxes on dividends OJ C 253/75
- Proposal based on partial imputation system.
- Mutual assistance between Member States**
- recovery of claims relating to EAGGF, agricultural levies and customs duties ; OJ C 249/76
- extension of directive on mutual assistance to recovery of claims for VAT, excise duties and other consumption taxes ; OJ C 57/77
- Comm. Prop. for Am.
Dir. of 8 Oct. 76
EP opinion of
11 Feb. 77
Comm. Prop. for Dir.
of 8 Oct. 1976

3. **REALIZATION OF COMMON AGRICULTURAL POLICY**¹

EEC Tr., Art. 38, 39 and Annex II

3.0 **Objectives**

- To increase agricultural productivity by promoting technical progress, rationalizing agricultural production and optimum utilization of factors of production, especially labour.
- To ensure fair standard of living for agricultural community, in particular by increasing individual earnings of persons engaged in agriculture.
- To stabilize markets.
- To assure availability of supplies.
- To ensure supplies to consumers at reasonable prices.

The CAP must be achieved by end of transitional period at the latest. Products concerned enumerated in Annex II of the Treaty. The Council may decide and has decided amendments to Annex II (with effect: 31 Dec. 1960).

3.1 **Decision-making procedure**

EEC Tr., Art. 43 (1) and (2)(i)

Two years after the Treaty came into force, the Commission — after consulting the ESC — drew up proposals on the preparation and implementation of the CAP. These proposals were submitted by the Commission in 1960: ESC and EP gave their opinions (Boscary-Monsservin Report, No 70).

OJ 16/11/60

¹ Unlike the rest of the manual updated from 8-12 May 1978, the revised version of the agricultural section in general takes account of the decisions taken by the Council concerning the prices for 1978-1979. The date of revision of the agricultural section is therefore 13 May 1978.

EEC Tr., Art. 43 (2)(iii)	3.1 (contd)	These basic options were followed up in practice as follows :	
		The Council shall, on a proposal from the Commission and after consulting Parliament, acting unanimously during the first two stages and by a qualified majority thereafter, make regulations, issue directives, or take decisions, without prejudice to any recommendations it may also make.	
		These regulations or directives concern in particular :	
EEC Tr., Art. 40 (2)		— establishment of common organizations of markets,	
EEC Tr., Art. 40 (4)		— setting up of one or more agricultural guidance and guarantee funds,	
EEC Tr., Art. 42		— application of rules on competition to production of and trade in agricultural products,	
		— and, more generally, all measures meeting the objectives defined in Art. 39.	
		Comm., after consulting Management Cttee, decides on :	
C Reg. of 13 June 1967		— implementation of provisions for COM,	OJ 117/67
C Reg. of 15 June 1965		— impl. provisions for application of network for collection of farm accountancy data,	OJ 109/65
C Reg. of 5 Feb. 1964		— administration of EAGGF.	OJ 34/64
		Comm., after consulting Cttee, for Implementation of Regulations, decides on :	
C Dec. of 15 Oct. 1968		— veterinary matters,	OJ L 255/68
C Dec. of 13 Nov. 1969		— questions concerning foodstuffs.	OJ L 291/69
		Comm. decides independently on (<i>inter alia</i>):	
		— import levies (for agricultural products),	e.g. C Reg. of 13 June 1967,
		— export refunds (for agricultural products).	Art. 13, 14
			OJ 117/67

EEC Tr., Art. 40, 41

3.2

Measures used

Common organization of markets by means of :

- common rules on competition,
- compulsory coordination of national MOs,
- European market organization.

COMs cover in particular regulation of prices, aids to production and marketing, storage and carry-over arrangements, joint measures for stabilizing imports and exports and, if necessary, regulation of inward processing traffic.

Within the Community discrimination between producers or consumers is prohibited.

Coordination of measures relating to vocational training, agricultural research and dissemination of agricultural knowledge with aid of jointly financed projects or institutions.

Measures for the preparation of joint projects.

EEC Tr., Art. 38

3.21

INTERNAL COMMON MARKET FOR AGRICULTURAL PRODUCTS

Save as otherwise provided in Art. 39 to 46, the rules laid down for the establishment of the common market apply to agricultural products.

The operation and development of the common market for agricultural products must be accompanied by the establishment of a common agricultural policy.

Present state of integration :

Most of the COMs for the final stage of the common market were set up between 1966 and 1968. For some products (wine, tobacco, fisheries) regulations were introduced after 1 July 1968 — the date when the free movement of agricultural products was achieved for the majority of products.

3.21 Setting up the COMs involves the abolition of all quantitative restrictions and all customs duties between the Member States.

However, it does not abolish the obstacles due to existing differences in national legislations with regard to, e.g. health requirements or provisions relating to the composition or packaging of products. Harmonization provisions (mostly in the form of Directives) will need to be made in this regard.

EEC Tr., Art. 44

3.22 **MINIMUM PRICES**

Machinery often used by Member States to protect farmers before the common market was set up — hence the lengthy provisions made by the Treaty in this regard.

3.23 **AGRICULTURAL MONETARY POLICY**

C Reg. 129/62
modified by
C Reg. 2543/73

The CAP involves the fixing of common prices and common financing of measures. It requires a common denominator for converting the relevant currencies. In 1962 the unit of account, defined in gold, was chosen as the common denominator.

OJ 106/62
OJ L 263/73

Since 1969 Community agriculture has been suffering from effects of absence of monetary union. At end of transitional period (1969) market unity resulting from conversion of common prices into units of account once more deteriorated considerably. Weakening of common market adversely affects competition and EC budget.

3.231 **Green currencies**

C Reg. 1586/69
C Reg. 2464/69

Since period of monetary instability special representative rates (green currencies) have been introduced. These differ from official parities with the u.a. and are closer to market rates.

OJ L 202/69
OJ L 312/69

3.231
(contd)

Green currencies may be adjusted to market rates, as has happened on several occasions. The lira, French franc, Danish crown and sterling, in particular, were devalued in 1977 and 1978. Devaluation of a green currency has following effects :

- higher guaranteed prices expressed in the national currency ;
- lower import subsidies and export charges.

Since Italy and United Kingdom in particular are net importers of agricultural produce, devaluation of green currencies represents a considerable saving for EAGGF.

3.232 **Monetary Compensatory Amounts (MCAs)**

Objects

To maintain the value of price guarantees in national currencies during the period of monetary instability, and to permit the free movement of goods at fixed prices.

Operation

MCAs compensate the difference between the representative rates used for converting guarantees into national currencies and : (a) the central rate, in the case of countries with fixed exchange rates, or (b) the market rate, for those countries with flexible exchange rates.

They are levied or granted on trade between Member States and on trade with third countries. For countries with revalued currencies MCAs are levied on imports and granted on exports, and for countries with devalued currencies they are levied on exports and granted on imports.

MCAs are worked out on basis of average fluctuations of currencies which belong to the snake or, in the case of currencies outside the snake, on that of market rates.

C Reg. 974/71
modified by
C Reg. 557/76

OJ L 106/71

OJ L 67/76

3.232
(cont'd)

MCAs became permanently established as all Member States allowed their currencies to float without adjusting their green currencies which were introduced in 1973 for new Member States and in 1975 for the others. This also had effect of shifting flow of trade between Member States and of affecting unity of market for agricultural products.

Comm. Prop.
of 16 Nov. 1976

In order to counter this unhealthy trend Comm submitted proposal to introduce a ceiling for MCAs and to adjust green currencies periodically to market rates.

EP Doc. 430/76

3.233

Abolition of MCAs

Amended Comm. Prop. for
Dir.
of 14 Nov. 1977

Regular and differentiated dismantling of MCAs :

— dismantling of existing MCAs over 7 years ;

— dismantling of future MCAs, provided that adjustments to green currencies are limited to 5 % ;

— restriction of Member States' powers to introduce or amend representative rates.

Representative rates are fixed once a year by C.

EP Doc. 390/77

EP Opinion

Favourable opinion on dismantling of existing MCAs over 7 years. Rejection of scheme for dismantling new MCAs ; instead, green rates should be adapted regularly and permanently.

Doc. 104/78

C Reg. 129/78

Procedure for applying exchange rates and green currencies to granting aid for undertaking joint action in structural field.

OJ L 20/78

Work in progress

Application of European unit of account (EUA) to common agricultural policy under examination.

3.232/3.233

C Dec. of 30.12.77

3.233
(*cont'd*)

The EUA is a 'basket' unit equal to the sum of the following amounts in the currencies of the Member States :

OJ L 199/78

Deutschmark (DM) :	0.828
Pound sterling (UKL) :	0.0885
French franc (FF) :	1.15
Italian lire (LIT) :	109.0
Dutch guilder (HFL) :	0.286
Belgian francs (BFR) :	3.66
Luxembourg francs (LFR) :	0.14
Danish kroner (DKR) :	0.217
Irish pound (IRL) :	0.00759

The value of this unit of account varies from day to day and is published in the Official Journal of the Communities.

Comm. Mem.

3.24

COMMISSION MEMORANDUM TO THE COUNCIL ON THE IMPROVEMENT OF THE COMMON AGRICULTURAL POLICY : 1973-1978 (See also 3.26)

Suppl. 17/73 Bull. EC

The programme for the improvement of the CAP covered the following : complete abolition of monetary compensatory amounts by 31 Dec. 1977 at the latest ; adoption of a price policy based on modern farms and the actual market position ; revision of the organization of markets and extension to products not so far covered ; further action on structures, and consumer and environmental protection (for application see 3.232). As part of the revision of the organization of markets, there was to be a levy on milk delivered to the dairy. This was a form of joint financial responsibility on the part of producers for the disposal of surpluses (for application see 3.6221).

3.24
(cont'd)

As regards cereals, the most important measure was the progressive abolition of the denaturing premium. Adequate measures were to ensure a higher degree of Community self-sufficiency in protein. As regards olive oil, the method of calculating aid was to be amended. The sum total of these and other — less important — measures would have resulted in appreciable economies for the Guarantee Section of the EAGGF.

Comm. Communication to
EP and C

3.25

STOCKTAKING OF THE COMMON AGRICULTURAL POLICY

Suppl. 2/75 Bull. EC
OJ C 157/75

EEC Tr., Art. 38

Extension of the common market to agriculture

Bull. EC 11/75

Rate of increase in intra-Community trade in agricultural products 1963-73 : 409 % as against 335 % for all products.

However : a certain amount of rigidity in the regional location of certain products. Obstacles due to the monetary position.

EEC Tr., Art 39 (1 a)

Increase in productivity

Increase in yields greater in the crop sectors (cereals 4 % per annum) than in the livestock sectors (milk + 0.7 % per annum).

Whereas in industry the labour productivity index rose from 100 to 166 between 1961 and 1971, it rose from 100 to 188 in agriculture. Main reason : departure of 5.5 million farmers over this period.

EEC Tr., Art. 39 (1 b)

Fair standard of living

On the whole, agricultural incomes have increased at a slightly lower rate than that of the other sectors of the economy, particularly in Germany, France and Italy. Very wide disparities according to regions (variations in

3.25
(contd)

the ratio of 1 to 5 among the 55 regions of the original Community), type of farming as between farms of the same size, size of farm as between farms engaged in the same type of farming (ratio varying from 1 to 3 for farms of 5 to 10 ha and for those exceeding 50 ha).

EEC Tr., Art. 39 (1 c)

Market stability

Between 1968 and 1974 the monthly prices for common wheat varied by only 3 % in the Community as against 11 % on the world market and 13 % in the United States.

The markets in agricultural products covered by a price support system were more stable than the markets in agricultural products which were subject to a supplementary aid system.

Role of machinery of intervention and variable levies to ensure this stability both at times of surplus and during periods of shortage.

EEC Tr., Art. 39 (1 d)

Security of supply

Increase in self-sufficiency rate for most agricultural products under COM.

Security of supply more or less guaranteed for essential products intended for human consumption but enlarged Community dependent on outside supplies for animal feed (80 % for protein-rich concentrates ; 50 % for maize).

EEC Tr., Art. 39 (1 e)

Reasonable prices for consumers

On average purchases of foodstuffs account for 26 % of total consumer expenditure per household. The agricultural component in the price of foodstuffs to the consumer is a little over one-third. The automatic effect of a 10 % increase in common agricultural prices is an increase of the order of 1.9 % in total household expenditure on consumer goods.

The harmonious development of world trade

The index figure for imports of foodstuffs from non-member countries rose from 100 to 150 between 1963 and 1972 (\$ 14 500 million in 1973) and the figure for exports to non-member countries rose from 100 to 200 (\$ 6 100 million in 1973).

Proposals for improvement

Guidelines on rationalization are contained in the section of the document headed 'Proposals for improvement'. The Commission will concentrate on achieving, in the case of modernized farms, an earned income comparable to that obtainable in non-agricultural sectors. The Commission also indicates its intention to ensure that the benefit of the policy relating to the disposal of surpluses is passed on to the consumer. It reaffirms its intention of codifying and simplifying legislation in force.

As regards the various organizations of markets, provision is made for special measures of reform and rationalization.

On the general plane, in confirming the guidelines of its 1973 Memorandum, the Commission maintains the principle underlying the common price and structure policy and does not wish to generalize the forms of income or consumer subsidies.

GUIDELINES ON THE DEVELOPMENT OF THE MEDITERRANEAN REGIONS OF THE COMMUNITY

('Mediterranean package')¹

Comm. Commun.
EP Rep.
EP Opinion

Following Council Resolution of 12-13 March 1976 on expediency of taking measures to assist agriculture in Mediterranean regions of EC, Comm submitted first communication on the subject to C on 1 April 1977.

EP Doc. 467/77
OJ C 36/78

Comm. Props. of 9 Dec.
1977
and 3 Jan. 1978
EP Rep.
EP Opinion

When proposals for prices for 1978-79 marketing year were presented, Comm. prepared 'package' (guidelines concerning development of Mediterranean regions of EC) of measures aimed at both structure and organization of certain markets.

EP Doc. 470/77
EP Doc. 34/78
OJ C 108/78

Proposals comprise :

structural policy

- a) irrigation of Mezzogiorno ;
- b) restructuring and conversion of vineyards in Languedoc-Roussillon ;
- c) improvement of public services in rural areas ;
- d) development of common marketing projects in these regions.

market organization

- a) adjustment of aids and subsidies for processed fruit and vegetables ;
- b) rationalization of fruit production ;
- c) modification of c.o.m. for fresh fruit and vegetables ;
- d) modification of c.o.m. for olive oil.

¹ Details of decisions taken by C on 12 May 1978 may be found in the various chapters on structural policy and the c.o.m. This section refers solely to the overall content of Comm document, which deals with several sectors.

3.26
(contd)

C acted on these proposals on 12 May 1978. In the light of measures adopted by C, Comm supplemented its proposals by :

Comm. Prop. of 24 Apr.
1978

EP Rep.

EP Opinion of 7 July 1978

Comm. Prop. of 3 July 1978

a) proposal on afforestation of barren areas ;

EP Doc. 201/78

b) proposal on dissemination of agricultural knowledge ;

Comm. Prop. of 28 Feb.
1978

c) proposal to modify organization of wine market.

EP Doc. 564/77

3.3 **Financing of common agricultural policy**

3.31 **PRINCIPLES**

C Reg. of 4 April 1962

C Reg. of 5 Feb. 1964

C Reg. of 26 July 1966

Establishment of a Fund divided into two sections :

OJ 30/62

Guarantee Section :

in the 1978 budget, approx. 6 960 million EUA to finance

OJ 34/64

— interventions on the domestic market ; these are designed to reduce the quantities placed on the Community markets and to guarantee a minimum price to producers ;

OJ 165/66

— refunds on exports to third countries ; these equal the difference between Community prices and the generally lower prices on world markets.

Guidance Section :

fixed in principle at 325 million u.a. per annum (1978 appropriations : 423.5 million EUA) to contribute towards financing (generally 25 to 45 %)

— as a matter of priority, common measures designed to improve the structures of agricultural holdings ;

— certain special measures ;

— individual development projects.

3.32 **PRESENT SYSTEM OF FINANCING**

OJ L 94/70

C Reg. 729/70 of 21 April
1970

Confirms the functions of the EAGGF and includes the fund in the Communities' budget financed by the Communities' own resources as a whole.

Ends the system previously in operation, based on scales of contribution amongst Member States and a clearing system relating to expenditure and resources of the EAGGF.

3.32 Allows advances to be granted to national bodies responsible for payment
(*contd*) of aid by way of 'guarantee'.

Divides responsibility for checking expenditure between the Member States and the Commission.

3.33 **MEASURES USED**

C Reg. of 28 Dec. 1972

— General rules for the financing of *interventions* by the EAGGF, Guarantee Section : lists the interventions intended to stabilize agricultural markets and financed by the EAGGF ; leaves in abeyance the question of financing in full intervention measures for which flat-rate amounts are at present fixed (purchase, storage, sale). There are numerous amendments and additions to this regulation.

OJ C 287/76

C Reg. of 25 March 1976
C Reg. of 23 Nov. 1976
C Reg. of 13 Feb. 1978

— Rules applicable to the financing of *refunds* made by the EAGGF, Guarantee Section : these rules are fixed individually per regulation establishing a COM.

OJ L 84/76
OJ L 333/76
OJ L 45/78

Comm. Reg. of 17 Jan,
1975

The rules for the application of export refunds are the subject of an amending regulation by the Commission, specifying the conditions under which the refund may be made (date of exportation, evidence of actual exportation, deposit required, etc).

OJ L 25/75

C Reg. of 21 Dec. 1977

— General financial regulations covering special provisions for the EAGGF Guarantee Section (Art. 95 to 101) :

OJ L 356/77

— provisional and final commitment of expenditure, corresponding to the advances made to national bodies responsible for making payment ;

— transfers of appropriations ;

— financial year in which expenditure is chargeable to the accounts.

A. Guarantee : 6 959.7

(in ECU million)

Sectors	Refunds	Intervention production aids	Other aids
Cereals	1 079.2	349.1	
Rice	35.6	1.0	
Milk products (1)	1 003.4	2 106.7	
Olive oil	1.0	287.5	
Oilseeds	5.0	119.8	
Sugar	604.9	207.6	
Beef and veal	92.0	368.8	
Pigmeat	66.5	18.0	
Eggs and poultry	25.4	—	
Fruit and vegetables	47.0	225.4	
Wine	2.0	202.3	20.0
Tobacco	5.0	232.4	
Fishery products	6.0	12.0	
Fibre flax and hemp	—	15.0	
Miscellaneous	—	—	48.6
Processed products	120.0	—	

(1) Co-responsibility levy, revenue 214.2

Source : OJ L 36/78

B. Guidance : 423.5

— Joint schemes :	
— reform of agricultural structures	155.3
— marketing and processing of agricultural products	5.0
— particular sectors :	
beef and veal	13.2
fruit and vegetables	4.2
wine	33.0
milk	123.9
health improvement (cattle)	39.0
— Special schemes (citrus fruits)	
fruits	23.9
— Individual projects	26.0
	423.5

3.34
(contd)

Relative magnitude of EAGGF expenditure in the Community

The financial burden resulting from the common agricultural policy for the Community as a whole and for each Member State in particular can be assessed in familiar economic terms : i.e. the market support expenditure as a proportion of total expenditure on foodstuffs and total agricultural expenditure as a proportion of the Community's gross domestic product. This financial burden is not to be confused with the transfers which take place from consumers to producers and vice-versa.

Years	Expenditure of EAGGF Guarantee Section as a percentage of EEC expenditure on foodstuffs	Expenditure of EAGGF Guarantee Section as a percentage of EEC gross domestic product
1973	2.72	0.45
1974	1.94	0.34
1975	2.52	0.45
1976	2.59	0.43
1977 (forecasts)	2.92	0.49
1978 (forecasts)	3.07	0.52

Source : 'The Agricultural Situation in the Community', 1977

3.4 Common organization of markets (COM)

3.40 OBJECTIVES AND PRINCIPLES OF THE COM

Whereas all the COMs pursue the same goal — i.e. to achieve the objectives of EEC Tr., Art. 39 whilst at the same time observing those of Art. 110 (harmonious development of world trade), the means employed differ according to the product (degree of self-sufficiency of the EEC for a particular product, storage facility, rapid variation of production as between one year and the next). Two other factors are relevant : the type of organization previously in existence in a particular Member State (existence of a quota system for sugar ; existence of monopolies for tobacco) and to some extent the time when the COM was set up (experience with regard to other COMs ; market position at the time the COMs were set up).

A variety of mechanisms — not necessarily enumerated in the Treaty — may be employed to achieve these objectives.

The following three principles are generally embodied in each COM :

- *Community preference* achieved either by levies or by the external tariff, possibly in conjunction with supplementary charges. The system of levies forms a screen which adjusts the variations — at times very marked — of world market prices. The levies, which in most cases are applied to imports, affected exports of certain products in 1973 and 1974 (cereals, sugar) by reason of the particularly high level of world market rates.
- Sheltered by this screen, the *free movement of products* is ensured thanks to the elimination of internal barriers (tariff or quantitative). It is accompanied by the fixing of a *single price* for the Community. These two concepts — free movement and single price — have been called into question by the monetary fluctuations which have led to the introduction of 'monetary compensatory amounts' and the transpo-

sition of the prices fixed in u.a. into national currencies expressed in terms of a 'representative rate' (mostly different from the parity declared to the IMF but closer to the real economic situation in the agricultural sector).

- *Financial guarantee*: size and guarantees differ according to the product. The following may be distinguished:
 - support prices covering approx. 72 % of EC production (cereals, rice, sugar, milk, beef and veal and pigmeat, table wine, certain types of fruit and vegetables and fishery products). Producers are assured of these support prices by means of mandatory intervention measures applied on a permanent basis or by intervention measures determined in accordance with criteria established beforehand;
 - supplementary aid to products covering approx. 2.5 % of EC production, applied particularly in cases of low degree of self-sufficiency (durum wheat, olive oil, oil seeds, tobacco);
 - flat-rate amounts of aid per hectare covering only 0.6 % of production (cotton seeds, flax and hemp, hops, silkworms, seeds, dehydrated fodder).

Export refunds form — if not a financial guarantee as such — at least an aid to export.

Finally it should be noted that some products (flowers, eggs, poultry) are not covered by financial guarantees.

3.41 INSTRUMENTS

Decisions relating to the operation of the COMs are taken either by the Council after opinion of EP on proposals by the Commission (e.g. annual fixing of prices), and — in practice — by the ESC, or by the Commission acting in accordance with the Committee procedure, or by the Commission acting autonomously.

3.411 **Committees**

3.4111 *MANAGEMENT COMMITTEES*

C Reg. 2727/75
Art. 25 to 28

Each COM includes a Management Committee composed of representatives of the Member States under the chairmanship of a Commission representative. The votes of the Member States are weighted as per EEC Tr., Art. 148. The Commission does not take part in the voting.

OJ L 281/75

The Commission submits drafts for relevant measures and *immediately adopts the measures*. However, if these conflict with the view of the Committee, they are communicated to the Council by the Commission. The Commission may defer implementation of the measures by one month. The Council may take a different decision within the period of one month.

3.4112 *COMMITTEES FOR IMPLEMENTATION OF REGULATIONS*

C Dec. of 20.7.70

The free movement of goods within the Community raises — in addition to the problems of commercial management as such — problems relating to the harmonization of commercial, health or veterinary provisions. From 1964 onwards directives have been issued relating to veterinary inspection problems in intra-Community trade in live animals and meat. In implementing these Directives the Commission is supported by Committees for Implementation of Regulations. The procedure is somewhat different from that appertaining to the Management Committees despite repeated calls by EP for alignment of the procedure of all these committees with that of the Management Committees.

OJ L 170/70

Same composition as for the Management Committees.

Contrary to the Management Committee procedure, the measures proposed by the Commission *are not applicable immediately* if they conflict with the opinion, or in the absence of an opinion. The Commission must immediately submit to the Council a proposal relating to the measures to be adopted. The Council adopts the measures by a qualified majority.

C Dir. of 20.7.70	3.4112 (contd)	<p>Subsequent procedure may follow two courses : e.g. Standing Committee for Feedingstuffs</p> <p>If, following a delay of three months from the date of reference to the Council, the latter has not acted, the measures proposed may be taken by the Comm.</p>	OJ L 170/70
C Dir. of 19.7.71		<p>e.g. Standing Veterinary Committee</p> <p>The Council has in fact the means of blocking application of proposed measures, which may be exercised within 15 days (rapid procedure) or within three months (standard procedure) if it decides against these measures by simple majority.</p>	OJ L 179/71
C Dec. of 24.6.75 C Dir. of 24.6.75.		<p>Both the Commission — in a proposal which was not accepted by the Council — and the EP have always opposed the possibility of the Council blocking application of the proposed measures. This possibility was, however, confirmed in two directives dated 24 June 1975.</p>	OJ L 172/75

3.4113 *CONSULTATIVE COMMITTEES :*

Consultative Cttees on decision of Comm. for all products (include representatives of producers, any cooperative, trade, industry, agricultural and food industry employees, and consumers).

There are also Consultative Cttees for foodstuffs, agriculture, horticulture and forestry.

Comm. may consult Cttees on impl. provisions for COM.

3.42 **STATE OF INTEGRATION**

Three agricultural products are not yet covered by the COMs
— i.e. mutton and lamb, potatoes and alcohol.

PRICE TERMINOLOGY ¹

a) In connection with external trade :

The c.i.f. price (prix CAF) is used for calculating the levy. This is the difference between the c.i.f. price and the threshold price. The c.i.f. price is the world market price with respect to a frontier transit point, calculated by the Commission.

The threshold price (prix de seuil) is the basis for calculating the levy on imported produce. Imports may not cross the EEC's frontiers with third countries below this price, and thus the levy is equivalent to the difference between the threshold price and the world market price (generally lower). The threshold price is fixed so that when transport costs are added the imported goods reach the target price for the domestic market (see target price).

The sluice-gate price (prix d'écluse) is required for calculating the supplementary levy. In the case of goods processed from agricultural products the levy is not equal to the difference between the c.i.f. price and the threshold price ; to avoid market disruption in this case a supplementary levy is charged, equal to the difference between the lower free-at-frontier offer price and the sluice-gate price (see e.g. 3.623, 3.624, 3.625).

The free-at-frontier offer price (prix d'offre franco frontière) is quoted for all products imported from third countries. It is required for calculation of the supplementary levy which is given by the sluice-gate price minus the lower free-at-frontier price.

The second free-at-frontier offer price (second prix d'offre franco frontière) is used as a basis for calculating the supplementary levy (see free-at-frontier offer price) when imports from certain third countries are at abnormally low prices compared with supplies from other third countries.

¹ See Bodo Börner: 'Das Interventionssystem der landwirtschaftlichen Marktordnungen der EWG', Agrarrecht der EWG, Cologne, 1969.

3.43
(contd)

The reference price (prix de référence) is used in the MO for fruit, vegetables and fishery products for calculating the countervailing charge to be imposed over and above customs duty on goods imported at unusually low prices.

The *minimum import price* (prix minimum d'importation) serves the same purpose as the reference price and is applied to imports of certain fishery products as a special protection measure.

b) In connection with production planning :

The target price (prix indicatif) is the market price aimed at by the MOs to guarantee the producers a minimum return. Interventions on the Community market and at the Community frontiers with third countries serve to achieve this target price, and intervention and threshold prices are therefore derived from it.

The producer target price (prix indicatif à la production) relates only to the MO for olive oil (see e.g. 3.6141). Unlike the target price and market target price it is not meant to be obtained on the market, but serves rather to calculate the aid due to olive-oil producers ; it corresponds to the difference between market and producer target prices.

The market target price (prix indicatif du marché) is a special kind of target price, introduced only in the MO for vegetable fats in respect of olive oil. It, too, represents a declared target price without, however, guaranteeing producer target price.

The basic price (prix de base) is used in the COMs for fruit and vegetables and pigmeat as a basis calculating the buying-in price. Whereas with pigmeat the basic price corresponds to the target price of the other MOs the basic price of fruit and vegetables is not fixed as a target price but calculated from certain market quotations from previous financial years.

3.43
(contd)

The guide price (prix d'orientation) takes the place of the target price in the MO for beef and veal because it is the desired market price.

The norm price (prix d'objectif) fixed for soya beans and unmanufactured tobacco fulfils the same function as the target price.

c) In connection with price support :

The intervention price (prix d'intervention) is the price at which intervention centres must buy up produce. It is guaranteed to producers as a minimum return, and is slightly under the target price and slightly higher than the price to the producer (difference — transport costs between the farm and the warehouse of the intervention agency).

The basic intervention price (prix d'intervention de base) is the intervention price of certain kinds of cereal in the area showing the largest deficit. For other intervention centres, the derived intervention price is calculated from the basic intervention price.

Derived intervention prices (prix d'intervention dérivés) are the prices derived for other intervention centres from the basic intervention price at which the intervention agencies buy in produce.

The guaranteed minimum price (prix minimum garanti) is used in the case of durum wheat for the calculation of aid to producers. If the intervention price for the centre in the area with the highest surplus falls short of the guaranteed minimum price, producers receive a subsidy corresponding to the difference.

The buying-in price (prix d'achat) is the intervention price of the MO for pigmeat and the MO for fruit and vegetables. It is derived from the respective basic prices applicable in these COMs.

The withdrawal price (prix de retrait) is the price below which fruit and vegetable producers' organizations will not release onto the market the goods supplied by their members (who receive a payment in compensation).

3.43 In COM for wine a floor price is applicable to table wine. Marketing
(contd) below this price may be prohibited.

The activating price (prix de déclenchement) is the price which triggers off intervention in the COM for wine.

The reference price (prix de référence) is a guide price for common wheat which makes it possible for the market price of wheat of bread-making quality to exceed the Community intervention price for wheat.

The *maximum aid price* (prix d'aide maximum) is the producer price level for soya meal at a given time which determines amount of aid in COM for peas and field beans.

3.431 **Calculating prices**

Annual proposals for guaranteed prices are drawn up by Comm. mainly by means of *objective method*, based on accounts of reference undertakings, (whose income is between 80 % and 120 % of comparable income in various occupational zones as provided for by C Dir. No 72/159 on modernization of agricultural holdings) (see 3.731).

Over reference period of 3 years this method takes account of :

- operating costs ;
- comparable income from one Member State to another ;
- fixed coefficient of technical progress of 1.5 % ;
- trend of exchange rates.

Account is also taken of other factors, such as general economic climate, interests of consumers and the fact that greater guarantees are allocated to agriculture than to other economic sectors.

Pricing policy is not the only means of achieving and maintaining a reference income and should be accompanied by socio-structural measures.

Product	Category or price or amount	1977/1978 u.a./tonne	Percentage change from 1977/78 to 1978/79		1978/79 u.a./tonne	Period of application
			Proposed	Decided		
1	2	3	4	5	6	7
Durum wheat	Target price	224.27	— 2.59	0.0	224.27	1.8.1978-31.7.1979
	Single intervention price	203.01	— 3.59	0.0	203.01	
	Aid	60 u.a./ha	— ¹	— ¹	63 u.a./ha	
Common wheat	Target price	158.08	2.72	2.72	162.39	1.8.1978-31.7.1979
	Common single intervention price	120.06	1.26	1.26	121.57	
	Reference price for bread wheat	135.59	3.10	1.01	136.96	
Barley	Target price	144.97	1.56	1.56	147.23	1.8.1978-31.7.1979
	Common single intervention price	120.06	1.26	1.26	121.57	
Rye	Target price	155.12	— 0.30	0.0	155.12	1.8.1978-31.7.1979
	Single intervention price	128.96 ²	— 1.52	1.0	130.25 ²	
Maize	Target Price	144.97	1.56	1.56	147.23	1.8.1978-31.7.1979
	Single intervention price	118.03	—	—	—	
	Common single intervention price	—	(3.0)	(3.0)	121.57	
Rice	Target price for husked rice	295.71	0.15	1.9	301.26	1.9.1978-31.8.1979
	Single intervention price for paddy rice	171.55	0.0	2.0	174.98	
Sugar	Minimum price for sugar beat	25.43	1.16	2.0	25.94	1.7.1978-30.6.1979
	Target price for white sugar	345.60	1.16	2.0	352.50	
	Intervention price for white sugar	328.30	1.16	2.0	334.90	
Isoglucose	Production levy	50.00	0.0	0.0	50.0 ³	1.7.1978-30.6.1979

3.432 (contd)

Product	Category or price or amount	1977/1978 u.a./tonne	Percentage change from 1977/78 to 1978/79		1978/79 u.a./tonne	Period of application
			Proposed	Decided		
1	2	3	4	5	6	7
Olive oil	Production target price	1 877·80	0·0	2·0	1 915·40	1.11.1978-31.10.1979
	Market target price	1 419·10	—	—	—	
	Intervention price	1 346·20	8·07	4·8	1 411·40	
	Production aid	—	—	—	431·10	
Oilseeds	Guide price					
	— Colza and rape seed	285·30	4·0	4·0	296·70	1.7.1978-30.6.1979
	— Sunflower seed	307·80	4·0	5·0	323·20	1.9.1978-31.8.1979
	Basic intervention price					
	— Colza and rape seed	277·10	4·0	4·0	288·20	1.7.1978-30.6.1979
	— Sunflower seed	298·90	4·0	5·0	313·80	1.9.1978-31.8.1979
	Guide price					
	— Soya seed	306·40	4·0	5·0	321·70	1.11.1978-31.10.1979
	— Flax seed	311·80	4·0	4·0	324·30	1.8.1978-31.7.1979
	— Castor seed	—	—	—	420·00	1.10.1978-30.9.1979
	Minimum price for castor seed	—	—	—	400·00 ⁴	1.10.1978-30.9.1979
Flat-rate aid (per hectare)						
— Cotton seed	104·52	—	—	108·70	1.8.1978-31.7.1979	
Dried fodder	Standard aid	9·55	—	—	5·00 ⁵	1.4.1978-31.3.1979
	Norm price	—	—	—	103·00	
Peas, broad beans and field beans	Activating price	—	—	—	285·00	1.7.1978-30.6.1979
	Minimum price	—	—	—	175·00	
Flax and hemp	Standard aid (per hectare)					
	— Fibre flax	194·76	—	—	202·55	1.8.1978-31.7.1979
	— Hemp	176·88	—	—	183·96	

3.432 (contd)

Product	Category or price or amount	1977/1978 u.a./tonne	Percentage change from 1977/78 to 1978/79		1978/79 u.a./tonne	Period of application
			Proposed	Decided		
1	2	3	4	5	6	7
Seed	Aid (per 100 kg)					
	— Monoecious hemp	9.00	—	—	10.50	1.7.1978-30.6.1980
	Fibre flax	13.00	—	—	14.50	
	— Seed flax	10.00	—	—	11.50	
	— Cistamineæ	10 to 33	—	—	10 to 38	
	— Leguminosae	4 to 27	—	—	4 to 28	
Table wine						
Type R I	Guide price (per degree/hl)	2.03	2.0	2.0	2.07	16.12.1978-15.12.1979
Type R II	or per hl depending on type)	2.03	2.0	2.0	2.07	
Type R III		31.65	2.0	2.0	32.28	
Type A I		1.90	2.0	2.0	1.94	
Type A II	—	42.18	2.0	2.0	43.02	
Type A II	—	48.16	2.0	2.0	49.12	
Raw tobacco	Norm price	6	2.0	2.0	6	Harvest 1978
	Intervention price		average	average		
Fruit and vegetables	Basic price	7	2.0	2.0	7	1978-1979
Milk and milk products	Buying-in price					
	Target price for Milk	173.50	2.0	2.0	177.00	22.5.1978-31.3.1979
	Intervention price					
	— For butter	2 309.50	1.9	2.07	2 357.20	
	— For skimmed-milk powder	940.90	1.6	1.80	957.80	
	— For cheese					
	— Grana-Padano 30-60 days	2 237.20	1.6	3.3	2 311.30	

3.432 (contd)

Product	Category or price or amount	1977/1978 u.a./tonne	Percentage change from 1977/78 to 1978/79		1978/79 u.a./tonne	Period of application
			Proposed	Decided		
1	2	3	4	5	6	7
Beef and veal	— Grana-Padano 6 months	2 693-40	1-4	4-1	2 804-80	22.5.1978-3.4.1979
	— Parmigiano-Reggiano 6 months	2 925-70	1-3	4-6	3 060-30	
Pigmeat	Guide price for adult bovines (live weight)	1 229-00	1-25	2-5	1 259-70	22.5.1978-3.4.1979
	Intervention price for adult bovines (live weight)	1 106-10	1-25	2-5	1 133-70	
Silk-worms	Basic price (pig carcasses)	1 202-00	3-0	2-0	1 226-04	1.11.1978-31.10.1979
	Aid per box of silk seed	40-20	—	—	55-00	1.4.1978-31.3.1979
	Aid (per box) of recognized producer groups	14-07	—	—	—	

¹ Aid for durum wheat the amount proposed was 66 u.a./ha, aid being restricted in regions south of Emilia-Romagna with the exception of Lazio, Toscana and Marche. The amount decided on was 63 u.a./ha for regions in which it was already applied in 1977/78 and also in the regions of Marseille and Toulouse and the departments of Ardeche and Drôme.

² Special allowance for bread-making wheat in 1977/78 3.11 u.a./t; in 1978/79 proposal 6.1 u.a./t; decision 4.5 u.a./t.

³ Production levy on isoglucose proposed for two marketing years and fixed for 1978/79.

⁴ Minimum price for castor seed: proposal 380 u.a./t.

⁵ Standard aid in respect of dried fodder fixed at 500 u.a./t, for dehydrated potatoes 9.55 u.a./t for the latter product, the dried fodder rules apply only for the 1978/79 marketing year (1 July to 30 June)

⁶ Prices fixed for 19 varieties of tobacco.

⁷ Products in Annex II of the Council Regulation of 18 May 1972 and periods concerned:

Cauliflowers: 1.5.1978 to 30.4.1979

Lemons: 1.6.1978 to 31.5.1979

Apples: 1.8.1978 to 31.5.1979

Tomatoes: 1.6.1978 to 30.11.1978

Pears: 1.7.1978 to 30.4.1979

Mandarins: 16.11.1978 to 28.2.1979

Peaches: 1.6.1978 to 30.9.1978

Table grapes: 1.8.1978 to 31.10.1978

Sweet oranges: 1.12.1978 to 31.5.1979

The financial compensation designed to encourage sales of Community production of fresh citrus fruits on Community import markets was proposed and fixed, with an average increase of 2% for oranges, mandarins and clementines; for lemons the Commission proposed maintaining this financial compensation on a degressive basis; the Council decided on a 2% increase.

N. B.: Aid for hop producers, depending on the variety of hops, was 200 to 550 u.a./ha for the 1976 harvest. Under the Council Regulation of 24 April 1978 aid in respect of the 1977 harvest was fixed at 375 u.a./ha for aromatic varieties (+ 9.6%), 285 u.a./ha for better varieties (+ 17.3%) and 500 u.a./ha for other varieties (— 8.75%).

Source: Bull. EC 5-1978

EP Opinion
EP Report

3.432
(*contd*)

Opinion on Comm. proposal on agricultural prices and related measures for the 1978/79 marketing year.

OJ C 108/78
EP Docs. 579/77
and 35/78

3.433

Monetary measures affecting agriculture

C Regs. 878/77
and 976/78

Amounts fixed in units of account can be converted into national currencies of the various Member States by applying representative rates for the 1978-1979 marketing year :

OJ L 106/77
OJ L 125/78

1 BFR/LFR	=	0.0202640	u.a.
1 DKR	=	0.116733	u.a.
1 DM	=	0.293912	u.a.
1 FF	=	0.160639	u.a.
1 IRL	=	1.27079	u.a.
100 LIT	=	0.0866551	u.a.
1 HFL	=	0.293884	u.a.
1 UKL	=	1.57678	u.a.

These representative rates are normally applicable either from start of marketing year or on entry into force of Regulation.

Exceptions in the case of certain products (in particular pigmeat) and certain currencies (in particular the French franc).

C Reg. 129/78

In field of structural policy representative rate in force on 1 January of year in which aid is granted is calculated.

OJ L 20/78

3.5 **Harmonization of provisions on production and marketing of agricultural products**

3.50 **OBJECTIVES**

Protection of public health
Protection of consumer

3.51 **REQUIREMENTS OF TREATY**

EEC Tr., Art. 100

Legal basis for these measures is constituted by general provisions on elaboration and implementation of common agricultural policy and coordination of legal provisions

3.52 **HARMONIZATION OF VETERINARY LEGISLATION**

Objectives: elimination of obstacles to intra-Community trade in live animals and consumer protection.

C Dir. of 15 Oct. 1968

— Setting up of a Standing Veterinary Committee

OJ L 255/68

C Dec. of 24 June 1975

— Amendment of the procedures of the Standing Veterinary Committee (see also 3.4112)

OJ L 172/75

3.521 **Intra-Community trade in bovine animals and swine**

C Dir. 77/98
amended by
C Dir. 78/51

Objectives: joint system for the control of animal diseases

OJ L 26/77

OJ L 15/78

Codified 1975 version of C Dir. 64/432 with successive amendments
Exceptions to this are Denmark, Ireland and the United Kingdom, which may retain a different system from that of the Community of the 'Six' up to and including 31 Dec. 1982

OJ L 189/75

C Dec. 77/97	3.521 (<i>contd</i>)	— Setting up of an emergency fund to combat animal diseases	OJ L 26/77
C Dir. 72/462 amended by C Dir. 75/379 (codif.)		— Health regulations affecting imports of bovine animals, swine and fresh meat from third countries	OJ L 302/72 OJ L 172/75
	3.522	Intra-Community trade in fresh meat	
		<i>Objectives:</i> harmonization of the hygiene and health requirements in slaughterhouses and during storage and transport	
C Dir. 64/433 amended by C Dir. 77/99		Health requirements and control of intra-Community trade in meat-based products. Codified versions of C Dir. 64/433 with successive amendments up to 1975	OJ 121/64 OJ L 26/77 OJ C 189/75
C Dir. 72/461		— Regulations on animal health	OJ L 302/72
C Dir. 77/96		— Provisions relating to examination for trichinae upon importation from third countries of fresh meat derived from domestic swine	OJ L 26/77
		Control of imports of fresh meat	
	3.5221	Trade in fresh poultry-meat	
Supplement C Dir. 71/118 amended by C Dir. 75/379 (codif.)		— Health provisions concerning preparation, storage, transport and refrigeration processes	OJ L 55/71 OJ L 172/75 OJ L 15/78
	3.523	Control of feedingstuffs	
C Dir. of 20 July 1970 amended on 20 July 1972		— Introduction of Community methods of sampling and analysis for the official control of feedingstuffs.	OJ L 170/70 OJ L 171/72
Comm. Dir. of 23 Nov. 1970 amended on 15 Dec. 1975		— Additives in feedingstuffs	OJ L 270/70 OJ L 4/76

Comm. Dir. of 1 Dec. 1976	3.523	— Fixing of maximum permissible levels for harmful substances and products in feedingstuffs	OJ L 364/76
C Dir. 77/101	<i>(cont'd)</i>	— Marketing of straight feedingstuffs. Control of quality and health requirements	OJ L 32/77
C Dir. 70/524 20th amendment Comm. Dir.		— Additives in feedingstuffs	OJ L 270/70 OJ L 18/78
C Dir. of 17 Dec. 1973 amended on 1 Dec. 1976		— Undesirable substances and products in feedingstuffs.	OJ L 38/74 OJ L 364/76
Prop. for Dir. of 18 July 1978 EP Opinion		Amendment of these Directives	EP Doc. 239/77 EP Doc. 412/77

State of integration

EP Opinion		Application of the Council Dir. in the Member States has been greatly delayed. The list of third countries to be included in the Community system of imports in accordance with C Dir. of 12 Dec. 1972 has not yet been drawn up. The divergent national legislation impeding the free movement of goods has thus been maintained.	EP Doc. 419/76
C Reg. of 22 July 1974		C Dir. of 1972 on animal health safeguards has not so far been implemented in any Member State. Timetable for measures to be taken in field of animal and plant health in order to speed up approximation of national legislation.	OJ C 92/74

3.524 Control of animal diseases

C Dir. 77/391 C Dir. 78/52		Joint action for the eradication of epidemics Establishment of Community criteria for national programmes.	OJ L 145/77 OJ L 15/78
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Work in progress

Prop. Dir. of 26 May 1976		The Commission opened the way to the approximation of legislations on veterinary medicinal products by submitting a proposal relating thereto.	EP Doc. 132/76 OJ C 152/76
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3.53

HARMONIZATION OF LEGISLATION ON PLANT HEALTH

C Dec. of 23 Nov. 1976	— Setting up of a Standing Committee on Plant Health	OJ L 340/76
C Dir. 77/93	— Protective measures against the introduction of harmful organisms of plant or plant products	OJ L 26/77
Comm. Dec. of 4 Oct. 1972 amended on 9 Jan. 1974	— Setting up of an Advisory Committee on Seeds	OJ L 236/72 OJ L 52/74
C Dir. 76/895	— Pesticides. Maximum levels for their residues on and in fruit and vegetables	OJ L 340/76
C Dir. of 14 June 1966 amended on 26 June 1975	— Provisions concerning quality and marketing of seeds, etc. beet seed, fodder plant seed, cereal seed,	OJ 125/66 OJ L 196/75
C Dir. of 14 June 1966 amended on 15 March 1976	seed potatoes,	OJ 125/66 OJ L 72/76
C Dir. of 30 June 1969 amended on 26 June 1975	oil and fibre plant seed.	OJ L 169/69 OJ L 196/75
	For vegetable seeds, see 3.6184.	

3.54

REMOVAL OF TECHNICAL OBSTACLES TO TRADE ¹

C Res. of 17 Dec. 1973	Programme for removal of technical obstacles to trade in foodstuffs resulting from different legal and administrative provisions in Member States. Five phases planned, to be completed by 1 Jan. 1978	OJ C 117/73
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¹ Most of the Community Regulations in this field which have been adopted contain sections of great importance to consumers, and therefore also appear in section 4.6, 'Consumer protection'.

Comm. Dec. of 16 April 1974	3.54	<i>Setting up a Scientific Committee for Food</i>	OJ L 136/74
Comm. Dec. of 26 June 1975	(<i>contd</i>)	<i>Setting up an Advisory Committee on Foodstuffs</i>	OJ L 182/75
		The following proposals have been adopted by C	
C Dir. of 24 July 1973		— Cocoa and chocolate	OJ L 228/73
Amendment of 1 Aug. 1974			OJ L 221/74
Amendment of 19 Dec. 1974			OJ L 349/74
Amendment of 4 March 1975			OJ L 61/75
Amendment of 20 July 1976			OJ L 223/76
C Dir. of 11 Dec. 1973		— Sugar	OJ L 356/73
C Dir. of 22 July 1974		— Honey	OJ L 221/74
C Dir. of 18 June 1974		— Emulsifying and stabilization, thickening and gelling agents	OJ L 189/74
C Dir. of 17 Nov. 1975		— Fruit juices and certain similar products	OJ L 311/75
C Dir. of 18 Dec. 1975		— Certain partly or wholly dehydrated preserved milk for human consumption	OJ L 24/76
C Dir. of 20 July 1976		— Maximum level of erucic acid in oils and fats intended as such for human consumption and in foodstuffs containing added oils for fats	OJ L 202/76
C Dir. of 23 Nov. 1976		— Materials intended to come into contact with food	EP Doc. 321/74 OJ L 340/76
	3.541	Work in progress	
		The following proposals are before C	
Comm. Prop. for Dir.		— Dietary foodstuffs	OJ C 66/69
Comm. Prop. for Dir.		— Natural mineral water	OJ C 69/70
Comm. Prop. for Dir.		— Materials intended to come into contact with food	EP Doc. 252/70 Comm. (74) 1168
Comm. Prop. for Dir.		— Coffee and tea extracts	
Comm. Prop. for Dir.		— Meat, protein extracts, seasoning and other condiments for broths, soups and meat sauces	OJ C 76/73 OJ C 136/68

Comm. Prop. for Reg.	3.541 <i>(contd)</i>	— Butter	OJ C 71/68
Comm. Prop. for Reg.		— Margarine	OJ C 137/68 EP Doc. 59/69
Comm. Prop. for Dir.		— Macaroni, spaghetti and similar products	OJ C 136/68 EP Doc. 156/70
Comm. Prop. for Dir.		— Non-alcoholic beverages	OJ C 55/70 EP Doc. 150/70
Comm. Prop. for Dir.		— Yeasts and yeast residues	OJ C 5/75 EP Doc. 194/74
Amended Comm. Prop. for Dir.		— Fruit jams, jellies and marmalades and chestnut purée	OJ C 202/75
Comm. Prop. for Dir.		— Materials and articles containing vinyl chloride monomer and intended to come into contact with foodstuffs	Comm. (76) 680 EP Doc. 515/76

3.6 Common organization of the market

3.61 PLANT PRODUCTS

3.611 Cereals

C Reg. 2727/75 codif.
amended by C.
Reg. 1125/78

COM completed since 1 July 1967 : uniform prices throughout EC.

OJ L 281/75
OJ L 142/78

EC regulations cover major products (common and durum wheat, rye, barley and maize), less important products (oats) and processed products : flour, farinaceous products, fodder, etc.

Price system

Prices fixed by C each year for the period from 1 August to 31 July of the following year. These are prices at wholesale stage, goods delivered at warehouse, not unloaded ; thus not producer prices.

- *Target prices* per type of cereal for Duisburg, the centre in shortest supply. While target price not guaranteed, it does offer protection against fluctuations in world market prices through introduction of variable levy, which is bound to the target price through the threshold price.
- *Uniform intervention prices* are fixed for the area with the largest supply, in particular Ormes in the case of barley, rye, durum wheat, maize and common wheat.
- *Guaranteed minimum price* for durum wheat ; price at which intervention agencies must buy in
- *The reference price* for common wheat of bread-making quality is the same as the uniform Community intervention price plus an amount corresponding to the difference in yield between wheat of bread-making quality and that which is unsuitable for bread-making. To be established in accordance with the Management Committee procedure.

3.611
(contd)

These prices are all valid for a standard quality and may be adjusted to take account of fluctuations in quality. The intervention and target prices are subject to monthly increases throughout the year to take account, in particular, of storage costs.

Aid to the price of wheat of bread-making quality

The purpose of the means of intervention known as the 'reference price' is to bolster the market price of wheat of bread-making quality. It requires the application of a special intervention measure, 'intervention C', in the event of a slump in the market price of wheat of bread-making quality. In such cases the Commission, acting through the Management Committee for Cereals, intervenes directly on the market by issuing invitations to tender for certain types or quantities at reference price level.

The quantities bought under 'intervention C' may be intended for:

- the regulation of the market;
- the constitution of safety stocks and stocks for food aid;
- stocks to be used in the event of a permanent policy on exports.

Aid to durum wheat

C Reg. 3103/76
Prop. for Reg. of 31.12.1977

Aid to producers of durum wheat per hectare sown and harvested. This aid is granted only for certain qualities in certain parts of Italy.

OJ L 351/76
OJ C 50/78

C Reg. 2739/75

General rules governing the denaturing of common wheat and rye of bread-making quality stored at the intervention centres.

OJ L 281/75

C Reg. 2740/75

Possibility of special intervention measures (preventive intervention) when price levels cave in.

OJ L 281/75

3.611
(contd)

Trade

Imports

Threshold price for each product.

Levies (possibility of abatement : cf. maize in the case of Italy).

Import certificates.

Safeguard clauses.

C Reg. 2748/75

If the market is disturbed, possibility of discontinuing the advance fixing of levies and the issuing of import certificates.

OJ L 281/75

Exports

Refunds may be granted to cover the difference between the Community price and the price on the world market. The amount of the refund is the same throughout the Community. It may vary according to destination.

Possibility of public invitation to tender for refunds.

C Reg. 2747/75

If the market is disturbed, possibility of introducing a system of export levies and discontinuing the issuing of export certificates.

OJ L 281/75

C Reg. 2749/75

Special ruling on interventions for Italy in force until 1978 because of insufficient stocks.

OJ L 281/75

State of integration

The Council is progressively reforming the COM on the basis of the Commission's proposals. The reform is spread over several marketing years and started some years ago with the discontinuation of the regional differences in the prices for certain products.

The current reform is designed particularly to create an improved price structure for cereals, based on the value of the product for use. For instance, common wheat with no bread-making value — and of which the Community is in surplus — will be assessed on the basis of its value as a fodder.

3.611
(contd)

In the existing COM there is an intervention price, a target price and a threshold price for each product, and the Commission feels that this has led to a certain inflexibility of the market. To make the latter more adaptable, it has been decided that for the fodder quality there should be a single intervention price, a single target price and a single threshold price based on the value of barley for use.

The market prices of the other cereals would then find their level in the context of a structure deriving from the respective values for use. This concept also involves the discontinuation of regional differentiation where it still exists, i.e. in the case of common wheat.

From the 1977-78 marketing year there is a change in the price relationship on the basis barley = 100. The indexes for the other cereals depend on their value as fodder and are as follows :

barley	=	100
rye	=	102
wheat	=	104
maize	=	108

3.6111

RICE

COM in force since 1967.

OJ L 166/76

Price system

OJ L 142/78

Each year the Council fixes a target price (valid for Duisburg) for husked rice and intervention prices for paddy rice ; these prices are derived from the target price but take into account conversion rates, manufacturing costs and the value of by-products.

The intervention prices are fixed for Arles and Vercelli.

Target prices and intervention prices are subject to monthly increases.
General rules concerning intervention.

OJ L 166/76

C Reg. 1418/76
amended by
C Reg. 1126/78

C Reg. 1424/76
C Reg. 1425/76

3.6111
(contd)

Special intervention measures (to prevent massive purchases by the intervention agencies).

OJ L 166/76

Trade

— Imports

Threshold prices. Import licences. Levies. Advance fixing may be suspended for a specified period.

— Exports

Export certificates and export refunds (possibly by tendering procedure).

— Safeguard clauses

When rice market is disturbed, protective measures may be taken. C may decide to introduce export levy instead of refund.

Export levy may also be introduced if there is shortage within Community, when world market price is substantially higher than Community price.

C Reg. 1431/76

OJ L 166/76

C Regs. 1432 and 1433/76

OJ L 166/76

3.6112

Starch

Basic C Reg. 2727/75
amended by
C Reg. 1125/78 and
C Reg. 2742/75
amended by
C Reg. 1127/78

Possibility of granting production refund in respect of certain products used in manufacture of starch, potato starch and glucose. (These are maize, common wheat, potato starch, maize groats and meal intended for brewing and glucose manufacture, and broken rice also intended for brewing).

OJ L 281/75
OJ L 142/78
OJ L 281/75
OJ L 142/78

EP Opinion
EP Res.

Aim is progressive abolition of all production refunds covering starch products.

EP Doc. 522/75
OJ C 53/76

3.6111/3.6112

July 1977

3.6112
(contd)

Work in progress

Comm. intends to abolish production refunds covering foodstuffs and animal feed in four phases beginning in 1978 marketing year.

C has agreed to take a decision by 1 January 1979 on general policy on starch products.

3.612

Sugar

C Reg. 3330/74
amended by
C Reg. 705/78

COM in effect since 1967 for a transitional period until 1980.

OJ L 359/74

Affects beet and cane sugar.

OJ L 94/78

Price system and regulation of production

Target and intervention prices for white sugar fixed annually for Community region with largest surplus. Derived intervention prices fixed for other regions. A minimum price, linked to the intervention price, is fixed for sugar beet.

Comm. must fix amount of quality surcharge for sugar.

National aid granted in Italy for a given quantity of sugar.

C Reg. 3331/74
amended by
C Reg. 298/78

Granting of basic quota to undertakings.

OJ L 359/74

Intervention agencies bound to buy in quantities of sugar allocated to manufacturers on the basis of a basic quota calculated with reference to production between 1968-69 and 1972-73 ('A' sugar).

OJ L 45/78

Intervention agencies also bound to buy in quantities of sugar produced between basic quota and maximum quota (i.e. basic quota multiplied by 127.5 for 1978-79).

3.612
(contd)

Production levy and aid for storage

But manufacturer must make contribution to cost of disposing of this sugar ('B' sugar). This contribution may not exceed 30 % of intervention price.

The manufacturer may claim 60 % of this contribution from sugar-beet producers.

At the same time producers are requested to make a contribution to cover costs of storing (B) sugar.

Intervention agencies may not, unless so authorized by a Council decision taken in the light of the situation on the market, dispose of quantities of sugar exceeding the maximum quota ('C' sugar) in the common market.

As intervention price affects the manufactured products, sugar manufacturers must pay sugar-beet producers a minimum price in order to guarantee these producers minimum income. Minimum prices for sugar-beet generally vary according to whether the raw material permits manufacture of 'A', 'B' or 'C' sugar. The price guarantee for 'B' sugar represents a percentage of that for 'A' sugar.

C Reg. 748/68 C Reg. 2829/71	3.612 (<i>contd</i>)	Member States may also apply exceptional arrangements called the 'mixed price' system according to which each sugar-beet producer receives a uniform average price. But this system involves a 230 % limit on the basic quota for two years instead of the normal 227.5 % (application of the 1.35 weighting to the basic quota). Production surpluses may in certain cases and in certain conditions be carried forward to the following marketing year.	OJ L 137/68 OJ L 285/71
C Reg. 1488/76		Introduction of system of minimum stock equal to 10 % of basic quota for each manufacturer.	OJ L 167/76
		Denaturing premium	
C Reg. 3930/74		A denaturing premium may be granted for sugar made unfit for human consumption.	OJ L 359/74
C Reg. 1640/73		General rules on denaturing for animal feed (e.g. for farmers' associations).	OJ L 165/73
		Production refund	
		A production refund may be granted for sugar intended for chemical industry.	
		Trade	
		<i>Imports</i>	
		Threshold price.	
		Import certificates.	
		Levies.	
		If cif price for sugar higher than threshold price, subsidy may be granted for imports, such subsidy to be fixed by standing invitation to tender.	
		<i>Exports</i>	
		Refunds	
		Export levy may be applied when there is danger that a whole or one of the regions of the Community will no longer be supplied at threshold price level.	

3.6121 **Protocol No 3 of the Lomé Convention of 28 Feb. 1975**

C Reg. 199/76

Since Lomé Convention, maximum of 1 300 000 tonnes of unrefined sugar from ACP¹ countries allowed into Community without levy.

OJ L 25/76

For an unspecified period, the Community undertakes to import from the ACP countries, at guaranteed prices, specified quantities of unrefined or refined sugar, which the ACP countries undertake to supply.

C Dec. of 15 July 1975
C Reg. 2623/75

The system of preferential imports applies also to the French overseas departments, to the overseas regions and countries, and to India. Cane sugar from these countries benefits from the same conditions of access.

OJ L 198/75
OJ L 268/75

Guaranteed prices are fixed yearly and must provide ACP producers with an income comparable to that of Community sugar-beet producers.

State of integration

After sugar shortage of 1974, market price rocketed and consequently boosted production. As a result, there is now a surplus in the world and in EC; this has led to considerable drop in prices. World Sugar Agreement concluded January 1978 has so far not had any effect. Reserves provided for by Agreement have not yet been built up.

3.6122 **Isoglucose**

C Reg. 1111/77
amended by
C Reg. 706/78
Comm. Reg. 1469/77

EC arrangements provide for application of import levies to be set each month and of export refunds (processed goods are also covered).

OJ L 134/77

Rules for applying levies and refunds.

OJ L 94/78
OJ L 162/77

¹ The African, Caribbean and Pacific States associated with the EEC.

3.6122
(contd)

The refund granted for the production of maize-based isoglucose under the basic regulation on cereals is abolished by Comm. Reg. 2158/76, as the Commission feels that isoglucose enjoys a competitive advantage over beet and cane sugar.

As in the case of beet sugar, since the 1977/78 marketing year producers have been required to pay a levy (per 100 kg of dry matter content). The amount of the levy must be equal to that of the COM for sugar (C Reg. 3330/74). An amount of 5 u.a./100 kg until the end of the 1977/1980 marketing period.

3.613

Wine

C Reg. 24/62
C Reg. 816/70
& Annexes
amended by C Reg. 2842/76

COM regulates prices and interventions, trade, production, control of planting and rules on certain oenological processes.

OJ 30/62
OJ L 99/70
OJ L 327/76

Price and intervention system

Guide prices fixed annually before 1 Aug. for each type of table wine on basis of average prices recorded for type of wine in question during two preceding wine-growing years, and on basis of price trends during current wine-growing year.

C Reg. 2211/77
EP Rep.
EP Opinion
Comm. Reg. 2682/77

These trends are now determined not only by calculation of 'weighted average price', but also by fixing of 'representative price', calculated on basis of a number of quotation centres, thereby avoiding disruption of arrangements for putting intervention measures into operation.

OJ L 256/77
EP Doc. 149/77
OJ C 163/77
OJ L 312/77

Guide prices fixed at production stage, valid from 16 Dec. of year in which fixed until 15 Dec. of next year.

Prices expressed, according to type of wine, in u.a. per degree/hl or in u.a. per hl.

3.613
(*cont'd*)

C fixes annually before 16 Dec. threshold price activating intervention system ('activating price') for each type of wine for which guide price fixed.

Private storage aid, conditional on conclusion of storage contracts, may be long- or short-term.

Private storage aid may cover only technical storage costs and interest charges, both fixed at an 'all-in' rate.

Special measures are laid down for grape must.

The other intervention measure is distillation, which can be ordered by the Council only in case of serious disequilibrium.

C Reg. 1677/77

OJ L 187/77

Trade

(a) Within Community

Quantitative restriction of imports prohibited, but producer Member States authorized, so long as all administrative mechanisms necessary for management of market in wine not in application — with exception, until 31 Dec. 1971, of viticultural Land register — to take measures to limit imports from another Member State, in order to avoid disturbances on their markets.

Measures to be communicated to Comm., which decides without delay whether to maintain, amend or abolish them.

After receiving a reference for a preliminary ruling, the Court of Justice finally invalidated Par. 2 of Article 31 of Reg. 816/70 which formed the basis for these transitional arrangements which derogated from the free movement of wine. The Court considered that this provision was no longer compatible with definitive common market arrangements.

Judgements of CJEC
of 20 Apr. 1978
Cases 80 and 81/77

OJ C 120/78

OJ C 190/77

(b) With third countries

Imports: Import licence necessary.

Reference price for 'table-wines' fixed annually before 16 Dec.

3.613
(contd)

If free-at-frontier offer price for a wine, plus customs duties, below reference price, countervailing charge (equal to difference between reference and free-at-frontier offer prices plus customs duties) levied on imports of that and same-category wines.

Special arrangements for Mediterranean countries (see Part 2).

Exports :

Can be made conditional on submission of export licence.

Refund same for whole Community, can be varied according to country of destination.

Refund granted on application.

Control of production and planting

Following prohibited : aids for new vine planting and replanting which have effect of increasing wine production beyond levels resulting from vineyard rationalization and afford no qualitative improvement. Exceptions possible in wine-growing zones.

From 1 Sep. 1971 only recommended or authorized vine varieties to be used for new vine planting, replanting or grafting.

Obligation to give notice of new planting or replanting. Exceptions to this rule possible in certain areas. The Council may, however, restrict planting and replanting in order to avoid structural surpluses. Comm. reports on this point each year.

C Reg. of 13 July 1970
C Reg. of 22 March 1971

Wine-growing zones of Community demarcated and vine varieties classified.

OJ L 155/70
OJ L 71/71

C Reg. 978/78
EP Rep.

Viticultural land register replaced subsequently by system of statistical surveys.

OJ L 128/78
EP Doc. 38/78

EP Opinion

OJ C 108/78

<p>C Reg. 817/70 C Reg. of 26 July 1971</p>	<p>3.613 (<i>contd</i>)</p>	<p>Control of quality wines Special provisions for quality wines produced in specified regions (p.s.r.). Characteristics listed in Annex. Community term 'quality wine p.s.r.', or any specific term traditionally used in Member States to designate particular wines, may be used only for wines complying with certain provisions.</p>	<p>OJ L 99/70 OJ L 170/71</p>
<p>Comm. Prop. Reg. of 4 Nov. 1974 and 25 June 1975 EP Opinion</p>	<p>3.6131</p>	<p>REFORM OF THE COM Because of formation of large surpluses, Comm. has proposed amendments to Regs. 816 and 817 of 1970. These concern, in particular :</p> <p>(a) <i>planting system</i>, which becomes very strict, with ban on new planting and on aid, and strict limitations to replanting ;</p> <p>(b) <i>price and intervention system</i> with establishment of maximum calculation price at 95 % of guide price, selection of weighted mean for calculation of mean price, increased storage aid for wine and musts, implementation of system of aid for marketing musts, extension of distillation system so that it could be decided upon not only during the year, but also at start of marketing year, and would be either voluntary or compulsory, with maximum withdrawal price of 50 % of guide price ;</p> <p>(c) <i>improvement of quality</i> with raising of natural alcoholometric base and certain limitations on fortification.</p>	<p>EP Doc. 363/74 and COM (75) 317 final OJ C 179/75</p>
<p>C Regs. 1160 to 1168/76</p>		<p>The Council acted on all these proposals on 6 March 1976. The points of the agreement of principle were :</p> <p>(a) <i>planting system</i></p> <p>(i) new planting is prohibited, except in the case of quality wines produced in specified regions (p.s.r.), for a period of two years (1 Dec. 1976 to 30 Nov. 1978) ; exceptions are authorized in accordance with Directive No 159/72 ;</p>	<p>OJ L 135/76</p>

C Reg. 1155/78

3.6131
(*cont'd*)

- (ii) replanting is authorized only in the case of recommended vine varieties ;
- (iii) a grubbing-up grant will be paid for three marketing years until 1978-79 according to a sliding scale ; the basic amount will be 1 500 u.a. per hectare ;
- (iv) all hybrid vine varieties must be discontinued by 31 Aug. 1980 ; 'tolerated' varieties are to be eliminated by 1983.

OJ L 144/78

(b) *price and intervention system*

- (i) the measures connected with distillation under exceptional circumstances, to be adopted on a case-by-case basis by the Council, together with the other support machinery, will remain in force ;
- (ii) the intervention system is however reinforced by the following :
 - the introduction of a voluntary preventive distillation system ; distillation will be carried out at a price based on a sliding scale from 68 % of the guide price for A 1 table wine in 1976 and 55 % in 1980 ; from then on the price will remain at 55 % of the guide price ;
 - consolidation of the 'wine deliveries' machinery, in particular as regards distillation of Italian wine produced from table grapes ;
 - the modulation of additional rate of these deliveries will vary according to local conditions ;
 - the 'final price guarantee' for wines which have been stored over a long period ; the guarantee will be allowed until 1980 and will ensure that by various means (such as aid and distillation) the price of the product will at the end of the contract be at a level higher than the activating price.

C Reg. 1677/77

OJ L 187/77

Comm. Reg. 2015/76

OJ L 221/76

(c) *improvement of quality*

- (i) wine from table grapes cannot be marketed with the exception of wine from grapes grown under glass ;

Comm. Reg. 1608/76	3.6131 (<i>cont'd</i>)	(ii) effective natural alcoholometric bases are listed ;	
		(iii) 'suitable' wines may no longer remain in circulation and blended wines must be identified as such on the label of the bottle (C., 7 April 1976) ;	OJ L 183/76
		(iv) the Member States undertake to adopt the necessary measures to implement Community provisions and to improve methods of preventing fraud.	
C Reg. 1679/77 EP Opinion		(v) more stringent measures were adopted later regarding sulphur dioxide content in certain wines and, on a broader plane, oenological practices in general ;	OJ L 187/77 OJ C 163/77
C Reg. 1678/77 EP Opinion C Reg. 1475/77		(vi) further provisions were also added regarding the presentation of wines and grape musts ;	OJ L 187/77 OJ C 23/74 OJ L 164/77
C Reg. 2878/76		(d) <i>yield per hectare of quality wines p.s.r.</i> the Member States will fix maximum yields per hectare for quality wines ;	OJ L 331/76
		(e) <i>immediate measures</i>	
C Reg. 567/76 C Reg. 798/76 C Reg. 1281/76		(i) contracts, which may be terminated in the event of favourable developments in the market, may be concluded for the distillation of 4 million hectolitres by 31 July 1976 at a special price ; beneficiaries will immediately receive a down payment of 40 % of the price laid down ;	OJ L 67/76 OJ L 93/76 OJ L 144/76
		(ii) The French import tax introduced in Sept. 1975 and opposed in the Court by Comm. is abolished as from 1 April 1976 ; however, France may grant national aid of FF 1 per hectolitre for three years subject to certain conditions.	
Comm. Opinion		When French Government subsequently wished to increase aid to FF 2, Comm. initiated procedure provided for in Par. 2 of Art. 93 EEC Tr. In addition, an action against France was brought before the Court of Justice by Comm. regarding price margin system which differed for domestic products and imported products (cf. 3.613, a).	OJ C 194/77
Comm. Action Case 133/77			OJ C 301/77

C Reg. 2212/77	3.6131 <i>(cont'd)</i>	Special aid introduced for producers of wine grapes intended for production of table wines in certain regions of France and Northern Italy affected by natural disasters during the 1977 harvest. (f) <i>trade with third countries</i> the new regulations, based on the agreement in principle of 6 March 1976, have not altered the essential features of the basic texts; however, protection is reinforced by the new rules on documentation and product presentation and on the fixing and observance of reference prices.	OJ L 256/77
C Regs. 1848/76 and 531/77 Comm. Regs. 2115/76 and 607/77 C Reg. 2918/76			OJ L 204/76 and OJ L 69/77 OJ L 237/76 and OJ L 76/77 OJ L 333/76

ADAPTATION OF THE COM

Comm. Prop. of 13 Feb. 1978		Continuing imbalance on the wine market led Comm. to submit proposals for establishment of inter-trade wine office and introduction of system of 'floor prices' below which wine trading would not be allowed. On 12 May 1978, when prices were fixed for the 1978-79 wine-growing year, C undertook to consider this possibility if representative market price remained below 85 % of guide price for three consecutive weeks. C. subsequently adopted special system for common control of product quality.	EP Doc. 564/77
C Reg. 1438/78			OJ L 173/78

Vegetable oils and fats

C Reg. 136/66 amended by C Reg. 2560/77	3.614	COM in force since 1966.	OJ 172/66 OJ L 303/77
Prop. for Reg. of 31 Dec. 1977		To improve economy of Mediterranean regions it is proposed to achieve greater balance in protecting products of the north of the Community and those of the south.	OJ C 50/78

3.6141 *OLIVE OIL*

C Reg. 3209/73
amended by
C Reg. 2807/75

Price, aid and intervention system

OJ L 327/73
OJ L 280/75

C fixes producer target price each year for the marketing year from 1 Nov. to 31 Oct. of following year. It is fixed at a level 'fair' to producers. Market target price also fixed, at lower level, so as to ensure normal market for olive oil, account taken of prices for competing products. Difference between two prices represents aid granted to producers. In practice, it amounts to a deficiency payment.

Intervention price also fixed, at level below that of market target price ; this is price at which intervention agencies must buy in if prices fall.

Comm. Reg. 2374/77

Only applies if party concerned has proved that the oil was produced within EC.

OJ L 277/77

Trade

Imports

C Reg. 171/67
amended by
C Reg. 2429/72

A levy may be imposed on imports if prices for olive oil imported from third countries are lower than threshold price. This price is applied at Community frontier and is calculated on basis of market target price fixed for the Community. Tender procedure applicable to imports. Pending the reform of the COM, which has been announced several times, and until 31 Oct. 1978, it has been decided that, in order to improve market stability and transparency, levies may be fixed in accordance with effective offer prices. This rule applies to imports from third countries and from Greece.

OJ 130/67
OJ L 264/72

C Regs. 2843, 2844/76
and 2361/77

OJ L 327/76
OJ L 277/77

C Regs. 162/66,
1521, 1508
and 1514/76
C Reg. 1235/71 and 1620/77

3.6141
(contd)

Safeguard clause may be applied. Special system for imports from Greece, Spain, Morocco, Tunisia, Algeria, Turkey and the Lebanon.

OJ L 97/66
OJ L 169/76
OJ L 130/71
OJ L 181/77

Exports

Export refunds may be paid. If the world market price is high, export levies may be introduced.

C Reg. 154/75
of 21 Jan. 1975

Control of production

OJ L 19/75

Because of certain abuses of system of aid, C has established principle of olive grove register, which is at present in course of preparation, and cost of which will be paid partly from levy on aid payments.

Judgement of CJEC
of 8 Nov. 1977
Case 36/77

After Court of Justice ruled that subsidy should be granted to olive oil producers as a subsidy for a processed product, Comm. proposed amendment to Par. 1 of Art. 10 of basic Reg. 136/66.

OJ C 301/77

Comm. Prop. 22 May 1978
EP Rep.
EP Opinion of 14 June 1978
C Reg. 1419/78

As a result, subsidy will be paid only to olive producers, taking into account the quantity of oil produced from these olives. Amendment to be applied retrospectively from 1 Nov. 1973.

EP Doc. 153/78
EP Doc. 154/78
OJ L 171/78

Work in progress

Comm. has proposed modifying system of paying aid, since market trends have often caused prices to rise above market target price, producers would have benefited both from aid payments fixed at start of marketing year with reference to level of market target price, and from supplementary margin obtained in practice as a result of rise in prices to

3.6141
(contd)

level above market target price : to avoid this double profit, level of deficiency payment should be calculated at end of marketing year and should represent difference between producer target price and effective market price.

Proposal for a new COM in the olive-oil sector before 1 Nov. 1976.
Carried forward to July 1977.

REFORM OF THE COM

Comm. Props. of 9 Dec. 1977
and 3 Jan. 1978

Comm. Prop. of 24 Apr. 1978
EP Rep.
EP Opinion

Comm. proposal finally made as part of the 'Mediterranean package' (guidelines concerning development of Mediterranean regions of EC), which accompanied proposals for prices for the 1978-79 marketing year.

• During the course of proceedings it became apparent that this proposal required substantial amendment, especially in the light of opinion submitted by EP. Proposed reform was concerned mainly with splitting up aid into :

- production aid (flat-rate or proportional to amounts produced for associated olive oil producers only)
- consumption aid (marketing stage).

Also included were minor alterations to intervention and marketing systems, together with special clauses to facilitate formation of producer groups.

C decided on these proposals on 12 May 1978 and gave agreement to new system comprising :

- application of a double aid system (production and consumption);
- retention of system of production target prices, intervention prices and fixing of threshold price ;
- application of system of import levies, either conventional or by tender ;
- application of administrative sanctions if provisions not observed ;

EP Doc. 470/77

EP Doc. 34/78
OJ C 108/78

3.6141 — recognition of producer groups and their participation in manage-
(*contd*) ment of the market.

C Reg. 1562/78 C subsequently made a definitive decision on the new c.o.m. and on 29
June 1978 ratified these measures for olive oil. OJ L 185/78

C Reg. 136/66 3.6142 *OILSEEDS AND ALBUMINOUS SEEDS* OJ 172/65
amended by
C Reg. 2560/77 3.61421 **Colza, rape seed and sunflower seed** OJ L 303/77

Price, aid and intervention system

A target price, a genuine guide price, is fixed each year for colza, rape seed and sunflower seed. Also basic intervention price and derived intervention price which takes account of transport costs. An aid payment is also fixed, payable to producers ; it represents difference between target price and world market price.

From the 1978-79 marketing year aid will be maintained only for seeds which have a low erucic acid content.

C Reg. 851/78 Intervention affects only those varieties which contain a certain percentage of erucic acid. OJ L 116/78

Trade

It is necessary to fix this aid, since oilseeds entering the Community are exempt from levies or import duties. Seed oils are also imported without levy, and there is no import duty on oil cake. It is 10 % *ad valorem* on crude vegetable oils, 15 % on refined vegetable oils and 25 % on margarine.

Comm. Prop. Action Programme 1977 – 1980 EP Res.	3.61421 <i>(contd)</i>	<p>Work in progress</p> <p>As part of the 1977-80 Action Programme on the milk market (cf. 3.6221), the Commission proposed the setting up of a tax on certain fats. Unfavourable opinion of EP.</p>	EP Doc. 247/76 OJ C 6/77
C Regs. 1900/74 and 1776/76	3.61422	<p>Soya beans</p> <p>Price, aid and intervention system aids per hectare harvested, based on a target yield fixed by the Community. The amount of the aids covers the difference between the world market price and the target price. Uniform amount of aid. Annually, a target price fixed and the world price determined.</p> <p><i>Imports</i></p> <p>CCT: no duty.</p>	OJ L 201/74 and OJ L 199/76
C Reg. 569/76	3.61423	<p>Linseed</p> <p>Price, aid and intervention system of linseed fixed annually. Amount of aid granted corresponds to difference between world market price and target price.</p> <p><i>Imports</i></p> <p>CCT: no duty.</p>	OJ L 67/76
C Reg. 2874/77	3.61424	<p>Castor beans</p> <p>Price, aid and intervention system</p> <p>Target price fixed annually. Aid equal to difference between market price and target price.</p> <p>Conditions governing aid: conclusion of contracts with producers, who must receive a specified guaranteed minimum price.</p>	OJ L 332/77

C Reg. 1516/71

3.61425 **Cotton seeds**
Aid per hectare harvested.

OJ L 160/71

C Reg. 1119/78

3.61426 **Peas and field beans**
(for animal feed).

OJ L 142/78

Price, aid and intervention system

Maximum price for aid (to be fixed annually) to enable producers to counter competition from producers of linseed meal.

Aid is equal to 45 % of difference between world market price for soya meal and activating price.

Conditions for granting aid: conclusion of contracts for guaranteed minimum prices (to be fixed by Comm.) between manufacturers of animal feedingstuffs and producers.

C Reg. 1035/72
amended by
C Reg. 1034/77

3.615 **Fruit and vegetables**
COM in force since 1962.

OJ L 118/72
OJ L 125/77

List of products for which quality standards established (30 products) and those subject to price and intervention regulations (9 products).

Quality classes (Extra I, II and III) and quality controls. Exceptions apart, products for which quality standards exist can only be offered for sale if they conform to these standards.

Clear and indelible labelling. In retail trade, particulars of variety, origin and quality class. No exports of products in quality class III.

3.615
(contd)

Producers' organizations

Member States may grant aid to producers' organizations (3, 2, 1 % of the marketed value) during three years following date on which they were established. Producers' organizations may fix withdrawal prices below which they will not put goods supplied by their members on market. Member States may fix a maximum withdrawal price.

Members of producers' organizations are compensated by an intervention fund of the organization financed by contributions calculated on quantity of goods offered for sale.

Criteria fixed for whole Community. Member States may support intervention fund, either directly or through credit institutions, for a maximum of five years from time of its establishment.

Strengthening of position of producers' organizations in context of objectives pursued as part of policy for developing Mediterranean regions.

OJ L 50/78

Prop. for Reg. of 31 Dec. 1977

Price system

Basic and buying-in prices for Community fixed annually by C before start of marketing year. The basic price is equal to the arithmetical average of the prices recorded on the Community's representative market(s) in production areas showing a surplus and having the lowest prices during the three marketing years preceding the date of establishment of the basic price.

The buying-in prices, which are fixed separately for the various products, are between 40 and 70 % of the basic price.

There is intervention on the markets by the Community, at buying-in price, in the event of a serious crisis being declared by the Commission, i.e. prices remaining below the buying-in price for three successive market days.

3.615
(contd)

Buying-in is suspended as soon as prices have exceeded the buying-in price for three successive market days.

Products withdrawn from the market by the producers' organizations or bought in by the Community are disposed of in the following manner: free distribution to charitable organizations or 'economically weak' persons; for animal feed, either fresh or after processing; distillation.

Marketing premiums for oranges, mandarins, clementines and lemons. Premiums for processing lemons for juice and for sale to processing industries of blood oranges withdrawn from the market.

Possibility of buying pears and peaches at intervention price under certain conditions. Relaxation of rules for determining crises in the market.

Trade

Imports

Application of CCT and countervailing charges in certain cases.

Each year C fixes a reference price for the various products equal to the arithmetical average, plus marketing costs, of the producer price of each Member State. These producer prices represent the average price recorded during the three previous years on the representative market(s) in the production areas where prices are lowest.

For each of the products for which there is a reference price, an entry price is calculated each marketing day and for each origin, on the basis of actual or importer/wholesale prices. A countervailing charge is levied when three entry prices are lower than the reference prices, provided that at least one of them is 0.5 u.a. lower than the reference price. This charge is added to the tariff duty.

Protective measures if marked perturbed. National protective measures authorized under certain conditions.

3.615
(contd)

Exports

Export refunds may be granted, with possibility of advance fixing.

3.6151

PRODUCTS PROCESSED FROM FRUIT AND VEGETABLES

COM in force since 1968.

Covers 16 customs headings (dried, cooked, frozen products, etc. with or without addition of sugar).

COM for sugar and cereals has direct and appreciable influence on cost price of certain processed products containing sugar ; different trade regulations applied according to products.

Harmonization with trade in basic products (cereals and sugar).

Aid

Prop. for Reg. of 31 Dec. 1977

Aid for processing peeled tomatoes, tomato concentrates, and tomato, peach and dried prune juices.

OJ C 50/78

Aid covers difference between price of preserved foods from third countries and that of preserved foods produced in EC.

Prop. for Reg. of 31 Dec. 1977

Under guidelines for development of Mediterranean regions, support for producer prices to counter competition from third countries.

OJ C 50/78

3.615/3.6151

3.6151
(contd)

Trade

C Reg. 1927/75
C Reg. 2123/75

Liberalization of trade, but implementation from July 1975 of Regulation No 109/70 establishing common rules for imports from State-trading countries (Community information and consultation procedure, surveillance and protective measures).

OJ L 198/75
OJ L 216/75
OJ L 19/70

Imports

CCT and in certain cases levies calculated on sugar content of products.

Import charge on sugar substitutes (glucose and glucose syrup) in certain processed products. Import certificates and financial guarantees for products containing sugar.

C Reg. 521/77

Protective measures if market disturbed. Minimum price system.

OJ L 73/77

Exports

C Reg. 518/77
C Reg. 520/77

Refunds calculated on sugar content, special refunds for glucose and glucose syrup.

OJ L 73/77

Levies and refunds fixed in advance, using system of certificates involving commitments to import or export.

Regulations on inward processing trade may be suspended.

C Reg. of 2 July 1971
C Reg. 519/77

To permit economically important exports of products not containing added sugar, difference between prices inside EEC and world market prices may, where necessary, be covered by export refund.

OJ L 151/71
OJ L 73/77

Raw tobacco
Price system, premiums and interventions

OJ L 94/70

Annual fixing of norm prices and intervention prices for crop of following year.

OJ L 73/72

Norm price fixed on basis of previous norm price. Intended to promote specialization matching economic structure and natural conditions of EC production, presupposing rational management and economic viability of undertakings.

The intervention price is 90 % of the norm price. It is the price at which the intervention agency is bound to buy in, i.e. the minimum price at which growers may market the product.

Production under contract, at 'contract price' negotiated freely between producers and buyers, is encouraged. Premiums in accordance with Article 43 (2) of the Treaty are granted to buyers of leaf tobacco from Community growers. In principle, premium represents difference between norm price and cost price (contractual price) of tobacco imported from third countries.

If grower does not conclude contract with buyer, and hence no premiums are paid, leaf tobacco thus may be sold into intervention. A derived intervention price is fixed for packaged tobacco.

If price mechanism insufficient to steer production in desired direction, C adopts special measures, chiefly :

- lowering of intervention price, premiums and norm prices ;
- exclusion from intervention buying of some or all qualities of tobacco variety in question.

3.616
(contd)

Trade

Exports

Difference between world market and Community prices may be covered by refund.

Amount or refund as a rule (Management Cttee decides exceptions) determined within limits of incidence of CCT duty, calculated on basis of average offer prices of third countries.

Imports

In case of serious disturbances of market, Member States may take temporary measures to regulate imports and exports. C decides in what cases and within what limits such measures may be taken. In normal times, all quantitative restrictions are abolished. Only import duties are levied.

Aid

In view of special problems of tobacco sector, programme of aids not tied to products proposed to C in cases where circumstances require.

3.617 **Certain products listed in Annex II to the EEC Treaty**

C Reg. 827/68

In force since 1 July 1968.

OJ L 151/68

Applies to products listed in Annex to Reg. (pure-bred breeding animals, tea, cider, cocoa-beans, honey, live horses).

Liberalization of trade.

CCT applicable.

Protective measures in case of disturbance of market. Community export refund permitted for certain products.

National export subsidies authorized for some products, however.

3.618 **Simple COMS for some plant products**

3.6181 *FIBRES, FLAX AND HEMP*

C Reg. 1308/70, amended
by C Reg. 814/76

No price system, but :

OJ L 146/70
OJ L 94/76

- flat-rate aid per hectare sown and harvested ;
- aid for storage if market in disequilibrium ;
- liberalization of trade with third countries ;
- measures to improve quality ;
- measures to find new applications for product.

C Reg. 234/68

3.6182 *LIVE PLANTS AND ARTICLES OF FLOWER TRADE*

OJ L 55/68

Quality standards system

In order to encourage action by trade and joint trade organizations, following Community measures may be taken :

- measures to improve quality and stimulate demand ;
- measures to provide better organization of production and marketing ;
- measures to facilitate recording of market price trends.

When quality standards adopted, products can be marketed only if they conform to these standards.

Control of application of quality standards exercised by Member States, with the possibility of involving Management Cttee.

3.6182
(contd)

Trade

CCT applied since 1 July 1968.

Minimum export prices may be fixed.

3.6183

HOPS

Aid to producers : Council may fix aid per hectare registered and harvested (for the previous marketing year).

Marketing system

Certification procedure in respect of designation of origin :

OJ L 175/71

C Reg. 1696/71
amended by
C Reg. 1170/77

OJ L 137/77

Comm. Reg. of 20 March
1973

The hops must :

OJ L 74/73

- come from recognized production areas,
- belong to recognized varieties,
- satisfy quality standards.

C Reg. 708/78

List of regions in which aid is granted only to recognized producer groups.

OJ L 94/78

Producer groups

Aid possible (3, 2, 1 % of the value of the products marketed) for first three years following date of recognition for producer groups satisfying requirements of regulation.

C Reg. 879/73

Regulation on granting and reimbursement of aid accorded by Member States to recognized producer groups.

OJ L 86/73

Trade

Free trade.
CCT applicable.
Safeguard clauses.

C Reg. 1170/77	3.6183 <i>(contd)</i>	<p>Work in progress</p> <p>The purpose of the amendment is to reduce structural surpluses on the market in hops by :</p> <ul style="list-style-type: none"> — temporarily prohibiting any increase in the area under hops ; — maintaining aid for conversion to other varieties subject to a reduction of at least 40 % in the area concerned ; — the amended safeguard clause empowers the Council and the Commission to adopt any measures necessary to prevent or eliminate surpluses. 	OJ L 137/77
C Reg. 2358/71 amended by C Reg. 1167/77 Prop. for Amendment of 31 Dec. 1977	3.6184	<p>SEEDS</p> <p>COM since 1 July 1972.</p> <p>Aid to producers</p> <p>The Council may fix aid per quintal of seed produced, taking into account required volume of production, marketing possibilities and prices on external markets.</p> <p>Aid fixed for two successive marketing years to take account of production programme.</p>	OJ L 246/71 OJ L 137/77 OJ C 50/78
C Dir. 70/458 Comm. Communication	3.61841	<p>RULES APPLICABLE TO THE MARKETING OF SEEDS</p> <p><i>Common catalogue of varieties of vegetable seeds</i></p> <p>Fourth complete edition.</p> <p>Lists the varieties which are not subject to any marketing restrictions within the Community.</p>	OJ L 225/70 OJ C 86/78

C Dir. 70/457
amended by
C Dir. 78/55

3.61841
(*contd*)

Directive on the marketing of agricultural species.

OJ L 225/70
OJ L 16/78
OJ C 66/74

Codified version.

Common catalogue of varieties of agricultural species.

Com. Communication

Fourth complete edition.

OJ C 48/78

This edition includes varieties which are not subject to any marketing restrictions throughout the Community.

Trade

Free trade.

Import certificates, where appropriate.

CCT applicable.

Special provisions for hybrid maize for sowing : fixing of a reference price per type of seed on the basis of the free-at-frontier prices for the three previous marketing years. If the free-at-frontier offer price is lower than the corresponding reference price, collection of a compensatory tax in accordance with the obligations resulting from consolidation within GATT.

3.6185

DRIED FODDER

C Reg. 1117/78

Price, aid and interventions system

OJ L 142/78

Flat-rate aid fixed yearly in order to improve EC supplies of vegetable proteins.

Guide price fixed annually at a level which is fair to producers.

Aid equal to difference between guide price and (lower) market price.

3.6185
(contd) Conditions for granting aid :
— conclusion of contracts between processing industry and producers
— processing of own harvest, or
— processing of harvest of one of the producer groups in question.
Supplementary aid for processing of fodder under certain conditions.
Aid to storage, provided a contract has been concluded.

Trade

Provision is made for measures to be applied in the event of market disturbances due to imports or exports.

3.619 **Products not covered by COM**

3.6191 *POTATOES*
Proposal for a COM.

Comm. Prop. of 22 Dec. 1975

EP Doc. 512/75
OJ C 61/76
OJ C 238/76

Trade

Suspension of CCT if there is a shortage of potatoes.

Act of Accession

The organization of the British potato market allowed to remain in operation for limited period.

3.6192 *ETHYL ALCOHOL*

Comm. Prop. of 1 March 1972

Proposals for COM to regulate production, trade, use, prices and trade with third countries now being studied.
The first proposal concerns ethyl alcohol of agricultural origin, and certain products containing alcohol.

OJ C 43/72

EP Opinion 1972
Comm. Prop. of 7 Dec. 1976

Work in progress

EP resolution calls for changes in Comm. Prop. to take account of new situation resulting from Accession. After numerous postponements the Commission presented its new and second proposal for a COM on 7 Dec. 1976. It was withdrawn.

EP Doc. 266/72
OJ C 309/76

3.62 **ANIMAL PRODUCTS**

3.621 **Beef**

C Reg. 805/68
amended by
C Reg. 568/76

COM in force since 1968.

OJ L 148/68
OJ L 67/76

Price system

Guide prices fixed annually for calves and full-grown cattle.

Support measures are intervention buying and private storage aids. They may be decided for Member States in which prices fall below a given level and when at the same time prices on representative EC markets are lower than 98 % of the guide price.

Community intervention measures are obligatory when prices for full-grown cattle are lower than 93 % of the guide price.

C Reg. 995/78

Obligatory intervention may be suspended in a Member State or a region of this Member State when market price for a certain quality or certain qualities are higher than maximum buying-in price.

OJ L 130/78

C Reg. 1302/73

Intervention measures are regionalized to take into account differences in the conditions of price formation.

OJ L 132/73

C Reg. 1855/74

Special measures

OJ L 195/74

When a substantial rise or fall in prices occurs in the Community the Council may take measures by a qualified majority on the Comm.'s proposal.

<p>C Reg. 870/77 amended by C Reg. 996/78 C Reg. 997/78</p>	<p>3.621 (contd)</p>	<p>During 1978/79 marketing year Member States may grant either a birth premium for calves or a slaughter premium for full grown cattle for slaughter, except cows. In the first case the premium is 35 u.a. to be paid from the EAGGF. In the second case, the premium which is variable in time must not be more than 45 u.a. per adult bovine animal. The intervention price for meat from animals to which this premium applies is reduced by the amount of the premium granted. EAGGF financing is limited to 25 %.</p>	<p>OJ L 106/77 OJ L 130/78 OJ L 130/78</p>
<p>C Reg. 1856/74</p>		<p>Sale of beef at reduced prices to certain categories of consumers to dispose of surplus stocks.</p>	<p>OJ L 195/74</p>
<p>C Reg. 1857/74</p>		<p>Advertising and publicity campaign to increase consumption of beef and veal.</p>	<p>OJ L 195/74</p>

Trade

Imports

<p>C Reg. 425/77 C Reg. 585/77</p>	<p>Customs duties and a basic levy taking account of the difference between the guide price and the free-at-Community-frontier offer price plus the amount of the customs duty. Where the price of adult bovine animals on the representative markets of the Community exceeds the guide price, the levy applicable is gradually reduced in relation to the basic levy. The levy applicable is gradually increased in the converse situation.</p>	<p>OJ L 61/77 OJ L 75/77</p>
	<p>Imports are conditional upon production of an import licence, which is issued subject to the lodging of a deposit guaranteeing that importation is effected during the period of validity of the licence. This deposit is forfeited if the operation is not effected, or only partially effected, within that period.</p>	

Exports

A refund corresponding to the difference between the quotations on the world market and prices in the Community. This may be varied

3.621 according to end-use or destination and is conditional upon production
(*contd*) of an export licence, which is issued subject to the lodging of a deposit.

Work in progress

Comm. Commun. C
Comm. Rep. C

Examination by Comm. of current intervention measures and proposal to use variable production premiums to supplement traditional intervention system.

Bull. EC 10/77
Bull. EC 10/77

3.622 **Dairy products**

C Reg. 804/68
amended by
C Reg. 1038/78

COM in force since 1964.

OJ L 148/68
OJ L 134/78

Price system

C Reg. 566/76

A target price in respect of standardized whole milk containing at least 3.5 % fat, delivered to dairy, is fixed each year. The target price is the price it is aimed to obtain on producers' milk sales. It is not a guaranteed price.

OJ L 67/76

Intervention measures

C Reg. 985/68
amended by
C Reg. 2714/72
C Reg. 1014/68

Intervention prices are fixed for the following derived milk products :
butter, skimmed-milk powder, Grana-Padano and Parmigiano-Reggiano cheese.

OJ L 169/68
OJ L 291/72
OJ L 173/68

The relative support given to the fat content in milk (through butter intervention) and the protein content (through skimmed-milk intervention) may vary according to the state of the market.

Comm. Reg. 685/69
amended by
Comm. Reg. 630/77

Rules of application for intervention on the market in butter and cream, and storage measures.

OJ L 90/69
OJ L 78/77

Aid for the private storage of butter and cheeses may be granted to supplement the action of intervention agencies in stabilizing markets.

3.622
(contd)

Aids for the denaturing of skimmed-milk powder for use as fodder, and an aid for skimmed milk processed into casein complete the price guarantees.

Comm. Reg. 990/72
amended by
Comm. Reg. 270/78
Prop. for Reg. of
3 Mar. 1978

Rules for granting aid for skimmed milk processed into compound feedingstuffs and for skimmed-milk powder for use as feed.

OJ L 115/72

Skimmed-milk powder intended to be processed into feedingstuffs may also be marketed without being purchased in advance by intervention agencies.

OJ L 40/78
EP Doc. 582/77

Suspension of ban in certain cases.

Disposal of surpluses of milk products

When stocks of dairy products cannot be disposed of during a marketing year, special measures may be taken.

C Reg. 559/76
C Reg. 562/76
C Reg. 880/77
amended by
C Reg. 593/78

Measures relate to the sale of butter at reduced prices to food manufacturers or to certain categories of consumers, or a general consumer subsidy for butter. In the case of the general subsidy the EAGGF finances only 5 u.a. per 100 kg out of the total permissible subsidy. School milk schemes may be subsidized.

OJ L 67/76
OJ L 67/76
OJ L 106/77
OJ L 82/78

Restoration of subsidies for butter consumption for certain categories of consumers ('social' butter) (50 u.a. per 100 kg).

Release of 50 million u.a. during 1978/79 milk marketing year to stimulate butter consumption.

In certain surplus situations more stringent measures may be taken such as the compulsory addition of a certain amount of skimmed milk to compound feedingstuffs (e.g. the purchase and compulsory addition of skimmed-milk powder from March to October 1976).

The Court of Justice ruled that this measure was contrary to provisions of EEC Tr.¹. However, Court considered that C had not exceeded its powers to such an extent that claims for damages were justified : in any case, the undertakings were not exposed to exceptional risks.

¹ Court of Justice, Cases 83 and 94/76 and 4, 15 and 40/77.

3.622
(contd)

Additional aids may be granted for use of liquid skimmed milk and skimmed-milk powder for the manufacture of compound feedingstuffs for pigs and poultry.

Provision is also made for aid under the guidance section of the EAGGF for investments which contribute to the re-sale of liquid skimmed milk from the dairy to the farm. The aid for the purchase of dairy cows is temporarily suspended.

3.6221

The gradual restoration of balance on the market for milk products

EP Doc. 247/76
EP Doc. 343/76

Comm. Action Programme
1977-1980
EP Opinion of 13 Dec. 1976

C Dec. of 25 and 26 April 1977

In view of the structural surpluses on the market for milk products it is necessary to carry out a number of radical measures to restore the balance of the market and to adopt a very cautious prices policy.

Measures adopted by the Council on the basis of the action programme :

- (a) creation of a joint responsibility levy and measures aimed at extending the markets of milk sector ;
since 16 Sept. 1977 a levy of 1.5 % has been applied to all milk supplies, except in mountain regions. Since 1 May 1978 the levy has been 0.5 %.
- (b) the system of levies on certain oils and fats, initially proposed by the Commission and rejected by the EP, has been replaced by a special set of measures financed in part by the Community and aimed at increasing butter consumption (from 16 Sept. 1977) ;
a special temporary system of subsidies for butter consumption in the United Kingdom (until 31 Dec. 1978) covered entirely by the Community ;
- (c) temporary suspension of certain national and Community measures for aid in the dairy sector ;
- (d) programme for the distribution of milk to schools ;
- (e) general rules concerning the exclusive use of butter fats and milk proteins ;

3.6221
(cont'd)

- (f) eradication throughout the Community of brucellosis, tuberculosis and leucosis among Bovidae ;
- (g) system of premiums financed entirely by the Community for the non-marketing of milk and products derived therefrom and for the replacement of dairy livestock ;

Premium for non-marketing and for conversion of quantities greater than 120 000 kg per year (11 u.a./100 kg). Higher premium (17.5/100 kg) for quantities less than 120 000 kg per year. Aim is to remove milk production of 1.3 million cows from market.

Premium financed by Co-responsibility levy.

- (h) decision at a later date on a Commission proposal for a premium for the closure of dairy undertakings within the context of the revision of directives concerning agricultural structures (cf. 3.732).

Work in progress

With regard to obstacles still in the way of a balanced market, to examine situation by 1 Oct. 1978 on basis of a report by Comm.

Comm. Reg. 368/77

Implementation of a special measure for the disposal of intervention stocks of skimmed-milk powder

OJ L 52/77

The processing of 450 000 tonnes of skimmed-milk powder from intervention stocks by means of a radical reduction in price in order to create conditions of competition comparable to those of other important sources of protein, in particular soya beans.

Comm. Reg. 753/76
amended by
Comm. Reg. 324/77

Application of this measure is supervised by means of strict rules on denaturing and on the tendering bond and processing security. In view of the very low sale price of skimmed-milk powder, the aid referred to in the COM for milk and milk products is not granted.

OJ L 88/76
OJ L 45/77

Comm. Reg. 723/78	3.6221 (contd)	Sale by means of a standing invitation to tender as well as on the basis of fixed prices. Promotional, publicity and market research measures	OJ L 98/78
		Trade	
		<i>Imports</i>	
C Reg. 823/68 amended by C Reg. 561/76		A threshold price is fixed for pilot products, which are the most representative product within a given group of dairy products. It ensures that, account taken of protection needed by the processing industry, prices of imported products correspond to the target price for milk.	OJ L 151/68 OJ L 67/76
C Reg. 875/77		Butter and skimmed-milk powder are excluded from the inward processing traffic until 31 March 1980.	OJ L 106/77
		Levies bring the wholesale price of imports up to the threshold price concerned.	
		A special régime for imports of New Zealand dairy products to the UK runs until 1980 (see Section 3.24).	
		<i>Exports</i>	
		Export refunds enable Community producers to export when world prices are below the target price.	
Comm. Reg. 706/77		Export certificates are compulsory for dairy products in the event of advance fixing of refunds.	OJ L 86/77
		Butter and cheese	
Protocol No 18 of the Act of Accession		Up to 31 Dec. 1980 UK authorized to import a progressively smaller tonnage of New Zealand butter and cheese at a price representing average in UK market during 1969-1972 inclusive.	OJ L 73/72
		C has determined arrangements for special imports of butter from 31 Dec. 1977. There will be no special arrangements for cheese.	

3.623

Pigmeat

C Reg. 2759/75 (Codif.)
Impl. Reg. 2760-2770/75

COM since 1 July 1967.

OJ L 282/75
OJ L 282/75

Price system

After consulting the EP the Council may adopt measures to improve organization of the production and sale of processed products, to improve quality and short- and long-term production forecasts and to facilitate the monitoring of market price trends.

Basic and standard qualities for slaughtered pigs fixed by Council after consulting EP.

State aids

Comm. Dec. 77/172

In accordance with the first sub-paragraph of Article 93 (2) of the EEC Treaty and with basic regulation 2759/75, in particular Article 21 thereof, the Commission gave notice to the United Kingdom on 17 Feb. 1977 to terminate without delay the provision of aid in the form of a temporary subsidy of approximately 5.5 pence per kilogram deadweight to pig producers on delivery to abattoirs. The aid was announced on 20 Jan. 1977.

OJ L 54/77

Intervention measures

Aid for private storage.

Buying-in by intervention agencies.

Intervention possible when pigmeat prices on representative markets fall below 103 % of the basic price.

C Reg. 2763/75

Buying-in prices between 92 % and 85 % of the basic price and aids are fixed by Management Cttee procedure.

OJ L 282/75

3.623

C Reg. 2762/75

3.623
(contd)

General provisions for granting aid to private storage fixed by Council.
List of representative markets drawn up by Council.

OJ L 282/75

Trade

Trading system covers live swine, pigmeat, bacon, lard and preparations containing pigmeat or offal.

Imports

Import certificates.

Levies

Sluice-gate prices fixed every quarter.

The sluice-gate price represents the cost price of pigmeat in third countries with the greatest technical efficiency and the best conditions for the supply of fodder. The levy comprises a variable component corresponding to the difference in the cost of the feed ration on the world market and in the Community, and a fixed component corresponding to 7 % of the average sluice-gate price for the four quarters preceding 1 May of each year.

If the free-at-frontier offer price falls below the sluice-gate price, the levy is increased by a supplementary amount equal to the difference between these two prices.

Exports

C Reg. 2768/75

Export refunds may be granted.

OJ L 282/75

C Reg. L 769/75

Protective measures, if market disturbed.

OJ L 282/75

3.624

Eggs

C Reg. 2771-2776/75
Impl. C Regl. 2772-2776/75

COM since 1 July 1967.

OJ L 282/75

OJ L 282/75

No price system, but measures :

- to improve organization of production, processing and sales ;
- to improve quality ;
- to improve short- and long-term production estimates ;
- and to monitor price trends.

C Reg. 2772/75

Marketing standards fixed by Council.

OJ L 282/75

Trade

Imports

Protection of the Community market by :

Import certificates.

Import levies consisting of one fixed and one variable component.

In fixing levies, account taken of price of feed grain required to produce given quantity of eggs.

Supplementary amount where free-at-frontier offer price below sluice-gate price.

Sluice-gate price for each quarter fixed by Management Cttee.

The sluice-gate price consists of two components :

- the price on the world market for the quantity of feed grain required for the production in third countries of 1 kilogram of eggs ;
- a standard amount representing other feeding costs and overhead costs of production and marketing.

Safeguard clauses applicable if market disturbed.

3.624
(contd)

Exports

Refunds on exports if world market prices higher than prices in EC.
If there is glut on market or if price levels are low, refund amount may temporarily be increased or the issue of import certificates may be suspended.

Marketing

Marketing standards for grading by quality and weight, packaging, storage, transport, presentation and labelling.

3.625

Poultrymeat

C Regs. 2777-2782/75

Price system and trade : as for eggs. (see 3.624)

OJ L 282/75

3.6250

WORK IN PROGRESS

Establishment of common standards on the water content of frozen and deep-frozen fowls.

3.626

Fishery products

C Reg. 100/76

Fishery products covered by COM listed in Annex I of regulation. These are mostly products for everyday consumption.

OJ L 20/76

Marketing standards system

C Regs. 103-104/76

Quality, size or weight categories, packaging, presentation and labelling.

OJ L 20/76

Producers' organizations

Same system as for fruit and vegetables (see. 3.615).

Producers' organizations fulfilling certain conditions recognized by Member States.

They may receive aid calculated as a percentage of the administrative costs incurred when they are set up or approved.

Price system

Where withdrawal prices applied, producers' organizations grant members compensation in respect of certain products withdrawn from the market (products in Annex I). For other products, it is left to their discretion whether or not to grant compensation.

Compensation financed by members' contributions to organization's fund.

Guide prices and intervention prices are fixed for certain products annually before beginning of fish marketing year. Prices fixed so as to help stabilize market prices without leading to structural surpluses. Representative wholesale markets and ports fixed by Management Cttee procedure. Guide price fixed on basis of average prices over last three years on the representative wholesale markets or ports. The intervention price is between 35 and 45 % of the guide price.

Setting up of a temporary system of aid for private storage.

Provisions for implementing aid for private storage.

Trade

Imports

CCT applicable, but may be suspended for certain products.

Fixing of reference price by products, on the basis of guide price.

3.626
(contd)

In certain cases collection of a countervailing charge, in addition to the CCT, covering the difference between the entry price and the reference price.

Imports may be limited or suspended — safeguard clauses.

Exports

Refunds may be made for exports.

Mutton and lamb

COM proposed by Comm.

Under examination by C and EP.

OJ L 93/78

Prop. for Reg.
of 31 March 1978

3.63

PRODUCTS NOT COVERED BY ANNEX II OF THE TREATY

Goods resulting from the processing of agricultural products

Regulation for the adoption of market rules.

This regulation is intended to compensate for the fact that only those agricultural products referred to in Annex II of the Treaty are dealt with by the provisions drawn up as part of the Common Agricultural Policy.

OJ L 141/69
OJ L 163/75

C Reg. 1059/69
amended by
C Reg. 1589/75

The provisions adopted for basic products have an impact on the cost price of processed products: it is therefore necessary, in particular in order to protect the European processing industry, to harmonize the cost of supplying the raw materials on which these goods are based and to adjust the arrangements designed to protect them. The products listed in the regulation are mainly products processed from cereals, milk products and sugar.

3.63
(contd)

Imports

The import duty consists of one fixed component consisting of an *ad valorem* customs duty and one variable component intended to cover the difference between the prices of these products and the price of products from third countries.

Exports

Export of products not referred to in Annex II of the Treaty.

OJ L 289/72
OJ L 320/76

Fixing of general rules for the granting of export refunds for certain processed or non-processed agricultural products. The products in question, which are obtained from basic products or from the processing of basic products, are listed in Annexes B and C of the regulation.

Harmonization of the laws and administrative provisions governing *outward processing traffic*. (Export of products for re-import after processing or treatment.)

OJ L 58/69
OJ L 24/76

Harmonization of the laws and administrative provisions governing the *inward processing traffic*. (Import of products for re-export after processing or treatment.)

OJ L 58/69
OJ L 120/73
OJ L 301/75

C Reg. 2682/72
amended by
C Reg. 2795/76

C Dir. 73/69
amended by the Act
Acc. and by
C Dir. 119/76

C Dir. 73/69
Comm. Dir. 95/73
amended by
Comm. Dir. 681/75

3.7 **Structural policy**

The term 'common agricultural policy' not specifically defined in Treaty. Art. 43 of EEC Tr. provides for implementation of the measures referred to in Title II of EEC Tr., as well as of other measures not referred to, which may be introduced on Comm.'s initiative. Latter category includes measures to improve structures.

Res. of Agr. Conf. Stresa
1958
Comm. Memo. 1968
'Mansholt Plan'

Comm. policy on prices, rationalization of market and restructuring of agricultural prices.

OJ 11/58

3.70 **OBJECTIVES**

Modernization of agriculture (see also 3.730).

3.71 **INSTRUMENTS**

EAGGF, Guidance Section

Dirs. and Regs. with system of aid for projects designed to improve structures :

Art. 39, EEC Tr.
C Reg.
17/64
C Reg. 729/70

— through system of aid for individual projects forwarded by the Member States — satisfying Community criteria. EAGGF contribution : 25 %.

OJ 34/64

— through common measures.

EAGGF generally bears 25 % of cost of common measures. Up to max. of 65 % in certain regions.

OJ L 94/70

C Dec. of 4 Dec. 1962

3.711 **Coordination of structural policy in agriculture**

Setting up of the Standing Committee on Agricultural Structures.

OJ 136/62

Comm. Dec. of 17 Sept. 1976	3.711 <i>(contd)</i>	Agricultural structures, support for Comm. in preparing annual review of national structural policy measures.	
		Secretarial services provided by Comm.	
		Setting up of an Advisory Committee on Questions of Agricultural Structure Policy	OJ L 273/76
C Reg. 17/64 amended by C Reg. 3171/75	3.72	INDIVIDUAL PROJECTS	OJ 34/64 OJ L 315/75
	3.720	Objectives :	
		(a) adjustment and improvement of production conditions in agriculture ; (b) adjustment and guidance of agricultural production ; (c) adjustment and improvement of marketing ; (d) increase in sales.	
		<i>Conditions of EAGGF participation</i>	
		Action under (c) and (d) only for products covered by COM.	
		EAGGF contribution : 25 % of expenditure.	
C Reg. 130/66		EAGGF contribution may be increased to 45 % for certain projects. Comm. allocates EAGGF aid every six months.	OJ 165/66
		General and special conditions for awarding aid incorporated in Reg.	
		Applications for aid must be submitted by Member States, who must have approved projects. Balanced distribution of aid among Member States.	

	3.720 <i>(contd)</i>	Each year, C Reg. lays down priorities for maximum aid from EAGGF.	
C Reg. of 29 July 1969		Financial participation of beneficiary in structural improvement projects must be at least : — 20 % for production structure projects ; — 38 % for market structure projects. — Funds per year fixed in general budget 1977 : 325 million u.a).	OJ L 189/69
C Reg. 729/70 modified to take account of Accession C Reg. 2788/72		Priority for funds from EAGGF (Guidance Section), given to financing common measures. Balance must be used to finance individual projects under C Reg. 17/64.	OJ L 94/70 OJ L 295/72
		<i>Work in progress</i>	
C Dec. of 12 May 1978		C Reg. 17/64 will be in force until end of 1978, when § b, c and d of the regulation will gradually be replaced by C Reg. 355/77. Projects for which applications have been filed will continue (see 3.31). As part of price fixing arrangements for 1978-79, C decided, by way of compensation, to give priority to projects for improving production structures in Benelux.	
	3.73	REORIENTATION OF COMMON AGRICULTURAL POLICY	
C Res. of 25 May 1971 EP Opinion of 18 Nov. 1971	3.730	Objectives : — to prevent structural surpluses ; — to normalize price policy ; — to create modern farms.	OJ C 52/71 OJ C 124/71

3.730
(contd)

In order to reorganize structures, C has decided to support the following
common measures :

- measures to help those wishing to give up farming ;
- measures to help those continuing farming ;
- measures to provide farmers with occupational guidance and training ;
- measures to improve the marketing of agricultural products ;
- measures to prevent an increase in farmland ;
- afforestation activities ;
- authorization to Member States to grant aid, for a period of five years, to young farmers receiving no investment aid under the common measures ;
- measures to stimulate regional development.

C Reg. 729/70, amended by
C Reg. 2788/72

The financing of the common measures is laid down in Art. 6 of Reg. relating to financing of common agricultural policy.

OJ L 94/70
OJ L 295/72

3.731

Modernization of farms

Selective system for aiding farms capable of development

OJ L 96/72
OJ L 302/76
OJ L 145/77

C Dir. 72/159 amended by
C. Regs. 76/837 and
C. Dir. 77/390

(a) Persons wishing to claim aid must fulfil following conditions :

- farm as main occupation ;
- possess adequate occupational skill and competence ;
- keep accounts ;
- draw up development plan leading after six years to income comparable to average for non-agricultural workers in the region in question.

3.731
(*cont'd*)

Assistance also for farmers with income comparable to that of other occupational groups but with farm structures jeopardizing maintenance of that income. For this category, interest-rate subsidy up to 80 % of loan.

20 % of income attained through development plan may consist of income from non-agricultural activities, provided 'earned income derived from farm business at least equal to comparable earned income for one-man work unit': therefore applicable only to farms with more than one-man work unit.

Comparable earned income assessed directly by comparison with that of workers in region or indirectly by reference to typical small farm in region.

C Dir. 76/837

(b) Assistance for persons submitting development plans :

- allocation, by way of priority, of land released within Dir. 72/160 ;
- interest-rate subsidies max. 5 % and not more than 53 333 u.a. per man work unit. As general rule, no additional national aids except for construction of farm buildings and land improvement operations ;
- provision of guarantees for loans contracted ;
- aid of 600 u.a. for first four years of properly kept accounts ;
- aid towards costs of cooperative schemes, from 2 500 to 7 500 u.a. ;
- aid for land improvement (land reparaelling and irrigation).

OJ L 302/76

Aid not usable for purchase of land, pigs or poultry. Aid for purchase of cattle or sheep only if sales from these on completion of development plan make up over 60 % of total proceeds.

3.731
(contd)

Temporary ban on aid for the purchase of dairy cattle until 1980, as part of the 1977-80 action programme for milk and milk products.

Aid possible for pigkeeping if investment between 10 520 and 42 060 u.a. and if, after carrying out development plan, 35 % of feedingstuffs produced by farm itself, or by associated farms.

(c) Other aid for farms

Other farms receive same aid for book-keeping if the data collected are used for the EEC accounting network ; the recognized farmers' mutual aid associations may also receive this aid.

(d) National aid

Member States may give aid if interest remaining payable by beneficiary at least 5 %.

For five-year period, national aid can be given to owners of farms not attaining comparable earnings and not yet eligible for aid to cessation of farming ; aid may not be in excess of that for persons submitting modernization plans.

Abandoned zones : special system of national subsidies. C defines term 'abandoned zones'.

Comm. Prop. of 1976

Amounts must be adjusted to movements in cost of living.

EP Doc. 129/76

Work in progress

Prop. for Dir. of 15 Dec. 1977
EP Opinion

Member States authorized to grant investment aid even to farmers unable to attain a comparable income. Such aid to be borne by Member States.

OJ C 304/77
EP Doc. 59/78

	3.731 <i>(contd)</i>	50 % contribution by EAGGF to Ireland's expenditure on drainage schemes.	
Prop. for Dir. of 26 Feb. 1974 Amended Prop. of 7 March 1975		Forestry measures to improve agricultural structures. Aid for afforestation measures supplementary to C Dir. 72/160 on cessation of farming and use of farm land for structural reorganization of agriculture. Aid between 40 and 90 % of cost of capital grants (240 u.a./ha). Aid for conversion of forest areas.	OJ C 44/74 OJ C 161/75
Prop. for Reg. of 2 May 1978 Prop. for Reg. of 28 April 1975		Forestry in certain Mediterranean regions. Aid for rationalization of horticultural production under glass. Comm. Prop. under examination by C.	OJ L 117/78 OJ C 125/75
Prop. for Dir. of 3 Dec. 1974		Flat-rate aid on sliding scale to young farmers (aged not more than 40 years) during implementation of development plan (five years). Comm. Prop. under examination by C.	
Prop. for Dir. of 31 Dec. 1977		Acceleration and qualitative guidance of collective group irrigation works in the Mezzogiorno.	OJ C 50/78
		<i>Guidance premium for production of beef and veal and mutton and lamb</i>	
C Dir. 73/131		Granting of guidance premium per hectare for three years for production of beef and veal and mutton and lamb as provided for by C Dir. 72/159 on modernization of farms.	OJ L 153/73
C Dir. 72/160	3.732	Encouraging cessation of farming and utilization of released farmland to improve structure Aid to encourage cessation of farming may be granted to farmers and their employees who are between 55-65 years of age.	OJ L 96/72

3.732
(contd)

Annuities :

- 900 u.a. for married persons,
- 600 u.a. for single persons.

Member States may grant farmers premiums calculated on utilized agricultural area released, without reimbursement by EAGGF.

System for five years (extended) :

Following premiums only reimbursable, by EAGGF :

- to farmers' aged 60-65 and to persons employed by them of like age ;
- to widows and persons with more than 50 % disablement ;
- to farmers aged at least 55 and whose farms cover not more than 15 hectares, in countries where farm workers make up over 15 % of all workers (Italy and Ireland).

At least 85 % of utilized agricultural land released must be :

- leased for at least 12 years to farmers who have submitted development plans or, under certain conditions, to other farmers, or offered to land agencies ;
- or permanently removed from agricultural use.

In general, 25 % of outlay is refunded. In areas where measures to promote cessation of farming had not been applied previously (Italy) the proportion may be increased to 65 %.

Prop. for Dir. EP Opinion	3.732 (contd)	<i>Work in progress</i> Abolition of age limit of 65 years for recipients of premium for cessation of farming. Possibility of a larger number of annuities in regions of West of Ireland and Mezzogiorno.	OJ C 304/77 EP Doc. 59/78
C Dir. 72/161	3.733	Professional guidance and training Dir. provides for — guidance : Creation and expansion of socio-economic guidance services (7 500 u.a. per counsellor); Bearing of cost of training these advisers (4 500 u.a. per counsellor). — training : Creation and expansion of training centres or courses ; Granting of premiums or allowances for attendance (1 500 u.a. per farmer). Title III of Dir. on vocational training is no longer operative since this is dealt with by Regional Fund.	OJ L 96/72 OJ L 54/75 EC Bull 2/75
C Dec. 77/343		In southern Italy the interest-rate subsidy may not exceed 12 % ; in the less-favoured regions of northern and central Italy the maximum rate is 11 %. In the other regions the maximum interest rate subsidy is 9 %.	OJ L 120/77
Comm. Prop. of 1976		Amounts must be adjusted on basis of movements in purchasing power.	EP Doc. 129/76

STATE OF INTEGRATION (3.731-3.735)

On 12 May 1978 C found it necessary to take a decision without delay on Comm. proposals modifying socio-structural guidelines in order to achieve greater flexibility and efficiency in the light of experience gained.

3.733
(contd)

Regional differences

C Dir. 73/440

All three directives allow for the possibility of regional differences.

OJ L 356/73

The Member States are authorized not to apply or to apply only partially in certain regions C Dirs. 75/159, 72/160 and 72/161.

3.734

IMPLEMENTATION IN THE MEMBER STATES

Every year the Commission submits to the Council and to Parliament its first report on the application of directives relating to agricultural reform.

3.735

Joint action on mountain and hill farming and farming in certain less favoured areas

C Dir. 75/268
amended by
C. Dir. 76/400

Supplements Council Directives 72/159, 160 and 161 on modernization of farms.

OJ L 128/75
OJ L 108/76

To maintain a minimum level of agricultural activity in areas where price and structural policies are unable to ensure an adequate income, because of physical handicaps.¹

Definition of areas

For mountain areas (e.g. Alps, Massif Central, Apennines) physical disabilities resulting from either a short growing season or steep slopes or both.

¹ For the amounts valid from 15 Mar. 1976 see Com. Reg. 571/76 OJ L 68/76.

3.735
(*contd*)

For less favoured areas (e.g. Scottish Highlands, Ardennes, Galway) a combination of infertile land, low economic results and rural depopulation.

C Dirs. 269—276/75

Community list of agricultural areas within the terms of C. Dir. 268/75.

OJ L 128/75

These areas cover a quarter of the agricultural land in use in the Community; they contain over a million farms, but these account for only 10 % of Community production.

Conditions for granting aids

Annual compensatory allowance granted to farmers with at least three hectares of agricultural land in use who undertake to continue farming for at least five years.

The compensatory allowance is calculated as follows :

— either on the basis of the size of bovine, sheep or goat stocks by using a distribution key expressed in units of adult bovine animals (equivalent to one dairy cow).

The minimum amount is 15 u.a. per adult bovine animal unit, the maximum being 50 u.a. per adult bovine animal unit and 50 u.a. per hectare of total land devoted to fodder crops ;

— or for products derived from sources other than bovine animals, sheep or goats, based on the cultivated land area, with the exception of land devoted to fodder crops, of land intended for wheat-growing and all land of more than 50 acres used for fruit-growing.

Amounts increased by 8 %.

Higher rates of interest-rate subsidy, or capital grant, and higher guidance premiums for farmers submitting development plans (see 3.731).

Contributions of EAGGF, Guidance Section : 25 % of outlay refunded, but increases to 35 % in the case of Italy and Ireland.

C Reg. of 15 Mar. 1976

3.735
(cont'd) The Regional Fund may also be used for mountain regions and certain less-favoured areas in order to facilitate the setting up of the infrastructures required.

Work in progress

EAGGF subsidy raised to 50 %.

OJ C 304/77
EP Doc. 59/78

Improvement of infrastructure of certain areas in Mezzogiorno (Italy) and in south of France and Corsica.

OJ C 50/78

Financial contribution of EAGGF, 'Guidance' section : 50 %.

Prop. for Dir.
EP Opinion

Prop. for Reg.
of 31 Dec. 1977

C Reg. 355/77

3.736 *COMMUNITY ACTION TO IMPROVE THE CONDITIONS UNDER WHICH AGRICULTURAL PRODUCTS ARE PROCESSED AND MARKETED*

OJ L 51/77

Aim : to improve structure of agricultural markets and encourage adjustment and reorientation in agricultural sector.

As part of this EC action programme aid may be granted from Guidance Section of EAGGF for implementation of projects which form part of specific programmes and which meet certain conditions. Programmes are drawn up by Member States and submitted to Commission for approval.

A project is defined as any plan involving capital expenditure on equipment in accordance with aims of EC action programme.

Aid may be granted under the Guidance Section of the EAGGF to investments for the rationalization and extension of storage capacity, packing, preservation, the treatment and processing of agricultural products and the improvement of marketing channels for price formation mechanisms.

The aid granted by the EAGGF is equal to a maximum of 25 % of the investment (up to 30 % in the case of the least-favoured regions). The beneficiary must make a minimum contribution of 50 % while the contribution of Member States must be not less than 5 %.

3.736
(contd)

State of integration

As far as processing and marketing of agricultural products are concerned, this EC action programme will gradually replace Reg. 17/64 on individual projects.

Work in progress

C Reg. 355/77 to be applied, as a matter of priority to Mezzogiorno (Italy) and Languedoc-Roussillon (south of France) with 50 % contribution from Guidance Section of EAGGF.

OJ C 50/78

Prop. for Reg.
of 31 Dec. 1977

C. Reg. 1360/78

3.7361

PRODUCER GROUPS AND ASSOCIATIONS

OJ C 166/78

Common measures to grant gradually decreasing aid to recognized producer groups and associations :

- interest rebate up to a maximum of 5 % for 15 years ;
- guarantees for loans contracted ;
- flat-rate aid (50 000 u.a.) for setting up producer groups.

3.737

Community action sector by sector

3.7371

HOPS

Aid to encourage setting up of producers' organizations to adjust production to market requirements with a view to structural reorganization, and aid for production of other varieties of hops.

3.7372

FISHING

COORDINATION OF STRUCTURAL POLICY IN FISHING INDUSTRY (SEE 3.735)

OJ L 20/76

C. Reg. 101/76

Member States may under certain conditions grant aid for structural improvements. EAGGF, Guidance Section, may finance common measures to increase productivity, adapt production and marketing conditions, improve living standards of population depending on fishing for livelihood.

Prop. Comm. Reg.
of 14 Nov. 1975

3.7372
(*contd*)

Joint action to reorganize non-industrial inshore fishing.

EP Doc. 438/75

Measures proposed :

1. modernization of the fishing fleet and other means of production and development of fish farming ;
2. laying-up of old and unprofitable boats and encouragement of fishermen aged from 55 to 65 to give up their work if it cannot be conducted in satisfactory economic and social conditions.

In both cases, the proposal provides for aid from the EAGGF (see 3.736).

3.73721

EXTENSION OF ECONOMIC ZONES

Following the session of the United Nations Conference on the law of the Sea from 2 Aug. to 17 Sept. 1976, which failed to agree on any general extension of economic zones, the Community decided to increase its own fishing zone in the Atlantic and in the North Sea to 200 nautical miles from 1 Jan. 1977.

Work in progress

Pending the adoption of a definitive COM, temporary partial regulations have been drawn up comprising, like the system ultimately envisaged, the following :

- an external aspect with negotiations with third countries on the basis of the mutual access of Community fishermen and those of third countries to their respective fishing grounds, taking account of the need to conserve stocks and of the signing of international agreements by the Community, and
- an internal aspect with zones reserved exclusively for local fishermen and Community conservation measures which may comprise, *inter alia*, quotas on catches, fishing licences, regulations on mesh sizes, prohibited zones or seasons and the temporary suspension of fishing for certain species of fish.

Prop. for Reg.
of 8 Oct. 1976
EP Opinion
EP Res.
Prop. for Reg.
of 31 Mar. 1978

OJ C 255/76
EP Doc. 474/76
OJ C 57/77

EP Doc. 106/78

3.7372/3.73721

	3.7373	<i>HONEY</i>	
Comm. Prop.		Aid, spread over 3 years, of 1.2 u.a. per hive to bee-keepers who are members of an organization. Contribution of Guidance Section of EAGGF : 50 %.	
		Proposal rejected.	
EP Opinion		As previously, aid is granted for denaturing sugar intended for feeding bees (see 3.612).	EP Doc. 64/76
	3.7374	<i>BEEF AND VEAL</i>	
C Reg. 870/77		— Premiums for slaughtering adult bovine animals (except cows) (see 3.621	OJ L 106/77
C Reg. 1353/73		— Incentive premiums for beef production.	OJ L 141/73
	3.7375	<i>FRUIT AND VEGETABLES</i>	
		— Rationalization of crops grown under glass.	
		— Aid for rationalization of horticultural production under glass. Comm. Prop. being studied by C.	OJ C 125/75
C Reg. 2517/69 amended by C Reg. 794/76		— Rationalization of fruit production Premiums for grubbing up fruit-trees.	OJ L 318/69 OJ L 93/76
Prop. for Reg. of 31 Dec. 1977		— Proposal to relax ban on aid for replanting of apple, pear and peach orchards.	OJ C 50/78
C Dir. 76/625		— Surveys to determine production potential of certain types of fruit trees (apples, pears, peaches and oranges).	OJ L 218/76
		<i>SPECIAL MEASURES AFFECTING CITRUS FRUIT</i>	
C Reg. 2511/69 amended by C Reg. 1034/77		— Aid, financed out of Guarantee Section of EAGGF, to promote marketing of citrus fruit.	OJ L 318/69 OJ L 125/77

C Reg. 2601/69 amended by C Reg. 2483/75	3.7375 <i>(contd)</i>	— Aid for conversion to better citrus fruit. In addition, supplementary aid to offset losses resulting from conversion. — Aid for improvement of processing and packing.	OJ L 324/69 OJ L 254/75
C Reg. 70/66 C Reg. 218/78	3.7376	FARM STRUCTURE Organization of structural survey in EC for 1979/80, as part of FAO survey programme.	OJ L 112/66 OJ L 35/78
C Reg. 1163/76	3.7377	WINE — Conversion premiums. System of premiums of different amounts to reduce structural surpluses and the cost of rationalizing wine market. — Structural reorganization and conversion of vine-growing in Languedoc-Roussillon, as part of Mediterranean policy.	OJ L 135/76 OJ C 50/78
Prop. for Dir. of 31 Dec. 1977	3.7378	DAIRY PRODUCTS — System of premiums for non-marketing of milk and milk products and for conversion of dairy herds applicable until 31 March 1979. Premiums of 17.5 u.a. for quantities of 120 000 kg or less, and 11 u.a. for quantities over 120 000 kg. EAGGF financing, Guidance Section : 40 % ; Guarantee Section : 60 %. — Cessation of farming for dairy farmers (not yet adopted).	OJ L 131/77 and L 134/78

4. COMMON ECONOMIC AND SOCIAL POLICY

4.0 Economic policy

4.01 OBJECTIVES :

EEC Tr., Preamble, Par. 6
EEC Tr., Art. 2, 3, 6

Unification of economies and harmonious development of economic life of whole Community.

4.02 REQUIREMENTS OF EEC TREATY

EEC Tr., Art. 104, 105

To ensure equilibrium of overall balance of payments and maintain confidence in their currencies, Member States to coordinate economic policies while ensuring high level of employment and stable level of prices. Cooperation between appropriate administrative departments and between central banks.

EEC Tr., Art. 145

To achieve coordination of economic policies of Member States, C has power to take decisions.

4.03 DECISION-MAKING PROCEDURES (see also 4.161)

(a) *C decides, by qual. majority, on recommendation or opinion of Comm. and after consulting Monetary Cttee, on :*

EEC Tr., Art. 108 (2)

— granting of mutual assistance in case of balance of payments difficulties.

EEC Tr., Art. 109 (3)

— suspension of national protective measures taken under Art. 109 (1) in the face of sudden balance of payments crises.

EEC Tr., Art. 103 (2), (4)

(b) *C decides unanimously, on proposal from Comm., on :*

— measures to implement common conjunctural policy and meet supply difficulties.

- EEC Tr., Art. 107 (2)
- EEC Tr., Art. 108 (3)
- EEC Tr., Art. 115 (1)
- 4.03
(contd)
- (c) *Comm., after consulting Monetary Cttee :*
— authorizes other Member States to take protective measures in case of alteration of exchange rate by a Member State.
- (d) *Comm. independently :*
— authorization of state with balance of payments difficulties to take protective measures, if mutual assistance is not sufficient or not granted by C.
— *recommendations to prevent deflection of trade resulting from commercial policy measures.*

4.12 REGIONAL POLICY

4.120 Objectives :

EEC Tr., Preamble, Par. 6

Reduction of differences between various regions and backwardness of less-favoured regions.

4.121 Requirements of EEC Treaty

EEC Tr., Art. 75, 80, 82, 92, 226

Possibility of departure from general provisions of Tr. to serve regional policy objectives.

EEC Tr., Art. 39, 42, 49

Account to be taken of regional differences in implementing CAP and free movement of workers.

EEC Tr., Protocol on Statute of EIB

Priority to be given to financing projects for developing less-developed regions.

4.122 Specific regional policy tasks

Comm. Rep. to C. 4 May 73

- Supplement to national regional policies.
- Support for backward regions.
- Reduction of concentrations in built-up areas.
- Coordination of existing Community policies and financial instruments so that they may be better utilized for the purposes of regional policy.

Bull. EC Ann. 8/73

Measures to fulfil these tasks

The European Investment Bank approves loans in accordance with banking criteria for commercial projects in less-developed regions (see paragraph 1.16).

European Regional Development Fund instituted 1 Jan. 1975 for trial three-year period and with budget of 1 300 million u.a. of which 300 million u.a. in 1975 and 500 million u.a. in both 1976 and 1977. The Fund's resources may be broken down as follows :

Denmark	1.3 %
Belgium	1.5 %
France	15.0 %
Ireland	6.0 %
Italy	40.0 %
Luxembourg	0.1 %
Netherlands	1.7 %
FR of Germany	6.4 %
United Kingdom	28.0 %
	<hr/>
Total	100.0 %

An additional 6 million u.a. will be allocated to Ireland. This sum will be deducted from the shares of the other Member States with the exception of Italy.

The Regulation establishing the Fund provides that the Fund may contribute to the financing of any of the following three types of investment :

- (1) investments in industrial, handcraft or service activities ;
- (2) investments in infrastructures directly linked with the development of industrial or tourist activities ;
- (3) investments in infrastructures relating to hill farming and farming in certain less-favoured areas.

C Dec. of 18 March 1975 EP Opinion	4.123 (<i>contd</i>)	From 1975 to 1977 the total amount of the Fund was allocated to projects (see table overleaf). The setting up of a Regional Policy Committee in July 1975. The Committee carried out the following tasks : (1) it drew up a model for a regional development programme (work completed, see 4.124) (2) the examination of yearly data from the Member States on the economic and social development of the assisted areas and the current and future national regional policy and contribution in those areas. (3) delivery of an opinion on infrastructure projects in excess of 10 million u.a. and on general guidelines for the financing of infrastructure projects (4) examination of problems relating to borderline areas Concerted research project on growth of large urban concentrations	EC Bull. Supplement 7/76 (First Annual Report) OJ L 73/75 OJ L 8/74 9th GR EC.
C Dec. of 7 Feb. 1978 EP Opinion	4.124	Work in progress Comm. is drawing up guidelines for future action with the assistance of the committee for Regional Policy. Negotiations on the shaping of the Fund after 1977.	OJ L 45/78 OJ C 299/77
Comm. proposals of 3 Jun. 1977	4.125	Regional policy measures supported by EAGGF Guidelines for Community regional policy — proposed amendment of Regs of 18 March 1975, revised text to enter into force after 1977. These proposals were not approved by C in time but C nevertheless allocated an amount of 381 million EUA to the Regional Fund in the 1978 budget. Since 1 January 1978 the Regs of 18 March 1975 (due for review) are being applied on a provisional basis. Measures to assist mountain and hill farming and farming in less-favoured areas (see 3.735)	EC Bull. Suppl. 2/77
C. Dir. 75/268 amended by C Dir. 76/400 C Dir. of 14 Feb. 1976			OJ L 128/75 OJ L 108/76 OJ L 58/77

4.125
(contd)

European Regional Development Fund 1975-1977

Aid granted in millions of units of account (figures rounded off ; in brackets : number of investment projects)

Country	Industry, crafts and service industries	Infrastructures	Infrastructures relating to mountain and hill farming	Total
Belgium	3.67 (16)	14.11 (96)	1.55 (1)	19.33 (111)
Denmark	2.40 (27)	14.47 (108)	—	16.87 (135)
FR of Germany	34.38 (426)	37.84 (244)	—	72.22 (670)
France	72.78 (385)	116.68 (234)	3.88 (6)	193.34 (625)
Ireland	39.43 (84)	34.19 (149)	11.10 (34)	84.72 (267)
Italy	146.28 (323)	333.74 (163)	40.41 (704)	520.43 (1192)
Luxembourg	—	1.29 (2)	—	1.29 (2)
Netherlands	—	21.91 (16)	—	21.91 (16)
United Kingdom	153.72 (343)	211.49 (1323)	8.71 (64)	373.92 (1730)
Total	452.66 (1604)	785.72 (2335)	65.65 (809)	1304.03 (4748)

4.13 **CONJUNCTURAL POLICY**

4.130 **Objectives :**

Ensuring balanced, uniform conjunctural development in all Member States.

4.131 **Requirements of EEC Treaty**

EEC Tr., Art. 103

Conjunctural policy to be matter of common concern. Member States shall consult each other and the Commission.

EEC Tr., Art. 109

Where a sudden crisis in the balance of payments occurs, a Member State may, under certain conditions, take protective measures.

4.132 **State of integration**

C Decs. of 18 Feb. 1974
C Dir. of 18 Feb. 1974

- C sets aside one day a month for discussion of economic and monetary questions ; session devoted to examination of economic situation three times a year ;
- on the basis of Comm. communication, C adopts guidelines for economic policy, including quantitative guidelines for government budgets ;
- on proposal from Comm. and after consulting EP and ESC, C adopts annual report on economic situation ; copies distributed to national parliaments so that it can be taken into account during budget debates ;
- procedure for consultation and supervision of implementation of guidelines (recommendation by Comm. to Member States not keeping to the guidelines) ;
- in each Member State the authorities must have means of temporarily accelerating or slowing down the rate of public spending and of adjusting tax revenue within 90 days ;

OJ L 63/74

4.132
(contd)

- in each Member State the authorities must have means, without having to seek prior approval, of temporarily freezing the surplus of estimated tax revenues or the proceeds of loan issues ;
- the Economic Policy Cttee has replaced the Conjunctural Policy Cttee, the Budgetary Policy Committee and the Medium-term Economic Policy Committee ; it advises C and Comm. ; it comprises four representatives of the Comm. and four representatives of each Member State.

4.14 **MONETARY AND FINANCIAL POLICY**

4.140 **Objectives :**

EEC Tr., Art 105 (2)

Coordination of monetary policies of Member States to extent needed for functioning of Common Market.

4.141 **Requirements of EEC Treaty**

EEC Tr., Art. 107

Rates of exchange to be matter of common concern.

EEC Tr., Art. 105 (2)

Monetary Cttee with advisory status comprising two Comm. representatives and two representatives of each Member State

— Reports to C on monetary and financial situation in EC and Member States

— Delivers opinions

EEC Tr., Art. 108

— To be heard before Comm. Recs. forwarded to C, to ensure mutual support of Member State with balance of payments difficulties

— Close cooperation with Conjunctural Policy Cttee (now the Economic Policy Committee).

4.142 **State of integration**

(a) Setting up administrative bodies

— setting up Cttee of Governors of Central Banks

— setting up European Monetary Cooperation Fund.

Task to promote smooth functioning of EC exchange-rate mechanism, interventions in EC currencies and settlements

OJ 24/64

OJ 89/73

4.142
(cont'd)

between central banks with a view to achieving coordinated reserves policy.

In first phase of activities, Fund will concern itself in particular with consultation on EC exchange-rate system, on making balances arising from interventions by central banks in EC currencies multilateral and on management of very short-term financing and short-term monetary support.

Fund is managed by Board of Governors consisting of members of Cttee of Governors of Central Banks and a member of Comm.

(b) Internal and external monetary policy

- | | | |
|-----------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|
| C Dec. of 8 May 1964 | — cooperation between central banks in area of internal and external monetary policy | OJ 77/64 |
| C Dec. of 22 March 1971 | — strengthening of cooperation between central banks : coordination of monetary policy, guidelines on development of bank liquidity, conditions for extension of credit and for interest rate levels | OJ L 73/71 |
| Agreement of 24 April 1972 | — setting up Community exchange machinery (the 'snake') : the disparity at any given moment between currencies of participating States may not exceed 2.25 % | OJ C 38/72 |
| C Dec. of 18 Feb. 1974 | — arrangements for consultations prior to changes in parity, central rate of intervention points of currencies
— strengthening of coordination of monetary policy of Member States, particularly as regards development of liquidity of the economy and banking system, conditions for granting credit and level of interest rates | OJ L 63/74 |
| Draft Reg. amending Reg. of 3 Apr. 1973 | — aims to enable FECOM to coordinate internal and external monetary policy of Member States | OJ C 44/75 |
| C. Res. of 8 Nov. 1976 | — C considers 'that it would be appropriate to make pragmatic use of the various opportunities for aligning monetary policy objectives without, however, encroaching upon national powers and areas of responsibility' | Bull. EC 11/76 par. 2202 |

4.142
(contd)

— Comm. has stressed on several occasions that establishment and disclosure of monetary targets could well help to reduce inflationary expectations and that such targets — expressed in figures — should be adopted at Community level

11 GR EC, Par. 101
COM (77) 443 final

Agreement reached by
Central Bank Governors
on 9 Feb. 1970

(c) Monetary and financial support

— foreign exchange aid is automatically granted by the partners if a Member State is in balance of payments difficulties ; aid can be extended beyond three months only if country concerned adopts measures jointly agreed by Member States

Not published in OJ

invites Board of Governors of FECOM to raise the amount of short-term monetary support available to each central bank to :

OJ C 20/74

million u.a.

Deutsche Bundesbank	600
Banque de France	600
Bank of England	600
Banca d'Italia	400
Banque Nationale de Belgique	200
Nederlandsche Bank	200
Danmarks Nationalbank	90
Central Bank of Ireland	35

and amount of support which each central bank agrees to provide to

million u.a.

Deutsche Bundesbank	1 200
Banque de France	1 200
Bank of England	1 200
Banca d'Italia	800
Banque Nationale de Belgique	400
Nederlandsche Bank	400
Danmarks Nationalbank	180
Central Bank of Ireland	70

4.142
(cont'd)

— Total of extensions beyond the debtor and creditor quotas may each attain a maximum of 1 500 million units of account.

— Doubling total of extensions under system of short-term monetary support

11 GR EC, Par. 116

— Setting up machinery for medium-term financial assistance ; credit arrangements with a term of 2 to 5 years subject to conditions in field of economic policy

OJ L 73/71

— Extends validity of the machinery

OJ L 330/75

— Ceilings for credit under machinery for medium-term financial assistance are raised to :

OJ L 14/78

million EUA % of total

Belgium/Luxembourg	400	7.34
Denmark	180	3.30
France	1 200	22.02
FR Germany	1 200	22.02
Ireland	70	1.28
Italy	800	14.68
Netherlands	400	7.34
United Kingdom	1 200	22.02

— Release of successive instalments will be conditional on a review of results obtained when compared with targets set in the Dec. granting assistance ; economic policy conditions will in future be stricter.

Agreement reached
by Central Bank
Governors in December 1977

C Dec. of 22 Mar. 1971

C Dec. of 18 Dec. 1975

C Dec. of 19 Dec. 1977

C. Reg. of 17 Feb. 1975

(d) Machinery for Community loans

— Possibility created for raising Community loans to maximum of 3 000 million dollars (principal and interest) on behalf of Member States with serious balance-of-payments difficulties caused by increase in price of petroleum products

OJ L 46/75

4.142
(*contd*)

Draft Dec. of 31 Jan. 1978

C Dec. of 21 Apr. 1974
Dec. of the Board of
Governors of the EIB
of 18 Mar. 1975
Comm. Dec. of
18 Dec. 1975

Since the machinery was established, EC has borrowed a total sum equivalent to 1 800 million dollars, of which 1 500 million have been lent-on to Italy and 300 million to Ireland.

- Comm. proposes creation of instrument of Community borrowing and lending of one thousand million EUA, to finance investments, which will help attain EC's priority objectives, particularly in energy-related and industrial projects and in infrastructure projects
- Adoption of European unit of account (EUA) based on a 'basket' of currencies of Member States, for European Development Fund, European Investment Bank and ECSC borrowing and lending operations. Application of EUA has since been extended to the machinery for medium-term financial assistance, EC budget and public contracts.

11 GR EC, Par. 109

OJ C 37/78

OJ L 104/75
Bull. EC 7-8/75

4.15 **MEDIUM-TERM ECONOMIC POLICY**

4.150 **Objectives :**

C Dec. of 18 Feb. 1974

- to facilitate and guide structural (sectoral, regional and social) changes in preparation for economic and monetary union ;
- to ensure convergence of the economic policies of Member States.

OJ L 63/74

4.151 **State of integration**

C Dec. of 18 Feb. 1974

Economic Policy Cttee (formally Medium-term Economic Policy Cttee) set up.

OJ L 63/74

Comm. to draw up at least every five years a draft of medium-term economic policy programme, indicating points of divergence from preliminary draft drawn up by Economic Policy Cttee. C makes decision after consulting EP and ESC. By accepting programme C and govts. of Member States indicate intention to act in acc. with guidelines set out in programme.

Dec. taken by C and representatives of M.S. on 14 Mar. 1977

Fourth medium-term economic policy programme covering the period 1 Jan. 1976 to 1 Jan. 1980.

OJ L 101/77
EP Doc. 579/76
OJ C 83/77

EP Rep.
EP Opinion

Main objectives :

- employment : a particularly active policy necessary to ensure that level of unemployment falls below 3 % by 1980. Objective must be a return to full employment
- growth : average annual growth rate of GDP in volume terms of 4.5 to 5 %

4.15/4.151

4.151
(*contd*)

- prices : rate of inflation should be gradually reduced to one compatible with lasting stability and should be of the order of 4 to 5 % by 1980 at the latest
- wages : adjusted share of wages and salaries must revert to a more normal level before a more satisfactory growth rate and unemployment level can be achieved
- investment : the ratio of productive investment to GDP must increase considerably
- public finance : public finance policy flexibility is a major importance for the growth path ; recourse to a further increase in tax burden should be limited
- balance of payments : at beginning of the projection period, EC should accept an external deficit, but by 1980 it should achieve a positive external balance of some 0.5 to 1 % of GDP.

Comm. makes five-year forecasts covering main macro-economic variables.

OJ L 63/74

Setting up of an EC Institute for Economic Analysis and Research.

Tripartite Conferences : economic policy coordination and participation of both sides of industry in policy-forming process at Community level.

OJ C 258/75

Definition of Community strategy for restoring full employment and stability.

EC Bull. 6/76

Prop. Comm. Reg. of
10 Oct. 1975

4.16 **ECONOMIC AND MONETARY UNION**

Res. of C and Member State
representatives of 22 March
1971 and 21 March 1972

Gradual achievement of Economic and Monetary Union.

OJ C 28/71
OJ C 38/72

4.160 **Objectives**

Communiqué summit conf.
of 9/10 Dec. 1974

To ensure satisfactory growth, full employment and stability in EC, to eliminate structural and regional imbalances and to ensure a larger EC contribution to international economic and monetary cooperation.

4.161 **Decision-making procedure**

See conjunctural policy, monetary policy, capital movements and regional policy.

4.162 **Instruments**

C Res. of 22 March 1971
C Res. of 21 March 1972

(a) 10-year plan for Economic and Monetary Union (EMU), i.e. a zone within which there is freedom of movement of persons, goods, services and capital without causing structural or regional imbalances or distortion of competition.

OJ C 28/71
OJ C 38/72

— which forms an independent monetary whole with complete convertibility, the elimination of margins of fluctuation in exchange rates and the final establishment of parities,

— in which the Community institutions have powers to administer the EMU.

(b) During first stage (1 Jan. 1971 — 1 Jan. 1974) the following measures must be taken :

— strengthening of coordination of short-term econ. policy and monetary and credit policy,

4.162
(contd)

- accelerated introduction of free movement of persons, goods, services and capital ; measures to include certain harmonization of some taxes,
 - regional policy : establishment of Regional Fund,
 - efforts to achieve common position in monetary relations with third countries and international organizations,
 - narrowing of the margins of fluctuation of the currencies of Member States (maximum margin between rates of two currencies at given time 2.25 %, and
 - possibly establishment of European fund for monetary cooperation.
- (c) Parallelism between economic and monetary measures to be maintained.
- (d) Economic policy coordination group set up, consisting of one representative of competent minister in each Member State and one Commission representative.
- (e) Five-year action programme, details to be specified annually which revolves around :
- establishment of lasting convergence between economies of Member States (coordination of economic policies, return to greater monetary cohesion and increase in financial resources of EC)
 - establishment of a single market
 - Community contribution to solving sectoral, structural and social problems.

Comm. Commun. of
17 Nov. 1977
1978 Action Prog.
(Comm. Commun. of
10 Feb. 1978)

COM(77) 620 final
COM(78) 52 final

4.163

State of integration

Coordination of economic policies of the Member States inconsistent ; now more restrictions in movements of capital than at beginning of '60s ; only limited progress in EC structural policy and fiscal harmonization.

4.163
(contd)

European Monetary Cooperation Fund plays subsidiary role. On 15 April 1978 France, Ireland, Italy and United Kingdom play no part in the EC's exchange-rate mechanism. Member States often disregard procedures for advance consultation when central rates are changed. Cooperation between the central banks of the Member States satisfactory.

C Res. of 8 Nov. 1976

'The Council is convinced that both the development of the Community and the greater stability of intra-Community exchange relations require that the economic policies of the Member States should converge and their economic situations be brought into closer alignment.'

EC Bull 11/76, para. 2202

See also conjunctural policy, monetary policy, capital movements and regional policy.

4.21 **INDUSTRIAL STRUCTURE POLICY**
(see also 2.4, Competition, and 4.12, Regional Policy)

4.210 **Objectives**

Creation of optimum conditions for existing measures to *redevelop and adapt industry* to realities of Common Market. Encouragement and, if necessary, guidance of this development.

Increase in productivity through research and industrial use of technological progress

Promotion of intra-Community concentration until undertakings reach optimum size

- to satisfy conditions of EEC domestic market
- to increase international competitiveness while,

however,

- maintaining workable system of competition
- simultaneously strengthening the efficiency of undertakings in new, larger units

Coordination of national structural measures to achieve homogeneous industrial structure in Community, and regional balance

4.211 **Requirements of the Treaties**

Treaties do not expressly provide for industrial structure measures.

EEC Tr., Art. 100
EEC Tr., Art. 235
EAEC Tr., Art. 203
ECSC Tr., Art. 96

- 4.211 **Measures can be based on provisions on**
(*cont'd*)
— approximation of legislation (see 1.22)
— amendment of Treaties (see. 1.233)
- Specific structural policy measures possible under Treaty provisions on
— economic policy (see. 4.101)
— regional policy (see 4.121)
— control of competition (see 2.411, 2.421)
— company and industrial law (see 2.31)
— control and coordination of national aid.

- 4.212 **Decision-making procedures**
- Approximation of legislation (see 1.22)
Amendment of Treaties (see 1.233)
Economic policy (see 4.102, 4.171)
Regional policy (see 4.102)
Control of competition (see 2.412, 2.422)
Company and industrial law (see 2.221)
Control and coordination of national aid (see 2.422)

- 4.213 **State of integration**
- To date, no all-embracing, expressly structural policy measures introduced by C or Comm.
- Measures with *inter alia* a structural effect taken as part of
— economic policy (see 4.161)
— control of competition, control and coordination of national aid (see 2.413, 2.423)

Comm. Dir. of 17 Dec. 1969	4.213 (<i>cont'd</i>)	— liberalization of procedure governing public works contracts	OJ L 13/70
C Dir. of 26 July 1971		Ban on treating imported and domestic goods differently	
		Coordination of procedures governing public works contracts	OJ L 185/71
C Dec. of 26 July 1971		— Publication in EC OJ	
		— Formation of Advisory Committee for Public Works Contracts'	OJ L 185/71
C Dir. of 21 Dec. 1976		Procedures for award of public supply contracts and measures for	OJ L 13/77
		— certain less developed areas (see 4.12)	
		— branches of industry affected by structural changes (see 4.2332, 4.333)	
		Adoption by C in 1973 of an initial programme in the field of technological and industrial policy (see 4.215)	OJ C 117/73

4.214 **Comm. memorandum 'Industrial Policy for the Community'**

On completion of transitional period, EC must endeavour to pursue policy of industrial development, to make economic and political unity of Western Europe irreversible and to ensure continuous economic growth and technical independence from other industrial countries.

Comm (70) 100 fin.
EP Doc. 226/60—71 and Annex

EC policy on industrial development should be not only quantitative policy but also a qualitative industrial structure policy, so that

- balanced industrial structure
- economic growth at high technological level

can be achieved within EC.

4.214
(contd)

Industrial policy proposed by Comm. embraces

Memorandum, Part 2,
Chapter I

C General Programme of 28
May 1969

- completion of CM
- Elimination of technical obstacles to trade to permit Community production without industry having to manufacture a variety of similar products for individual Member States (see 2.13)
- Elimination of discrimination in awarding public works contracts
- National production not to be maintained for prestige reasons, which make cheaper production at Community level impossible and increase cost of introducing new technological processes
- Elimination of tax barriers
- investments to be made in most favourable locations regardless of tax considerations

OJ C 76/69

OJ C 50/71
OJ C 7/72

Memorandum, Part 2,
Chapter II

Comm. Prop. for Reg. EP
Opinion

- Unification of legal, taxation and financial framework
- Facilitation of mergers of undertakings throughout Member States
- *Establishment of 'joint undertakings' in area covered by EEC Tr.* (for joint undertakings in EAEC see 4.2342)
 - by setting up, or completely or partially merging, activities of public service organizations whose activities are in public EC interest.
 - by establishing or merging undertakings whose activities in field of technological development or raw material supply, excluding hydrocarbons industry, are in EC interest
- involving partners from at least two Member States
- established by C Dec.
- legal entity
- annual report to Comm.
- annex : list of possible concessions

OJ C 107/71
EP Doc. 158/71—72
EP Doc. 2/72—73

Comm. Prop. for Reg.
Amended Comm. Prop. for
Reg. of 13 May 1975

4.214
(*cont'd*)

Grant of 'joint undertaking' status to activities in hydrocarbons industry
Work to create a 'European limited company' (see 2.33)

Elimination of varying tax laws which make mergers difficult and obstruct relations between parent companies and affiliates

Elimination of varying tax laws which make mergers difficult and obstruct relations between parent companies and affiliates

Memorandum, Part 2,
Chapter II

— Industrial restructuring of undertakings

Support for concentrations where necessary to become internationally competitive

Support for concentrations to achieve optimum supply of EEC domestic market

Aid from EIB for amalgamations of undertakings from different Member States

Memorandum, Part 3,
Chapter I

— *Control over changes and processes of adaptation* by means of investigation into development of industrial structure in major sectors with advanced technology (nuclear engineering, aviation, electronics, data processing). Support to develop efficiency while maintaining competitive situation.

Forecasts of changes in labour market in as many sectors as possible, to allow redundant workers at all levels to be retrained or trained for work in more dynamic sectors.

Memorandum, Part 3,
Chapter III

— Industrial applications of innovations

Dynamic industrial development and creation of new jobs dependent on speed at which industry exploits results of scientific and technical research

— Cooperation between specialists in technological forecasting to study new possibilities for industrial production from developing technology and changing needs

OJ C 106/71
EP Doc. 12/72—73
EC Bull.
Suppl. 4/75

Memorandum, Part 3,
Chapter II

4.214
(*cont'd*)

- Improved dissemination of results of research
- Improved cooperation between State and private research institutions
- Improved business management
- Adjustment to expected changes in marketing and production methods
- Improved cooperation between management and labour
- Adaptation of training of industrial management to new conditions in the Common Market

4.215

Initial action programme in field of technological and industrial policy

EC Bull. 5/73 Par.
1101-1105, 2232

Programme envisages five main fields of action :

OJ C 117/73

- abolition of technical barriers to trade
- gradual and effective liberalization of public and semi-public contracts in EC
- Promotion of competitive European-scale undertakings
- Promotion of advanced technology industries and industrial sectors in difficulties
- the establishment of the Business Cooperation Centre (2 May 1973)

Motion for a resolution of 9
Aug. 1971
Comm. Prop. for Reg. of 21
Dec. 1973

Initiative by two members of the European Parliament, taken over by
Comm. in substantially altered form for establishment of 'European Coop-
eration Grouping' (ECG)

Doc. PE 108/1971—72
EC Bull. Annex 1/1974

EP Opinion
of 14 June 1977

Objective : Framework established for cross-frontier cooperation, particu-
larly between small- and medium-sized undertakings, based on Commu-
nity law (legal basis : Art. 235 of the EEC Treaty).

OJ L 163/77

4.214/4.215

4.215
(contd)

Principal provisions of Comm. proposal :

- ECG set up on contractual basis.
- ECG not to seek to make profits.
- Activities of ECG limited to provision of services for members only and to processing goods or packaging finished products for requirements of members only.
- From date of registration ECG shall enjoy legal capacity.
- Members of ECG jointly and severally liable for debts of grouping.
- Decision-making body of grouping shall be general meeting.
- Profits made by ECG taxable in hands of members.

Comm. intends to transmit an amended proposal to C.

11 GR EC, Par. 132

4.216

Work in progress

Comm. Prop. for Dec. of 28
April 1971

Formation of *Industrial Policy Cttee* to

- coordinate general and sectoral measures forming part of national structural policies
- prepare for structural policy activities of EC by means of investigations and opinions delivered to C or Comm.

EC Bull. 6/71
Par. 41

Comm. Prop. for Reg. of 24
July 1972 (see also
Memorandum, Part 4,
Chapter II)

No agreement reached in C on formation of Cttee

Industrial development contracts to be concluded by EC to allow technological cooperation between undertakings in different Member States

- Existing mechanisms of this type not capable of encouraging multi-national technological cooperation

EC Bull. 9/72, Par. 67
EP Doc. 10/73—74

Comm. Commun. of 25
Sep. 72

Opening of Business Cooperation Centre

EC Bull. 10/72, Par. 110
EC Bull. 4/73, Par. 22—38

- 4.216
(*contd*)
- Undertakings provided with general information
 - Contact established between undertakings willing to cooperate
 - Reports to C or Comm. on difficulties or obstructions met by undertakings willing to cooperate
 - By end of 1974 more than 3 000 undertakings had approached the Business Cooperation Centre
 - During the course of 1975 a total of 15 cooperation agreements were concluded.

9 GR EC, Par. 295

At beginning of 1975 results of first 12 months of implementation of Programme described as 'disappointing'.

8 GR EC Par. 297

4.2161 *WORK IN PROGRESS IN VARIOUS SECTORS*

4.21611 *STEEL INDUSTRY*

Comm. Memo. of 26. July 1971 (in acc. with ECSC Tr., Art. 46)

Comm. Commun.

Comm. Commun.

'General Objectives for Steel, 1975-1980'

OJ C 96/71

'General Objectives for Steel 1980-1985'

OJ C 232/76

Revision of 'General Objectives for Steel 1985-1990'

OJ C 103/77

In 1975, steel production in EC suffered a decline of 20 % *vis-à-vis* the previous year, thereby dropping to the level of 1968. The simultaneous reduction in the level of iron and steel prices caused reductions in the number of persons employed in this sector. In order to halt this trend, the Commission introduced the following measures :

- Reinstatement of the four-month and annual forecasting programme concerning production and requirements in Member States.
- Obligation for companies in the steel industry to make regular declarations on the subject of steel production and on the present situation and the forecast situation as regards employment.
- Import and export controls by Member States
- Consultation on the advisability of fixing minimum prices for iron and steel products within the EC.

OJ C 98/75

ECSC Tr. Art. 47

OJ L 130/75

OJ L 190/75

ECSC Tr. Art. 74, part. 3

ECSC Tr. Art. 61

Comm. Commun. of 20 Dec. 1976	4.21611 <i>(contd)</i>	Initial crisis measures	OJ C 304/76
Comm. Dec.		Extension of crisis measures	EC Bull. 3/77 EC Bull. 4/77 EC Bull. 6/77 EC Bull. 7-8/77
Comm. Dec. of 16 Mar. 1977		Guidelines for steel policy (preservation of unity and openness of market, maintenance of modernized production capacity, market intervention and retraining and redeployment of workers)	EC Bull. 3/77 EC Bull. 4/77
EP Opinion			OJ C 118/77
Comm. Commun.		Guidance prices	OJ L 114/77 OJ C 174/77
Comm. Rec. of 15 Apr. 1977 and 28 Dec. 1977		Automatic import licensing system	OJ L 114/77 OJ L 352/77
C. Dec. of 20 Dec. 1977 Comm. Dec.		Price discipline for steel	EC Bull. 12/77
ECSC Tr. Art. 55		Interim anti-dumping scheme (valid until 1 Apr. 1978)	OJ L 352/77

17 million u.a. were spent in 1975 on technical research in the iron and steel sector. In 1976 the figure was 17.7 million u.a. and in 1977 12.5 million u.a. In the period from setting up the ECSC to 1977, a total of 127.2 million u.a. has thus been spent on research and innovation

4.21612 **NUCLEAR INDUSTRY**
See 4.222 Technology and research
4.234 Energy policy

4.21613 **TEXTILE INDUSTRY**
Approval of document on industrial policy for textile sector

Comm. Dec.
of 22 July 1971

EC Bull. 9-10/71, Par. 78

4.21613
(cont'd)

- Comm. traces guidelines to serve for reorganization. Member States must create the conditions required to allow restructuring to proceed smoothly. Besides intervention at national level, action by Comm. envisaged, as general measures aimed at sectors of textile industry.
- Creation of suitable financing possibilities
- Only gradual opening-up of EC market, to allow for medium-term reorganization plans
- Appraisal of national grants from viewpoint of EC development
- Recourse to European Social Fund in internal conversion projects and in retraining workers for employment in other sectors
- Activities to benefit certain regions as part of the regional policy
- Coordination of individual and collective research (research programme for the textile sector.
- Use of development contracts as soon as procedures approved by C.

EP Doc. 424/74
EP Doc. 287/74
OJ L 111/75

Acceptance of the Arrangement regarding international trade in textiles by C on behalf of EC on 21 March 1974 so as to reduce disruption caused by imports of certain textiles products.

OJ L 118/74

C Dec.

Extension of Arrangement regarding international trade in textiles until 1981 (see also 5.572)

OJ L 348/77

Conclusion of 'bilateral limitation agreements' with a certain number of developing countries with a view to limiting imports of textile products into EC, on the basis of Art. 4 of the Arrangement regarding international trade in textiles.

C. Reg. 3001/75 of 29 Nov. 75	4.21613 <i>(contd)</i>	C. Reg. on opening, allocating and providing for the administration of Community tariff quotas for certain textile products from developing countries, with a view to controlling imports.	OJ C 205/75 OJ L 310/75
Comm. Rec.		Tights and stockings subsector	OJ L 265/76
Comm. Commun. of 8 Dec. 1976		Promotion of textile and clothing industry	EC Bull. 12/76
Comm. Rec. July 1977		Discontinuation of aid to synthetic fibre industry for two years	EC Bull. 7.-8./77 EC Bull. 11/77
	4.21614	FOOTWEAR INDUSTRY	
Comm. Prop. for C Dec. Comm. Dec. Sept. 1977		Collective technological research programme Setting-up a Joint Cttee for footwear industry.	OJ C 209/76 OJ L 61/77 EC Bull. 9/77
	4.21615	DATA-PROCESSING INDUSTRY	
C. Res. of 15 July 1974 C Dec. of 22 July 1976 Comm. Commun. of 8 Nov. 1976 C. Dec. of 27 Sept. 1977		Promotion of data processing Joint data-processing project Four-year programme for data-processing sector data-processingsector Studies in : software portability, support of use of informatics in the research centres of EC etc.	OJ C 86/74 OJ L 223/76 EC Bull. 10/76 OJ L 255/77
	4.21616	WOOD AND PAPER INDUSTRY	
		C has taken note of the proposals put forward by Comm. in 1974 concerning the wood and paper industry which were examined and found to be well founded by the Parliament and the Economic and Social Committee. C does not consider it is in a position to take a decision because of the complexity of the measures proposed.	8 GR EC, par. 306

4.21617 SHIPBUILDING INDUSTRY
(contd)

C Dir. of 10 July 1975	Aid to shipbuilding	OJ L 192/75
C. Dir. of 16 Nov. 1976	Amendment of C Dir. of 10 July 1975	OJ L 320/76
	These directives expire on 31 Dec. 1977	
Comm. Prop. of 4 Nov. 1977	Aid to shipbuilding	OJ C 294/77
EP Opinion	(essentials approved by C on 7 Mar. 1978)	OJ C 36/78
Comm. Prop. of 9 Dec. 1977	Setting-up a Shipbuilding Cttee	OJ C 10/78
Comm. Commun. of 9 Dec. 1977	Reorganization of shipbuilding in EC	EC Bull. Suppl 7/77

4.21618 AIRCRAFT INDUSTRY

C. Res. of 4 Mar. 1975	C requests report from Comm.	OJ C 59/75
Comm. Commun. of 3 Oct. 1975	Action programme for European aircraft industry and air transport	EC Bull. Suppl 11/75
EP Opinion of 6 July 1976		OJ C 265/75
		EC Bull. 7.-8./76
C Dec. of 14 Mar. 1977	Criteria for joint programme	OJ C 69/77
Comm. Prop. of 2 Aug. 1977	Action programme for aeronautical research	OJ C 210/77

4.21619 MANUFACTURE OF MOTOR VEHICLES

C Dir. 1968-1977 37 Dirs	Technical harmonization of motor vehicle parts	(See Transport policy 4.24132)
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C Res. of 29 June 1977
C Dir. of 21 Dec. 1977
C Dir. 1974-1977
13 Directives :
3 Dirs. of 4 Mar. 1974
2 Dirs. of 25 June 1974
3 Dirs. of 20 May 1975
Dir. of 6 Apr. 1976
Dir. of 27 July 1976
Dir. of 29 Mar. 1977
2 Dirs. of 28 June 1977

4.21619
(*contd*)

EEC whole vehicle type-approval for passenger cars
Type-approval of motor vehicles and their trailers
Technical harmonization of parts of agricultural and forestry tractor relating to :
load platforms, components, mirrors, field of vision, windscreen wipers, indicators, lighting, towing devices, roll-over protection structures, emission of pollutants from diesel engines, noise level

OJ C 177/77

OJ L 81/78

OJ L 84/74

OJ L 191/74

OJ L 147/75

OJ L 122/76

OJ L 262/76

OJ L 105/77

OJ L 220/77

4.22

TECHNOLOGY AND RESEARCH

Treaties do not incorporate comprehensive research tasks or powers. Research at present possible only to extent authorized by individual Treaties, limited to specific sectors and by Article 235 of the EEC Treaty.

EC's research activities comprise

- direct activities carried out by Joint Research Centre and financed in full by EC
- indirect activities carried out by research workers, laboratories and universities in Member States and financed in part by EC
- coordinated activities, likewise carried out by research workers, laboratories and universities in Member States, but only coordination being financed by EC.

4.221 **Research under ECSC Treaty**

4.2210 *OBJECTIVES*

ECSC Tr., Art. 55

Promotion by Comm. of research on production and increased consumption of coal and steel (in acc. with ECSC Tr., Annex I) and industrial safety

4.2211 *DECISION-MAKING PROCEDURES*

ECSC Tr., Art. 55 (1)

ECSC Tr., Art. 55 (3)

(a) *Comm., acting on own initiative*

- promotes cooperation between existing research bodies
- delivers *opinions* to make technical improvements more widely known

ECSC Tr., Art. 55 (2)(a)

ECSC Tr., Art. 55 (2)(b)

(b) After consulting consultative Cttee, Comm. decides on

- joint financing of research by undertakings
- allotting research funds received as gifts

ECSC Tr., Art. 55 (2)(c)

(c) *With assent of C, Comm. approves*

- research funds derived from levies

4.2212 *STATE OF INTEGRATION*

Current research programmes

ECSC Tr., Art. 55

In 1977, aid to research was granted to :

Coal research (16.2 million u.a.) as part of the medium-term coal research aid programme 1975-1980. In 1977 135 research contracts were in operation, including research on mining technology (gas, dust, ventilation etc.) and coal utilization (coking and hydrogenation).

OJ C 60/74

OJ C 160/74

4.2212 *(contd)* *Steel research* (12.5 million u.a.) involving 260 contracts covering production methods, product improvement, new technology and special applications.

Social research in the coal and steel sector (9.7 million u.a.) involving 135 contracts covering mine safety, pollution in the iron and steel industry, ergonomics etc.

4.222 **Research under EAEC Treaty**

4.2220 *OBJECTIVES*

Creation of conditions for rapid establishment and development of nuclear industries

EAEC Tr., Art. 4 (2)

Objectives of research in EAEC Tr., Annex I. Can be amended by C on proposal by Comm.

4.2221 *DECISION-MAKING PROCEDURES*

(a) *C independently appoints*

EAEC Tr., Art. 18

— Members of Arbitration Cttee for licence and patent disputes

(b) *C, on Comm. proposal,*

EAEC Tr., Art. 9 (2)

— determines by qual. majority details of establishment of an institution of university status

EAEC Tr., Art. 24 (1)

— security gradings and measures in respect of information acquired during research programmes

(c) *C decides, on Comm. proposal and after consulting* Scientific and Technical Cttee, on

EAEC Tr., Art. 4 (2)

— amendments to field of activity described in EAEC Tr., Annex I (by qual. majority)

EAEC Tr., Art. 7, Par. 1

— research and training programmes (*unanimously*)

- 4.2221 (contd)
- EAEC Tr., Art. 4 (1)
EAEC Tr., Art. 6
EAEC Tr., Art. 7, Par. 4
EAEC Tr., Art. 5, Par. 1
- EAEC Tr., Art. 5, Par. 2
EAEC Tr., Art. 5, Par. 4, 5
EAEC Tr., Art. 10
EAEC Tr., 12-19
EAEC Tr., Art. 15
- EAEC Tr., Art. 8
- EAEC Tr., Art 9 (1)
- (d) *Comm. on own initiative, decides on*
- measures to promote research in Member States and carry out EC research programme, reporting to C
 - *requests or communications* to Member States, etc., relating to information on national research
 - *opinions* on national research programmes
 - publication of lists of insufficiently explored sectors of research
 - commissioning third parties to carry out research projects
 - dissemination of information in EC possession
 - action for exchange of information not originating within Community institutions
- (e) *Comm. decides, after consulting Scientific and Technical Cttee, on*
- establishment of Joint Nuclear Research Centre and Central Bureau for nuclear measurements
- after consulting ESC, on*
- establishment of training schools.

4.2222 *STATE OF INTEGRATION*

Current research programmes :

(a) *Energy from fission (indirect actions)*

- | | | |
|-----------------------------------------------------|--------------------------------------------------------------------------------|-------------------------------|
| C Dec. 75/406/EAEC | Research programme on management and storage of radioactive waste (1975-1980). | OJ L 178/75 |
| C Dec. 74/642/EAEC
of 17 Dec. 1974
EP opinion | Recycling of plutonium in light-water reactors (1975-1979). | OJ L 349/74

OJ C 93/74 |

C Res. of 22 Jul. 1975 EP opinion	4.2222 (contd)	Investigation into reactor safety (implementation of C Res. of 22 July 1975 on alignment of safety requirements and criteria, coordination of research).	OJ C 185/75
(b) <i>Controlled thermonuclear fusion and plasma physics</i>			
C Dec. 76/345/EAEC of 25 Mar. 1976 EP report EP opinion		This part of research and training programme adopted by C on 25 Mar. 1976 (1976-1980) is being implemented by associations linking Comm. and all specialized bodies in Member States. Community contribution amounts to 124 million u.a.	OJ L 90/76 EP Doc. 402/75 OJ C 7/76
(c) <i>Multiannual research programme for the Joint Research Centre (1977-1980)</i>			
C Dec. 77/488/EEC, EAEC of 18 Jul. 1977 EP report EP opinion		Those parts of programme concerning nuclear safety account for 39.7 % of total budget of 346 million u.a. This covers ; reactor safety, plutonium fuels and actinide research, and management of nuclear materials and radioactive waste. Future forms of energy (solar energy, hydrogen and thermonuclear fusion) account for 14.5 %, environment and resources for 10.2 %, measurements, standards and reference techniques for 15.4 %, and service and support activities for 20.2 % of the budget.	OJ L 200/77 EP Doc. 283/76 OJ C 238/76
(d) <i>Scientific and technical education and training</i>			
C Dec. 77/55/EEC, EAEC of 21 Dec. 1976 EP report EP opinion		adopting programme in field of scientific and technical education and training.	OJ L 10/77 EP Doc. 379/76 OJ C 293/76
(e) <i>Uranium exploration and extraction</i>			
C Dec. 78/264/EAEC of 6 Mar. 1978 EP report EP opinion		adopting a programme of research and development for the European Atomic Energy Community on uranium exploration and extraction (indirect action, 3 million u.a.).	OJ L 77/78 EP Doc. 409/77 OJ C 6/78

4.2223 *WORK IN PROGRESS*

Proposed programmes

Comm. Prop. for C Res. EP report EP opinion	on EC plan of action relating to radioactive wastes.	OJ C 249/77 EP Doc. 576/77 OJ C 85/78
Comm. Prop. for C Dec, EP report EP opinion	— on establishment of a high-level committee of experts to assist Comm. on matters concerning implementation of plan of action on radioactive wastes.	OJ C 249/77 EP Doc. 576/77 OJ C 85/78
Comm. Prop. for C Dec. EP report EP opinion	— on setting up ad hoc committee on reprocessing of nuclear fuels.	OJ C 199/77 EP Doc. 576/77 OJ C 85/78
Comm. Commun. EP report EP opinion	— on fast breeder option in Community context	Doc. COM(77) 361 fin EP Doc. 519/77 OJ C 63/78
	— justification, achievements, problems and action perspectives	
Comm. Prop. for C Dec.	JET project (Joint European Torus), which was a major element in original proposal for a programme in controlled thermonuclear fusion, was set aside for a separate decision when C approved part of programme in March 1976. On 25 Oct. 1977 C decided that JET plant should be set up at Culham. Comm. subsequently submitted proposal amending its partial approval of 1976 (C Decision 76/345/EAEC), so that JET project could be incorporated into fusion programme.	Doc. COM(78) 147 fin

CEEA Tr., Art. 9, Par. 2

4.2224 *EUROPEAN UNIVERSITY INSTITUTE AT FLORENCE*

Background

- 3 June 1955 : proposal to set up a European University first raised at Messina (Conference of Foreign Ministers of the Six)
- 18 July 1961 : again raised at Summit meeting in Bonn 'Creation of a European University by Italy in Florence'
- 19 April 1972 : signature of inter-governmental 'Convention' by Six (adopted by three new Member States)
- ratification procedures

Programme for establishment

- 20 March 1975 : first meeting of Upper Council of the European University Institute
- October 1975 : preparation of study programme and selection of students
- October 1976 : inauguration of first academic year

4.2223 **Research under EEC Treaty**

4.2231 *REQUIREMENTS OF EEC TREATY*

EEC Tr., Art. 41

EEC Tr., Art. 235

For agriculture only.

In recent years, Article 235 has been widely applied to research not covered by ECSC or EAEC Treaties, and for defining general research policy.

4.2232 *DECISION-MAKING PROCEDURES*

EEC Tr., Art. 235

Cf. Section 1.233.

4.2233 *STATE OF INTEGRATION*

General

C Res. of 14 Jan. 1974

It was not until this C Res. on coordination of national policies and definition of scientific and technological projects of interest to EC that there was any formal basis for research policy going beyond fields covered by ECSC and EAEC Treaties.

OJ C 7/74

C Res. of 14 Jan. 1974	4.2233 <i>(contd)</i>	EC's initial action programme in field of science and technology laid down general framework for work.	OJ C 7/74
Comm. Commun. of 30 Jun. 1977 EP report EP opinion		These Resolutions have recently been supplemented by a common policy in the field of science and technology during the period 1977 to 1980.	OJ C 187/77 EP Doc. 361/77 OJ C 299/77
		Scientific and Technical Research Committee (CREST), composed of delegations from all Member States, assists Comm. and C in preparing common policy. This is of particular importance in coordinating national projects.	
C Res. of 18 Jul. 1977		A number of advisory committees for programme management assist in implementation of programmes already approved.	OJ C 192/77
		<i>Research projects in progress</i>	
		<i>(a) Energy (non-nuclear)</i>	
C Dec. 75/510/EEC of 22 Aug. 1975 EP report EP opinion C Dec. 77/54/EEC of 21 Dec. 1976 EP opinion		adopting an energy research and development programme. Indirect action on energy conservation, production and utilization of hydrogen, solar energy, geothermal energy and systems analysis. authorizing Comm., within specified limits, to transfer funds between different parts of programme.	OJ C 231/75 EP Doc. 526/74 OJ C 76/75 OJ L 10/77 OJ C 293/76
		<i>(b) Resources</i>	
C Dec. 75/263/EEC of 6 Mar. 1978 EP report EP opinion		adopting a multiannual research and development programme in field of primary raw materials. Indirect action (18 million u.a.) on exploration, ore processing and mining technology.	OJ L 72/78 EP Doc. 348/77 OJ C 299/77

4.2233
(contd)

(c) *Industrial technology*

C Res. of 15 Jul. 1974
C Stat. of 14 Mar. 1977

EC policy on data processing on industrial policy in aeronautical sector approves a study of opportunities and procedures for a joint effort with regard to basic research.

OJ C 86/74
OJ C 69/77

C Dec. 77/188/EEC
of 14 Feb. 1977
EP report
EP opinion

adopting a technological research programme for footwear industry. Indirect action (235 000 u.a.).

OJ L 61/77
EP Doc. 466/76
OJ C 30/77

(d) *Dissemination of knowledge etc.*

C Dec. 75/200/EEC
of 18 Mar. 1975
EP report
EP opinion

adopting an initial three-year EC plan of action in field of scientific and technical information and documentation. Under this programme, preparatory work for setting up Euronet network was carried out in cooperation with national postal authorities. Euronet is intended to provide potential users throughout EC with direct access to a number of existing or forthcoming data banks containing scientific and technical information.

OJ L 100/75
EP Doc. 387/74
OJ C 32/75

C Res. of 26 Nov. 1974

On the automation of legal documentation on Community law (CELEX).

OJ C 20/75

C Dec. 76/310/EEC
of 15 Mar. 1976
EP report
EP opinion

Adopting a research programme (1976-1978) for EC in field of reference materials and methods (Community Bureau of Reference). Indirect action, 2.7 million u.a.

OJ L 74/76
EP Doc. 363/75
OJ C 280/75

(e) *Forecasting*

C Res. of 14 Jan. 1974

on a programme of research as an instrument of forecasting, assessment and methodology in EC. On basis of this resolution, a project group of 25 scientists from Member States investigated 'foreseeable or possible deve-

OJ C 7/74

4.2233 lopments over the next thirty years, which are likely to affect progress of
(*contd*) Europe'. This study, entitled 'Europe plus 30', was completed in 1975.

(f) *Environment, public health etc.*

See Section 4.52.

(g) *International cooperation*

EC participates in a number of research projects in cooperation with COST (Conférence d'organisation scientifique et technologique), in which 19 European countries are involved. It does not participate in all COST projects, nor does its participation prevent Member States from participating individually. One example is COST project 50/51/52 — coordinated European action on 'materials for gas turbines'.

As part of energy research programme, Comm. participates in coordination of research between members of IEA with a view to avoiding overlapping of its research projects with those of EC.

Together with 40 countries and 3 international organizations, Comm. is also participating in International Nuclear Fuel Cycle Evaluation (INFCE), which started in October 1977.

A number of third countries are involved bilaterally in EC research projects, cf. for instance agreement between EAEC and Sweden for cooperation in field of controlled thermonuclear fusion and plasma physics.

OJ L 162/76

Finally, on basis of C Resolution of 14 Jan. 1974, EC has established contact with the European Science Foundation.

OJ C 7/75

4.2234

WORK IN PROGRESS

General

Comm. Prop. for
C Res.
EP report
EP opinion

Guidelines for common policy in field of science and technology.

OJ C 187/77

EP Doc. 361/77
OJ C 299/77

Resources

Comm. Prop. for
C Dec.
EP report
EP opinion

Adopting a multi-annual research and development programme in field of paper and board recycling (indirect actiona 1978 to 1980.

OJ C 209/77

EP Doc. 464/77
OJ C 36/78

Industrial technology

Comm. Prop. for
C Dec.
EP report
EP opinion

On the promotion of industrial research projects.

OJ C 187/77

EP Doc. 361/77
OJ C 299/77

Proposals for

Comm. Prop. for
C Dec.
EP report
EP opinion

— a multi-annual programme (1978 to 1981) for data processing sector

OJ C 39/77

— A management and coordinating committee for data processing programmes

EP Doc. 235/77
OJ C 241/77

— EC premium scheme for data processing sector.

Comm. Prop. for
C Dec.
EP report
EP opinion

An initial programme for aeronautical research and for a management and coordinating committee for research programme in aeronautical industry.

Doc. COM(77) 362 fin.

EP Doc. 454/77
OJ C 36/78

4.2234
(contd)

Dissemination of knowledge

Comm. Prop. for
C Dec.
EP report
EP opinion

Second three-year plan of action in field of information and documentation in science and technology : main features of plan are introduction of Euronet, development of a common market for scientific and technical information and promotion of information technology.

OJ C 182/77
EP Doc. 550c. 552/77
OJ C 85/78

Forecasting

Comm. Prop. for
C Dec.
EP report
EP opinion

Research programme on forecasting and assessment in the field of science and technology (follow-up to 'Europe plus 30').

OJ C 187/77
EP Doc. 361/77
OJ C 299/77

4.23 ENERGY POLICY

4.230 Objectives

Planning and organization of procurement and distribution of secure, cheap and adequate energy supplies for industry and public at Community level, account taken of the following basic situations :

- different economic and technical bases in the competition between energy sources (coal, oil, nuclear power, natural gas, hydro-electric power)
- high investments with long amortization period necessary
- so far, activity by States predominantly in accordance with national criteria
- energy policy at EC level still only in its infancy

4.231 Energy statistics for 1976 (in million tonnes of coal equivalent)

Primary energy	Production	Gross international consumption	Degree of dependence on foreign supply %
FR of Germany	169.7	373.3	54.5
France	52.8	249.5	78.8
Italy	35.4	193.1	81.7
Netherlands	111.0	93.6	— 18.6
Belgium	9.8	63.1	84.5
Luxembourg	0.0	6.5	100.0
United Kingdom	188.2	294.1	36.0
Ireland	1.7	9.6	82.3
Denmark	0.3	27.2	98.9
EC Nine	568.9	1 310.1	56.6

4.231	Primary energy consumption 1976 EC Nine by products (%)	
<i>(contd)</i>	Coal etc.	19.5
	Lignite etc.	3.2
	Crude oil	55.3
	Natural gas	16.7
	Other forms of energy	0.2
	Primary electricity	5.1

4.232 **Legal position**

ECSC Treaty
EAEC Treaty
EEC Tr., Art. 5,
Art. 213, Art. 103.4,
Art. 113
Art. 235

Treaties provide no general powers for drawing up a common energy policy. An energy policy for coal sector can be implemented on basis of ECSC Tr, and a policy on nuclear power can be based largely on EAEC Tr. General energy measures and guidelines regarding oil, gas, electricity and other sources of energy must be reached on basis of those provisions of EEC Tr concerning exchange of information between Member States and EC institutions, procedures in the case of supply difficulties and common commercial policy. Finally, where no other powers are available, recourse must be had to Article 235 of EEC Tr.

4.233 **Energy policy under ECSC Tr.**

ECSC Tr. contains provisions only for energy policy on coal.

ECSC Tr., Art. 3

4.2330 **OBJECTIVES**

- Securing supplies at low price
- Promotion of undertakings covered by ECSC Tr.
- Reduction of trade barriers

ECSC Tr., Art. 54, Par. 4

4.2331

DECISION-MAKING PROCEDURES

ECSC Tr., Art. 58 (4)

ECSC Tr., Art. 59 (7)

ECSC Tr., Art. 64

ECSC Tr., Art. 59 (4)

ECSC Tr., Art. 63 (1, 3)

(a) *Comm. on own initiative, decides on*

— *opinions on investment programmes*

— *imposition of fines on undertakings*

— *allocation of coal in times of shortage*

— *recommendations where ban on discrimination infringed.*

(b) *Comm. after consulting C*

— *assesses levies.*

ECSC Tr., Art. 50 (2)

(c) *Comm. with unanimous assent of C*

— *makes financial arrangements serving purposes of Treaty*

— *assists industrial investment programmes.*

ECSC Tr., Art. 53 (b), Par. 1

ECSC Tr., Art. 54, Par. 2

(d) *Comm. after consulting C and Consultative Cttee*

— *determines conditions under which it will authorize financial arrangements common to several undertakings.*

— *makes recommendations to Member States where financial arrangements inconsistent with ECSC Tr.*

ECSC Tr., Art. 53 (a)

ECSC Tr., Art. 53 (b), Par. 2

ECSC Tr., Art. 59 (6)

— *ends arrangements made in the form of allocation systems in times of shortage.*

ECSC Tr., Art. 60 (1)

— *defines prohibited practices.*

ECSC Tr., Art. 62, Par. 3

— *authorizes equalization payments between undertakings in different coalfields*

(e) *Comm. establishes, with assent of C and after consulting Consultative Cttee*

— *systems or production quotas*

— *restrictions on exports*

ECSC Tr., Art. 58 (1)

ECSC Tr., Art. 59 (5)

- 4.2331
(*cont'd*)
- ECSC Tr., Art. 59 (1)
ECSC Tr., Art. 62, Par. 2
- (f) *Comm. after consulting Consultative Cttee*
— proposes to C measures to eliminate shortage.
— authorizes equalization payments between undertakings in same coalfield.
- (g) *C decides,*
acting unanimously if proposal from Comm.
by simple majority if proposal from Member State
— to end systems of quotas
acting unanimously if proposal from Comm.
— whether serious shortage exists
— on consumption priorities in event of shortage (if C does not reach decision, Comm. decides).
- ECSC Tr., Art. 58 (3)
ECSC Tr., Art. 59 (1)
ECSC Tr., Art. 59

4.2332 *STATE OF INTEGRATION*

- ECSC Tr., Art. 4
- Achievement of Tr. objectives by
— prohibiting discrimination
— prohibiting subsidies and special charges
— prohibiting import and export duties, or charges having equivalent effect, and quantitative restrictions on the movement of products
— prohibiting sharing of markets
— paying resettlement allowances
— granting loans
— promoting research (see 4.221)
— prohibiting agreements restricting competition.
- ECSC Tr., Art. 56
ECSC Tr., Art. 53, 54
ECSC Tr., Art. 55
ECSC Tr., Art. 65

a) *General*

On 17 Dec. 1974, C adopted a regulation concerning EC energy policy objectives for 1985. Among other things, EC production of hard

OJ C 153/75

4.2332
(*contd*)

coal was to be maintained at current level (approx. 250 million tce) under satisfactory economic conditions.

In its Communication 'Medium-term guidelines for coal 1975 to 1985', Comm. stressed need to stabilize coal production, while at the same time increasing productivity. These guidelines were approved by the C in Dec. of 13 Feb. 1975.

OJ C 22/75

OJ C 179/75

The need to maintain production capacity to meet an expected rise in demand in 1980s has since been stressed by Comm. in several Communications, for instance "The Community coal market in 1976 and forecasts for 1977".

OJ C 156/77

The maintenance of production, together with decline in coal consumption and an increase in imports of cheap coal from third countries, has led to sharp increase in stocks of Community coal, which amounted to as much as 22.3 % of annual production in 1976.

In accordance with ECSC Tr. the following measures have now been taken in coal sector :

b) *Support measures*

Comm. Dec.
73/287/ECSC of
25 Jul. 1973
Comm. Dec.
3544/73/ECSC of
20 Dec. 1973

concerning coal and coke for the iron and steel industry in the Community. This system, which replaces previous similar arrangements, involves granting partly Community-financed aid to sales of coal and coke to the iron and steel industry. The original Decision provided for this aid to be gradually reduced during 1977 and 1978, as the period of validity of the Decision expired on 31 Dec. 1978.

OJ L 259/73

OJ L 361/73

Comm. Dec,
751/77/ECSC of
12 Apr. 1977
Comm. Dec. of
15 Jul. 1977

— this reduction was postponed for one year, and the latest Comm. Decision of 20 Jul. 1977 postpones it for a further year. The system itself is also extended till 31 Dec. 1981.

OJ L 91/77

OJ L 180/77

Comm. Dec.
528/76/ECSC of
25 Feb. 1976

4.2332
(*contd*)

— specifies conditions for approval of national aid to the coal industry with a view to rationalizing production structure. Member States are also obliged to provide details of any planned aid measures.

OJ L 63/76

c) *Price fixing*

Commun. of Comm. on amended text at present valid of Dec. No 30/53 on practices prohibited by Article 60 (1) of the Treaty in the common market for coal and steel.

OJ C 29/73

Commun. of Comm. on amended text at present valid of Dec. No 4/53 on publication of price lists and conditions of sale by undertakings in coal industry.

OJ C 29/73

Comm. Decision of 22 Dec. 1972 on alignment of prices for sales of coal in common market.

OJ L 297/72

Comm. Dec.
72/443/ECSC of
22 Dec. 1972

d) *Financial aid*

Commun. from Comm. concerning industrial loans at reduced interest rates which Comm. may grant under Article 54 of ECSC Tr.

OJ C 73/70

Commun. concerning granting financial aids for technical and economic research (coal, iron ore, steel) pursuant to provisions of Art. 55 of ECSC Tr.

OJ C 139/74

Commun. from Comm. concerning granting industrial loans at reduced interest rates under Art. 54 of ECSC Tr. for safety and hygiene purposes, in particular for prevention of nuisances.

OJ C 146/74

e) *Other fields*

Community monitoring of imports of hard coal originating in third countries.

OJ L 292/77

C Dec.
77/707/ECSC of
7 Nov. 1977

4.2333 *WORK IN PROGRESS*

Comm. Prop. for
Reg,
EP report
EP opinion

EC financial measures to promote use of coal for electricity generation.

OJ C 22/77

EP Doc. 536/76
OJ C 22/77

Comm. Prop. for
Reg.
EP report
EP opinion

EC aid for financing cyclical stocks of hard coal, coke and patent fuel.

OJ C 87/77

EP Doc. 226/77
OJ C 241/77

In a recent Commun. to C, Comm. outlined a possible Community system of aid for intra-Community trade in coal for power stations.

Doc. COM(78)70

4.234 **Energy policy under EAEC Treaty**

4.2340 *OBJECTIVES*

Promoting an efficient nuclear industry

4.2341 *DECISION-MAKING PROCEDURES*

(a) *C acts unanimously, on proposal by Comm., on*

EAEC Tr., Art. 47, Par. 4 (a)
EAEC Tr., Art. 47, Par. 4 (b)
EAEC Tr., Art. 48, Par. 2

- participation by EC in financing of joint undertakings
- participation by non-member states, etc., in joint undertakings
- conditions governing conferment of special advantages on joint undertakings

- EAEC Tr., Art. 48, Par. 1 4.2341
 (contd)
- EAEC Tr., Art. 69, Par. 1 — applicability of advantages listed in EAEC Tr., Annex III, to joint undertakings
- EAEC Tr., Art. 47, Par. 3 — fixing prices of nuclear fuels.
- EAEC Tr., Art. 50, Par. 2 *by qual. majority, on :*
- EAEC Tr., Art. 54, Par. 2 — establishment of joint undertakings
- EAEC Tr., Art. 70, Par. 4 — amendment of statutes of joint undertakings
- EAEC Tr., Art. 72, Par. 2 — statutes of supply agency
- EAEC Tr., Art. 42, Par. 2 — inadequacy of prospecting activities
- EAEC Tr., Art. 76, Par. 1 — financing of emergency stocks
- EAEC Tr., Art. 4 (2) *by simple majority on :*
- EAEC Tr., Art. 41, Par. 2 — alteration of time limits for notification of supply contracts
- EAEC Tr., Art. 51 (b) *C unanimously on proposal from Comm. and after consulting EP*
- EAEC Tr., Art. 59, Par. 1 (b) — amends Chapter VI of EAEC Tr. (Supply)
- EAEC Tr., Art. 52 (c) *C on proposal from Comm. and after consulting Scientific and Technical Cttee may*
- EAEC Tr., Art. 53 — amend list in Annex I of EAEC Tr.
- EAEC Tr., Art. 54 (d) *C on proposal from Comm. and after consulting Economic and Social Cttee may*
- EAEC Tr., Art. 55 — alter list of persons and undertakings having to notify investment projects
- EAEC Tr., Art. 56 (e) *Comm. solely responsible for*
- EAEC Tr., Art. 57 — carrying out C decisions on establishment of joint undertakings
- EAEC Tr., Art. 58 — supervision of supply agency established under EAEC Tr., Art. 52
- EAEC Tr., Art. 59 — authorization of sale of fissile materials outside EC

- EAEC Tr., Art. 60, Par. 2 4.2341
 (contd)
- EAEC Tr., Art. 68, Par. 3 — agreeing to long-term supply contracts with non-member states
 EAEC Tr., Art. 70, Par. 2 etc., or their nationals
- EAEC Tr., Art. 70, Par. 1 — fixing prices of *individual* offers
- EAEC Tr., Art. 71 — *recommendations* to Member States, to develop prospecting for
 and exploitation of mineral deposits
- EAEC Tr., Art. 72, Par. 2 — support for prospecting programmes
- EAEC Tr., Art. 73 — *recommendations* to Member States *on revenue or mining regula-*
tions
- EAEC Tr., Art. 74 — decisions to build up emergency stocks
- EAEC Tr., Art. 74 — consenting to supply contracts outside Community
- EAEC Tr., Art. 74 — exemption of small quantities of fissile materials from provisions
 of Section VI EAEC Tr.
- EAEC Tr., Art. 40, Par. 2 (f) *comm. decides, after consulting Economic and Social Cttee, on*
- EAEC Tr., Art. 44 , — publication of programmes indicating nuclear energy production
 and investments required
- EAEC Tr., Art. 44 (g) *Comm. may, with consent of those concerned*
- EAEC Tr., Art. 44 — publish investment projects communicated to it

4.2342 *STATE OF INTEGRATION*

No Community powers to guide generation of energy from nuclear fuels

Community can exert considerable indirect influence over energy production by

- EAEC Tr., Art. 4 — coordinating research at national level
- EAEC Tr., Art. 7 — carrying out research programmes of its own
- EAEC Tr., Art. 8 — establishing a Joint Nuclear Research Centre
- EAEC Tr., Art. 12 ff — disseminating information
- EAEC Tr., Art. 30 ff

EAEC Tr., Art. 77 ff	4.2342 (cont'd)	— organizing health and safety surveillance
EAEC Tr., Art. 41		— obligatory notification of planned investments in nuclear industry.
EAEC Tr., Art. 45		— cooperation in establishment of 'Joint Undertakings' (involving various states or private undertakings from various States).
EAEC Tr., Art. 52 ff		— creating supply agency, supervised by Comm. to administer fissile materials owned by Community. Contract type depends on fissile materials shortage. Regulations to ensure uniform supply.
EAEC Tr., Art. 70		— aid for prospecting
EAEC Tr., Art. 172(4)		— loans for financing research and development.

The following legal acts have also been approved by virtue of the powers conferred under EAEC Tr.

(a) *Nuclear safety and safeguards*

C Res. of 22 Jul. 1975	Technological problems of nuclear safety.	OJ C 185/75
	On 5 Apr. 1973 an Agreement was signed between Belgium, Denmark, the Federal Republic of Germany, Ireland, Italy, Luxembourg, the Netherlands, the EAEC and the International Atomic Energy Agency in implementation of Art. III(1) and (4) of the Tr. on non-proliferation of nuclear weapons.	OJ L 51/78
Comm. Reg. (EAEC) 3227/76 of 19 Oct. 1976	Application of provisions on Euratom safeguards required under Agreement of 5 Apr. 1973 with International Atomic Energy Agency.	OJ L 363/76

(b) *Supplies*

Statutes of Euratom Supply Agency.	OJ 27/58
Rules of Euratom Supply Agency determining manner in which demand is to be balanced against supply of ores, source materials and special fissile materials.	OJ L 32/60

	4.2342 <i>(cont'd)</i>	Amended by Regulation of 25 Jul. 1975.	OJ L 193/75
C Dec. 73/45/EAEC of 8 Mar. 1973		Amending the Statutes of Euratom Supply Agency following Accession of new Member States to EC.	OJ L 83/73
Comm. Reg. 17/66 EAEC of 29 Nov. 1966 Amended by Comm. Reg. 3137/74/EAEC of 12 Dec. 1974		exempting transfer of small quantities of ores, source materials and special fissile materials from Rules of Chapter on Supplies.	OJ L 241/66 OJ L 333/74
C Res. of 4 Jun. 1974		supply of enriched uranium to EC	OJ C 69/74
		<i>(c) Financing</i>	
Comm. Reg. 4/58/EAEC of 6 Oct. 1958		investment projects to be communicated to Comm. in accordance with Art. 41 of the EAEC Tr.	OJ 17/58
Comm. Reg. 1/58/EAEC of 27 Nov. 1958		procedures for effecting communications prescribed under Article 41 of the EAEC Tr.	OJ 25/58
C Dec. 77/270/EAEC of 29 Mar. 1977 EP Opinion		empowering Comm. to issue Euratom loans for purpose of contributing to financing of nuclear power stations.	OJ L 88/77 OJ C 157/75
C Dec. 77/271/EAEC		on the implementations of Dec. 77/270/EAEC.	OJ L 88/77

4.235

4.2350

OBJECTIVES

To establish a common energy policy in those fields not covered by either the ECSC or EAEC Tr. This would involve drawing up a general energy policy strategy for all forms of energy, including coal and nuclear power, as well as a policy for forms of energy other than coal and nuclear power, i.e. oil, gas, wind power, wave power, geothermal energy, solar energy etc.

4.2351 **Instruments approved under the EEC Treaty**

(a) *General*

C Res. of 17 Sep. 1974	a new energy policy strategy for EC	OJ C 153/75
C Res. of 17 Dec. 1974	EC energy policy objectives for 1985.	OJ C 153/75
C Res. of 13 Feb. 1974	measures to be implemented to achieve EC energy policy objectives adopted by the C on 17 Dec. 1974.	OJ C 153/75

(b) *Energy savings*

C Res. of 13 Feb. 1974	EC action programme on rational utilization of energy.	OJ C 153/75
C Dir. 75/404/EEC of 13 Feb. 1975 EP Opinion	Restriction of use of natural gas in power stations.	OJ L 178/75 OJ C 93/74
C Dir. 75/405/EEC of 14 Apr. 1975 EP Opinion	Restriction of use of petroleum products in power stations.	OJ L 178/75 OJ C 125/75
C Res. of 26 Jun. 1975	Setting short-term target for reduction of oil consumption.	OJ C 153/75
C Recomm. 76/492/EEC of 4 May 1976	Rational use of energy by promoting thermal insulation of buildings.	OJ L 140/76
C Recomm. 76/493/EEC of 4 May 1976	Rational use of energy in heating system of existing buildings.	OJ L 140/76
C Recomm. 76/494/EEC of 4 May 1976	Rational use of energy, through better driving habits, of energy consumed by road vehicles.	OJ L 140/76
C Recomm. 76/495/EEC of 4 May 1976	Rational use of energy in urban passenger transport.	OJ L 140/76
C Recomm. 76/496/EEC of 4 May 1976	Rational use of energy for electrical household appliances.	OJ L 140/76

Recomm. 77/712/EEC 25 Oct. 1977	4.2351 (<i>contd</i>)	Regulation of space heating, production of domestic hot water and metering of heat in new buildings.	OJ L 295/77
Recomm. 77/713/EEC 25 Oct. 1977		Rational use of energy in industrial undertakings.	OJ L 295/77
Recomm. 77/714/EEC 25 Oct. 1977		Creation in Member States of advisory bodies or committees to promote combined heat and power production and exploitation of residual heat.	OJ L 295/77
Dir. of 13 Dec. 1977 ' Report ' Opinion		Performance, maintenance and regulation of heat generators and insulation of heat distribution system in new buildings.	OJ L 52/78 EP Doc. 309/77 OJ C 266/77
<i>(c) Supplies (oil, gas, electricity etc.)</i>			
Dir. 68/414/EEC 20 Dec. 1968 ' opinion		Obligation on Member States to maintain minimum stocks of crude oil and/or petroleum products.	OJ L 308/68 OJ 20/65
Dec. 68/416/EEC		Conclusion and implementation of individual agreements between Governments relating to obligation of Member States to maintain minimum stocks of crude oil and/or petroleum products.	OJ L 308/68
Dir. 72/425/EEC 19 Dec. 1972		Amending C directive 68/414/EEC.	OJ L 291/72
Dir. 73/238/EEC		Measures to mitigate effects of difficulties in supply of crude oil and petroleum products.	OJ L 228/73
Dir. 73/339/EEC 20 May 1975 ' opinion		Obliging Member States to maintain minimum stocks of fossil fuels at thermal power stations.	OJ L 153/75 OJ C 85/74
Dec. 77/186/EEC 14 Feb. 1977		Exporting of crude oil and petroleum products from one Member State to another in the event of supply difficulties.	OJ L 61/77
Dec. 77/706/EEC 7 Nov. 1977		Setting Community target for reduction in consumption of primary sources of energy in the event of difficulties in supply of crude oil and petroleum products.	OJ L 292/77

4.2351
(contd)

C Reg. 3056/73
of 9 Nov. 1973

(d) *Support measures*

Support of EC projects in hydrocarbons sector.

OJ L 312/73

C Reg. 1055/72
of 18 May 1972

(e) *Information and consultation procedures*

Notifying the Comm. of imports of crude oil and natural gas.

OJ L 120/72

C Reg. 1068/73
of 16 Mar. 1973

Applying C Reg. (EEC) 1055/72.

OJ L 113/73

C Reg. 3254/74
of 17 Dec. 1974

Applying Reg. (EEC) 1055/72 on notifying Comm. of imports of crude oil and natural gas to petroleum products falling within subheadings 27.10 A, B, C I and C II of Common Customs Tariff.

OJ L 349/74

Comm. Reg. 2677/75
of 6 Oct. 1975

Applying C Reg. (EEC) 3254/74.

OJ L 275/75

C Reg. 388/75
of 13 Feb. 1975

Notifying the Comm. of exports of crude oil and natural gas to third countries.

OJ L 45/75

Comm. Reg. EEC 2678/75
of 6 Oct. 1975

Applying C Reg. 388/75.

OJ L 275/75

C Reg. 1056/72

Notifying Comm. of investment projects of interest to EC in petroleum, natural gas and electricity sectors.

OJ L 120/72

Comm. Reg. 1069/73
of 16 Mar. 1973

Applying C Reg. (EEC) 1056/72.

OJ L 113/72

C Reg. 1215/76
of 4 May 1976

Amending Reg. (EEC) 1056/72.

OJ L 140/76

Comm. Reg. 3025/77
of 23 Dec. 1977

Applying C Reg. (EEC) 1056/72.

OJ L 358/77

C Dir. 76/491/EEC
of 28 May 1976
EP report
EP opinion

Regarding Community procedure for information and consultation on prices of crude oil and petroleum products in EC.

OJ L 140/76
EP Doc. 419/75
OJ C 28/76

4.2352 *WORK IN PROGRESS*

General

Comm. Prop. for C Res.
EP report
EP opinion

Second report from Comm. to C on achievement of Community energy policy objectives for 1985, together with a draft C Resolution.

COM (77) 395 fin.
EP Doc. 433/77
OJ C 6/78

Energy savings

Comm. Prop. for C Dir.
EP report
EP opinion

Energy savings from modernization of existing buildings in EC.

OJ C 138/77
EC Doc. 309/77
OJ C 266/77

Supplies

Comm. Commun.

Approach to refining problems of EC.

COM (77) 71 fin.

Comm. Commun.
EP own-initiative
report

Problems relating to profitability of EC refining industry, and proposed solutions.

COM (78) 71 fin.
EP Doc. 577/77

Comm. Prop. for C Dir.

Introduction in EC of joint stocks of crude oil and petroleum products.

COM (77) 158 fin.

Comm. Prop. for C Dir.

Creation in each Member State of organizations responsible for storing crude oil and/or petroleum products, and on financing these organizations.

COM (77) 158 fin.

Comm. Prop. for C Dir.

Amending C Directive of 20 Dec. 1968 imposing an obligation on Member States to maintain minimum stocks of crude oil and/or petroleum products.

OJ C 15/78

4.2352
(contd)

Support systems

Comm. Prop. for C Reg.
EP report
EP opinion

Granting financial aids to demonstration projects in field of energy saving.

OJ C 138/77
EP doc. 362/77
OJ C 299/77

Comm. Prop. for C Reg.
EP report
EP opinion

Granting financial support for projects to exploit alternative energy sources.

OJ C 138/77
EP Doc. 362/77
OJ C 299/77

Comm. Prop. for C Reg.

Support for joint hydrocarbon exploration projects (Amendment to Prop. from Comm. to C of 29 Nov. 1974).

OJ C 70/78

Information and consultation procedures

Comm. Prop. for C Res
and Reg.
EP report
EP debate

EC consultation on siting of power stations, and prop. for C Regulation concerning introduction of Community consultation procedure in respect of power stations likely to affect territory of another Member State.

OJ C 31/77
EP Doc. 145/77
OJ C 183/77

4.24 **TRANSPORT POLICY**

4.241 **Common transport policy under EEC Tr.**

4.2410 *OBJECTIVES:*

EEC Tr., Art. 3 (e)
EEC Tr., Art. 74
EEC Tr., Art. 84

Comm. Commun
of 24 Oct. 1973
EP Opinion

— implementation of common transport policy for rail, road and inland waterways.

— appropriate provisions on sea and air transport are also authorized.

In October 1973 the Commission addressed to the Council a 'Communication on the development of the common transport policy'.

EP Doc. 215/74
OJ C 127/74

4.2411 *REQUIREMENTS OF EEC TREATY*

EEC Tr., Art. 75

— common rules on international transport to or from or passing through Member States

— operation of transport services in Member States by non-resident carriers

EEC Tr., Art. 76

— standstill clause

EEC Tr., Art. 77

— aids for the coordination of transport and aids inherent in the concept of a public service

EEC Tr., Art. 78

— regard for economic circumstances of carriers in fixing price policy

EEC Tr., Art. 79

— abolition of discrimination in freight rates and conditions of carriage in EC transport

EEC Tr., Art. 80

— prohibition of support tariffs

EEC Tr., Art. 81

— reduction of costs in respect of crossing frontiers

EEC Tr., Art. 82

— special provisions for Germany

EEC Tr., Art. 83

— creation of Advisory Committee on Transport

4.2412 *DECISION-MAKING PROCEDURES*

- EEC Tr., Art. 84 (2)
EEC Tr., Art. 76
- (a) C, acting unanimously, decides on
— provisions, for sea and air transport
— exceptions from ban on discrimination under national legislation
- EEC Tr., Art. 75 (1)
- EEC Tr., Art. 75 (3)
- (b) C, on prop. from Comm. and after consulting EP and Economic and Social Cttee. decides by qual. majority on :
— measures to develop a common transport policy
unanimously on :
— principles of regulatory system for transport, application of which could seriously affect the standard of living and employment and operation of transport facilities
- EEC Tr., Art. 79 (3)
- (c) C, by qual. majority on Comm. proposal and after consulting Economic and Social Cttee, lays down
— rules for implementing ban on discriminatory freight rates
- EEC Tr., Art. 79 (4)
- EEC Tr., Art. 80 (1) and (2)
- EEC Tr., Art. 81
- (d) Comm., on own initiative,
— takes decisions to ensure application of ban on discriminatory freight rates
— takes decisions on exemption from ban on scales of charges involving support payments
— issues recommendations to reduce costs of crossing frontiers
- EEC Tr., Art. 83
- (e) *Transport Cttee* to be consulted as required

Statute Transport
Committee of 15 Sept. 1958
OJ 25/58, amended by C,
Dec. of 22 June 1964
OJ 102/64

4.2413 *STATE OF INTEGRATION*

4.24131 *RAIL, ROAD AND INLAND WATERWAYS*

C. Dec. of 21 March 1962 EP Opinion (amended by C. Dec. of 22 Nov. 1973)	Procedure for prior examination and consultation	OJ 23/62 OJ 73/61 OJ L 347/73
C. Reg. of 27 June 1960	Elimination of discrimination in transport prices and conditions	OJ 52/60
C. Dec. of 13 May 1965 EP Opinion	Harmonization of certain regulations which affect competition : (outline decision with timetable)	OJ 88/65 OJ 81/64
C. Reg. of 19 July 1968 EP Opinion	Regulations on competition in rail, road and inland waterways	OJ L 175/68 OJ L 205/64
C. Reg. of 26 June 1969 EP Opinion	Establishment of provisions on obligations inherent in concept of public service :	OJ L 156/69 OJ C 27/68
C Reg. of 26 June 1969 (for railways : proposed Reg. to amend this Reg.)	Common rules on normalization of accounts of transport undertakings and elimination of disparities caused by burdens or advantages.	OJ L 156/69 OJ C 106/71
C. Reg. of 4 June 1970 (amended by C. Reg. of 20 May 1975) EP Opinion	Regulation of aids granted to Member States' rail, road and inland waterway undertakings and public authorities. — Elimination of disparities that distort competition.	OJ L 130/70 OJ L 152/75 OJ 103/67
C. Dec. of 20 May 1975 EP Opinion	Improvement of situation of railway undertakings and harmonization of rules governing financial relations between such undertakings and States	OJ L 152/75 OJ C 70/72

C Reg. of 12 Dec. 1977 EP Opinion	4.24131 <i>(contd)</i>	Comparability between accounting systems and annual accounts of railway undertakings	OJ L 334/77 OJ C 163/77
	4.24132	SPECIAL PROVISIONS FOR ROAD TRAFFIC	
C. Dir. of 6. Aug. 1962 EP opinion (amended by C. Dir. of 19 Dec. 1972 C. Dir. of 4 March 1974 C Dir. of 14 Feb. 1977		Common rules for international transport (carriage of goods by road for hire or reward)	OJ 70/62 OJ 19/62
C Dir. of 20 Feb. 1978			OJ L 291/72 OJ L 84/74 OJ L 48/77 OJ L 54/78
C. Dir. of 13 May 1965 EP Opinion		Rules on authorization for the carriage of goods by road between Member States	OJ 88/65 OJ 109/64
C. Reg. of 28 July 1966 EP Opinion		Common rules for international road transport of passengers by coach and bus	OJ 147/66 OJ 62/65
C. Reg. of 28 Feb. 1972 EP Opinion		Common rules for shuttle services by coach and bus between Member States	OJ L 67/72 OJ C 151/70
C. Reg. of 28 Feb. 1972 EP Opinion (amended by C Reg. of 20 Dec. 1977)		Common rules for regulation services and regular services and regular specialist services by coach and bus between Member States	OJ L 67/72 OJ C 25/70
C. Dir. of 17 Feb. 1975 EP Opinion		Common rules for certain types of combined road/rail carriage of goods between Member States	OJ L 48/75 OJ C 138/72
C. Reg. of 19 July 1968 EP Opinion, last amendment : 21 Dec. 1977		EC quota for carriage of goods by road between Member States	OJ L 175/68 OJ 109/64 OJ L 358/77
		Allocation of licences : Belgium 318 — Denmark 203 — Germany 512 — France 491 — Ireland 60 — Italy 383 — Luxembourg 84 — Netherlands 458 — United Kingdom 326.	

C Reg. of 12 Dec. 1977 EP Opinion	4.24132 <i>(cont'd)</i>	Bringing into force of AETR	OJ L 334/77 OJ C 157/75
C. Reg. of 30 July 1968 EP Opinion Reg. last amended by C. C. Reg. of 18 Dec. 1975 extended by : C Reg. of 21 Dec. 1976		Introduction of system of bracket tariffs for carriage of goods by road between Member States.	OJ L 194/68 OJ 109/64 OJ L 329/75
Amended by : C Reg. of 12 Dec. 1977		Fixing of rates for carriage of goods by road between Member States	OJ L 359/76 OJ L 334/77
C Reg. of 21 Dec. 1976		Application of TIR Convention in EC	OJ L 368/76
C. Dir. of 19 July 1968 EP Opinion		Fuel-free border.	OJ L 175/68 OJ 28/67
C. Dir. of 24 April 1972 EP Opinion		Approximation of laws on motor vehicle insurance against civil liability and enforcement of obligation to insure.	OJ L 103/72 OJ C 19/71
C. Dirs. of 12 Nov. 1974 EP Opinions		Admission to the occupation of road haulage and road passenger transport operator	OJ L 308/74 OJ C 72/68 OJ C 17/69
C. Reg. of 25 March 1969 (amended by C. Reg. of 28 Feb. 1972 and 12 Dec. 1977 EP Opinion		Harmonization of certain social legislation relating to road transport	OJ L 77/69 OJ L 67/72 and OJ L 334/77 OJ 63/67
C Reg. of 20 July 1970 EP Opinion (Reg. amended by C. Reg. of 25 June 1973 and 12 Dec. 1977)		From 1975 introduction of equipment in vehicles to record distance travelled, vehicle speed, driving time, attendance, breaks from work and daily rest periods	OJ L 164/70 OJ C 139/69 OJ L 181/73
C. Dir. of 16 Dec. 1976		Minimum level of training for drivers	OJ L 357/76
C Dir. of 12 Dec. 1977 EP Opinion		Recognition of evidence of qualifications	OJ L 334/77 OJ C 125/78

C Dir. of
6. Feb. 1970
20 March 1970
8 June 1970
27 July 1970
1 March 1971
26 July 1971
12 Oct. 1971
20 June 1972
2 Aug. 1972
17 Dec. 1973
28 May 1974
4 June 1974
22 June 1974
17 Sept. 1974
26 June 1975
18 Dec. 1975
27 July 1976
21 Dec. 1976
29 Dec. 1976
8 March 1977
17 May 1977
C Dec. of 29 Jun. 1977
4 C Dirs of 28 Jun. 1977
C Dir. of 27 Jul. 1977
4 C Dirs of 21 Dec. 1977

4.24132 *Technical harmonization*
(cont'd)

Harmonization of technical provisions on motor vehicles (e.g. permissible noise level, air pollution) and standardization of parts such as registration plates, fuel tanks, doors, mirrors, etc.

OJ L 42/70
OJ L 76/70
OJ L 133/70
OJ L 176/70
OJ L 68/71
OJ L 202/71
OJ L 239/71
OJ L 152/72
OJ L 190/72
OJ L 38/73
OJ L 159/74
OJ L 165/74
OJ L 221/74
OJ L 266/74
OJ L 196/75
OJ L 24/76
OJ L 262/76
OJ L 26/77
OJ L 47/77
OJ L 66/77
OJ L 145/77
OJ C 177/77
OJ L 220/77
OJ L 267/77
OJ L 81/78

4.24133 **SEA AND AIR TRANSPORT**

C. Reg. 28 Nov. 1962

Suspension of application of the rules on competition to sea and air transport.

OJ 124/62

Comm. prop. of 30 June
1972
EP Opinion

Comm. prop. on initial measures for air transport (cf. 4.2161)

OJ C 110/72
OJ C 19/73

Comm. prop. of 1 Oct. 1975
EP Opinion
amended Comm. prop.

Creation of common policy in civil aircraft and aviation sectors

OJ C 265/75
OJC 178/76
OJ C 40/77

4.24132/4.24133

Comm. prop. of 15 Dec. 1977	4.24133 <i>(contd)</i>	Accession to United Nations Convention on Code of Conduct for Liner Conferences	COM (77) 686 final
C Dec. of 13 Sept. 1977		Consultation procedure on relations between Member States and third countries on shipping matters	OJ L 239/77
	4.24134	SEAPORT POLICY	
EP Res.		EP urges need for initiating EC seaport policy In 1974, Comm. set up a Working Party on Maritime Ports which submitted a report in 1977 (not yet published)	OJ C 46/72
	4.24135	INFRASTRUCTURE	
C. Dec. of 28 Feb. 1966 EP Opinion replaced by : C Dec. of 20 Feb. 1978 EP Opinion		Procedure for consultation on investment in transport infrastructure Consultation procedure and committee on transport infrastructure	OJ 42/66 OJ 62/65 OJ L 54/78 OJ C 293/76
C. Dec. of 22 June 1964 EP Opinion		Organization of a survey of expenditure on infrastructure in respect of transport by rail, road and inland waterways	OJ 102/64 OJ 24/64
C. Reg. of 4 June 1970 EP Opinion		Accounting system for expenditure on infrastructure in respect of transport by rail road and inland waterways	OJ L 130/70 OJ C 135/68
	4.242	Transport policy under ECSC Tr.	
	4.2420	OBJECTIVES Availability of information and comparability of rates and market conditions	

4.2421 *REQUIREMENTS OF ECSC TREATY*

- ECSC Tr., Art. 70, Par. 1 — Transport undertakings in EC must apply rates offering comparable price conditions to consumers
- ECSC Tr., Art. 70, Par. 2 — Prohibition on discrimination in rates and conditions of carriage based on country of origin or destination of products in traffic between Member States
- ECSC Tr., Art. 70, Par. 3 — Scales, rates and other tariff rules to be published
- CTP of ECSC Tr., § 10 — Establishing direct international tariffs, harmonization of tariffs

4.2422 *DECISION-MAKING PROCEDURES*

- ECSC Tr., Art. 70, Par. 5 General transport policy governed by individual Member States
- ECSC Tr., Art. 70, Par. 4 Comm. approves special internal rates and conditions

4.2423 *STATE OF INTEGRATION*

- Rec. HA of 1 March 1961 — Strict implementation of ECSC Tr., Art. 70 OJ 18/61
- Rec. HA of 25 June 1953 — Introduction of direct international railway rates for coal and steel OJ 9/55
- C Commun. of 21 March 1955 consignments OJ 10/56
- C Commun. of 23 March 1959 OJ 22/59
- C Commun. of 22 Nov. 1973 OJ L 347/73
- Agreement of 28 July 1956 — Introduction of direct international railway rates for carriage of coal and steel through Swiss territory OJ 17/57
- Agreement of 26 July 1957 — Introduction of direct international railway rates for carriage of coal and steel through the territory of the Austrian Republic OJ 6/68
- Amended version OJ C 49/77
- Agreement of 9 July 1957 — Rates and conditions for transport of coal and steel on the Rhine OJ 4/58
- HA Rec. of 1 March 1961 OJ 18/61
- Scales, prices and rates applied to transport of coal and steel to be published or notified
- Revised uniform transport nomenclature OJ 52/67
- C. Commun. of 16 Feb. 1967, amended on 11 Feb. 1974 OJ C 29/74

4.3 **Social policy**

EEC Tr., Art. 117-128

4.30 **OBJECTIVES**

To help achieve CM through close cooperation of Member States and common policy in various spheres (freedom of movement and establishment, vocational training, etc.) (see also 2.213, 2.214)

Social action programme

Objectives : full employment, improvement in living and working conditions, participation of both sides of industry in economic and social decisions

Bull. EC, suppl. 4/73

Until 1971 Community action was by sector only. From 1971, fresh social action on two fronts :

C Res. of 21 Jan. 1974

- (a) thorough reform of European Social Fund (1971)
- (b) adoption of a general social action programme (1974)

OJ C 13/74

4.31 **DECISION-MAKING PROCEDURES**

EEC Tr., Art. 121

- (a) *After consulting ESC, C acting unanimously may authorize Comm. to implement common measures*

— esp. on social security for migrant workers

EEC Tr., Art. 126

- (b) *After consulting Comm. and ESC, C may unanimously determine*

— new tasks for European Social Fund

EEC Tr., Art. 127

- (c) *On Comm. prop., C, after consulting ESC and EP, lays down by qual. majority*

— provisions for implementing European Social Fund

- 4.31
(cont'd)
- EAEC Tr., Art. 31
- (d) On prop. from Comm., C, after consulting EP, Scientific and Technical Cttee and ESC, establishes by qual. majority
— basic standards for protecting health from ionizing radiations
- EEC Tr., Art. 128
- (e) On Comm. prop., C, after consulting ESC, lays down by simple majority
— general principles for common vocational training policy
- EEC Tr., Art. 118
- (f) *After consulting ESC, Comm. delivers opinions on*
— promoting cooperation in social problems
- EAEC Tr., Art. 37
- (g) *After consulting experts, Comm. delivers opinions on*
— plans for disposing of radioactive waste
- ECSC Tr., Art. 68 (2 and 3)
- (h) *Comm, after consulting C and Consultative Committee, recommends*
— measures to counter abnormally low wages in coal and steel industries
- ECSC Tr., Art. 56
- (i) *Comm., with assent of C, decides on :*
— financing programmes for re-absorbing redundant coal and steel workers in other industries
- EEC Tr., Art. 122
- EEC Tr., Art. 124
- C Reg. of 8 Nov. 1971
- (j) *Comm. alone responsible for :*
— reports to EP on social matters
— administration of European Social Fund (Joint Cttee delivers opinions on all important matters, e.g. budget, grants from Fund, impl. regs.)
- EEC Tr., Art. 125 (2c)
- giving approval to industrial conversion plans involving assistance from Social Fund

OJ L 249/71

EAEC Tr., Art. 33	4.31 (contd)	— <i>recommendations</i> for harmonizing nat. provisions on observing basic health protection standards	
EAEC Tr., Art. 34, Par. 2		— assenting to dangerous experiments in EAEC sphere	
EAEC Tr., Art. 38		— <i>recommendations and directives</i> on radioactivity in air, water and soil	
ECSC Tr., Art. 56		— financing programmes for new jobs for redundant coal and steel workers	
ECSC Tr., Art. 56		— contributing towards tideover or resettlement allowances and cost of vocational retraining	
ECSC Tr., Art. 69 (5)		— guidance of Member States in realizing mobility of skilled coal and steel workers	
ECSC Tr., Art. 68 (6)		— fining undertakings for making non-permissible wage reductions	

4.32 **STATE OF INTEGRATION UNDER ECSC AND EAEC TREATIES**

		— 600 000 persons rehabilitated between 1954 and 1977 in coal and steel industries.	
ECSC Tr., Art. 56 (2)		— housing aid: 151 400 housing units built up to 31 Dec. 1977 (of which 65 % in Germany)	
		— setting up of Standing Cttee on Industrial Safety and Health	
EAEC Tr., Art. 30 C Dir. of 2 Feb. 1959		— research on protection against radioactivity — basic standards for protecting health against ionizing radiations	OJ 11/59
Comm. Rec. of 27 July 1966		— medical checks on workers exposed to particular occupational hazards	OJ 151/66

4.33 STATE OF INTEGRATION UNDER EEC

4.331 Vocational training

Basic principles laid down and a few limited initiatives by Comm.

C Dec. of 2 April 1963

— *Principles :*

OJ 63/63

— training of teachers, coordination of training standards, priority for agric. and regional vocational training

— *Action on :*

Comm. Rec. of 18 July 1966

— developing facilities for career guidance

OJ 154/66

— exchanges of young workers

3 GR EC Par. 321

— assistance for workers dismissed from Italian sulphur mines

5 GR EC, Par. 228

— accelerated adult training (programme rejected by C)

Comm. Dec. of 18 Dec. 1963

— setting up tripartite cttee on vocational training

OJ 2/64

C Dec. of 14 Dec. 1970

— setting up Standing Cttee on Employment (employers, workers and EC) to facilitate coordination of Member States' employment policies

OJ L 273/70

EP Doc. 239/72

Comm. Commun. of 25
Oct. 1972

— initial measures relating to vocational training

EP Doc. 83/73

In application of the social action programme :

Comm. Dec. of 22 Oct. 1975

— the setting up of a European Vocational Training Centre

Reg. No 1365/75

— the setting up of a European Foundation for the improvement of living and working conditions (Headquarters in Dublin)

OJ L 279/75

OJ L 139/75

4.332 Equal pay for men and women

EEC Tr., Art. 119
Conference of Reps. of
Govts. of Member States :
Res. of 30 Dec. 1961

Timetable adopted in 1961 for reducing differences in men's and women's pay not adhered to.

C Dir. of 10 Feb. 1975 EP Opinion of 25 April 1974	4.332 <i>(contd)</i>	Fresh action from 1974 with adoption of two large-scale directives : (a) directive on equal pay for men and women	OJ L 45/75 OJ C 55/74
C Dir. of 9 Feb. 1976 EP Opinion of 29 April 1975		(b) directive on implementation of principle of equal treatment for men and women (access to employment, working conditions, vocational training)	OJ L 39/76 OJ C 111/76
EP Opinion of 15 Nov. 1977		(c) proposal for Directive on equal treatment for men and women in matters of social security	OJ C 299/77
EEC Tr., Art. 123—128 C Reg. of 25 Aug. 1960	4.333	European Social Fund	OJ 56/60
		Designed to improve job opportunities for workers and thus contribute to raising standard of living	
C Dec. of 1 Feb. 1971		1971 Reform (end of transitional period : EEC Tr., Art. 126)	OJ L 28/71
		<i>OLD FUND</i>	
		<i>Aim :</i>	
EEC Tr., Art. 123		To render employment of workers easier and to increase their geographical and occupational mobility within EC.	
		<i>Operation :</i>	
		On application by Member State, fund meets 50 % of conversion costs, with other 50 % from Member State or public corporation, provided certain administrative conditions fulfilled	
		<i>NEW FUND (1971 and 1977 reforms)</i>	
		(a) 1971 reform :	
C Dec. of 1 Feb. 1971 C Reg. of 24 April 1972 (budgetary regulations for European Social Fund)		Fund adapted to economic and social trends in EC :	OJ L 28/71 OJ L 101/72

4.333
(contd)

- field of intervention extended to two spheres :
 - measures to counter unemployment caused by EC policies ('Type A' measures)
 - measures to combat structural and regional imbalance ('Type B' measures, in which on application Fund participates to maximum of 50 %)
- C Reg. of 8 Nov. 1971 — extension of scope : OJ L 249/71
 - grants also to persons other than wage-earners
 - also to bodies governed by private law
 - also as contribution to training for highly-skilled occupations
 - list extended to cover young workers, older workers, women, handicapped persons
- C Dec. of 21 April 1970 — drawing up of multi-year programmes
- creation of Fund's own resources (as part of gradual introduction of EC's own resources) OJ L 94/70
- C Dec. of 8 Nov. 1971 — extension of intervention by European Social Fund to French overseas departments OJ L 249/71
- C Reg. of 20 Dec. 1977 (b) 1977 reform : OJ L 337/77
 - rate of intervention by Fund increased to 55 % for the Mezzogiorno, Greenland, Northern Ireland and French overseas departments
- EP Res. of 9 June 1971 and 18 Oct. 1971 *Unfulfilled demands of EP:* OJ C 66/71
OJ C 114/71
 - extension of terms of reference of Fund Cttee
 - funds for pilot studies
- C Dec. of 27 June 1974 Action by the European Social Fund for migrant workers OJ L 185/74
- C Dec. of 20 Dec. 1977 (renewed in 1977) OJ L 337/77

C Dec. of 22 July 1975	4.333	Action by Fund to assist young people under 25 seeking employment for first time	OJ L 199/75
C Dec. of 9 Feb. 1976	(<i>contd</i>)	Action by Fund to assist textile and clothing industries	OJ L 39/76
C Dec. of 20 Dec. 1977		Action by Fund to assist women	OJ L 337/77
	4.334	Present position regarding the European Social Fund	
		(a) Old Fund : in the period 20 September 1960 to 31 December 1974 the European Social Fund paid 379.4 million u.a. benefits to 1 837 300 workers	
		Main beneficiaries of old Social Fund : Germany (42.3 %) and Italy (36 %)	
		New Fund : in period 1 January 1972 to 31 December 1976, assistance of 1 273 000 u.a. was granted from Fund	
		Main beneficiaries : United Kingdom (28 %), Italy (27 %), France (19 %) and Ireland (7 %)	
	4.335	Social Security for Migrant Workers	
		<i>Aim :</i>	
EEC Tr., Art. 51		To provide freedom of movement for workers by coordinating social security systems of Member States so that migrant workers entitled to benefit irrespective of place of work within EC	
		<i>Scope :</i>	
C Reg. of 25 Oct. 1958		— before 1971 : wage-earners entitled to benefit, but not self-employed. Limited extension of benefits to seasonal and frontier workers; seamen included in 1967	OJ 30/58
C Reg. of 14 June 1971		— reform of 1971-72 : more generous interpretation of term 'social security'	OJ L 149/71
C Impl. Reg. of 21 March 1972			OJ L 74/72
C Impl. Reg. of 26 March 1973			OJ L 86/73

- 4.335 — practically all branches of social security covered ; 1971-72 reform
(*contd*) increases benefits and simplifies calculation and payment procedures
- also applies to French overseas territories
 - replaces bilateral and multilateral social security conventions between Member States unless these gave workers greater benefits and not rescinded.

CJEC judgment interprets C Reg. of 25 Oct. 1958 generously in favour of those entitled to benefit

Summary:

About 2 million persons a year benefit from this Reg.

4.336 **Mass dismissals**

In order to protect workers against mass dismissals :

C Dir. of 14 Feb. 1977
EP Opinion of
8 April 1975

Directive on safeguarding employees' rights in the event of mergers, take-overs or amalgamations.

OJ L 61/77
OJ C 95/75

4.337 **Working hours and holidays :**

C. Dec. of 17 June 1975
EP Opinion of 25 April 1974

Adoption of a Recommendation to the Member States that the principle of the 40-hour week and four weeks' annual paid holiday (not including public holidays) be applied by 31 Dec. 1978.

OJ L 199/75
OJ C 55/74

The application of the principle must not result in any reduction in pay.

C Dec. of 17 June 1975
EP Opinion of 13 May 1975

4.338

Adoption of a programme of pilot schemes and studies to reduce poverty in the Community

OJ L 199/75
OJ C 128/75

Duration of programme : 1975-1980

Benefits granted : 2 500 000 u.a. in 1975 and 2 875 000 u.a. in 1976

Main beneficiaries : Italy and Ireland

Programme may be extended for three years after the Commission has reported to the Council and Parliament (1976)

Reg. of 9 Feb. 1975

4.339

Trade union rights of migrant workers

OJ L 39/76

Adoption of a Regulation entitling migrant workers in the Community to equal rights to those of nationals as regards the exercise of all trade union responsibilities in undertakings

Reg. of 26 May 1975

4.340

European Foundation for the improvement of living and working conditions

OJ L 139/75

The seat of the Foundation was established in Ireland. Its task is that of a European Institute for Research on living and working conditions and of a clearing house for exchange of information and experience between Member States.

4.341

European Trade Union Institute

set up by European Trade Union Confederation and the Commission in 1977 and granted an operational budget of 500 000 EUA by E.P. for 1978.

Task : to promote better training and information of workers and their trade union organizations

Seat : Brussels

4.4 Public Health

Within the context of the approximation of legal provisions, EC activity is proceeding along four main lines :

— *Foodstuffs and veterinary legislation* (see 3.52)

— *Pharmaceutical products*

Comm. Props adopted by C :

Approximation of legislation relating to proprietary medicinal products

Standards and protocols relating to analytical, pharmaco-toxicological and clinical standards of proprietary

OJ 22/65
OJ L 147/75

medicinal products

OJ L 147/75

C. Dec. of 20 May 1975

setting up a pharmaceutical committee

OJ L 147/75

C Dir. of 12 Dec. 1977

— Colouring matters which may be added to medicinal products

OJ L 11/78

— *Dangerous substances*

C. Dir. of 27 June 1967

Classification, packaging and labelling of dangerous substances

OJ 196/67
OJ L 183/75

C. Dir. of 4 June 1973

Classification, packaging and labelling of dangerous preparations (solvents)

OJ L 189/73

C. Dir. of 7 Nov. 1977

EP Rep.

EP Opinion

C. Dir. of 27 July 1976

EP Rep.

EP Opinion

Classification, packaging and labelling of paints, varnishes, adhesives and similar products

OJ L 303/77
EP Doc. 420/75
OJ C 28/76

— *Cosmetic products*

Cosmetic products

OJ L 262/76
OJ C 62/73
EP Doc. 35/73 and 383/73

OJ C 40/74

	4.4	Work in progress	
	<i>(contd)</i>		
Comm. Prop. for Dir. EP Rep. EP Opinion		Safety glass for use in motor vehicles	OJ C 119/72 Doc. 13/73 OJ C 37/73
EP Rep.		Classification, packaging and labelling of pesticides	OJ C 40/75 EP Doc. 16/75
Comm. Prop. for Dir.	4.40	Veterinary medicinal products	OJ C 152/76
Comm. Prop. for Dir.		Analytical, pharmaco-toxicological and clinical standards and protocols in respect of testing veterinary medicinal products	OJ C 152/76
	4.41	HEALTH PROTECTION OF WORKERS	
		The following cttees were set up to safeguard the health and safety of workers :	
C. Dec. of 9 and 10 May 1957		— The Mines Safety and Health Committee	OJ 28/57
		— Extension of terms of reference	
		— The Steel Industry Safety and Health Committee	OJ L 185/74
C Dec. of 27 June 1974		— The Advisory Committee on Safety, Hygiene and Health at Work	OJ L 185/74
C. Dir. of 18 Dec. 1975		Electrical equipment for use in potentially explosive atmospheres	OJ L 24/76
C. Dir. of 1 June 1976		Revised basic safety standards for health protection of general public and workers against dangers of ionizing radiation	EP Doc. 387/73 OJ L 187/76
C. Dir. of 27 July 1976		Common provisions for pressure vessels and methods of inspecting them	OJ L 262/76

C Dir. of 20 Mar. 1977
EP Rep.
EP Opinion

4.41
(*contd*)

Driver-perceived noise level of agricultural or forestry tractors fitted with wheels

OJ L 105/77
EP Doc. 193/74
OJ C 127/74

C Dir. of 27 July 1977
EP Rep.
EP Opinion

Safety information and the work place

OJ L 229/77
EP Doc. 217/77
OJ C 178/76

4.411

Work in progress

Comm. Prop. for Dir.
EP Rep.
EP Opinion

— **Welded unalloyed steel gas cylinders**

EP Doc. 221/73
OJ C 2/74

Comm. Prop. for Dir.
EP Rep.
EP Opinion

— **Seamless steel gas cylinders**

OJ C 104/74
EP Doc. 384/74
OJ C 5/75

Comm. Prop. for Dir.
EP Rep.
EP Opinion

— **Reinforced plastic tanks for transport of dangerous substances by road**

OJ C 26/72
EP Doc. 71/72
OJ C 82/72

— **Seamless aluminium alloy gas cylinders**

OJ C 104/74
EP Doc. 384/74
OJ C 5/75

— **Emission of pollutants from diesel engines for use in wheeled agricultural or forestry tractors**

OJ C 10/76

— **Protection of health of workers occupationally exposed to vinyl chloride monomer**

OJ C 291/76
EP Doc. 459/76
OJ C 163/77

Comm. Prop.
of 10 Apr. 1975
EP Rep.
EP Opinion

— **Guidelines for a Comm. programme on safety, hygiene and health protection at work**

EC Bull. 4/75
EP Doc. 211/75
OJ C 239/75

Comm. Prop. for
C. Dec.

— **EC action programme on safety, hygiene and health protection at work**

COM (77) 657 def.

4.5 Environmental protection

C Decl. of 22 Nov. 1973

4.50

OBJECTIVES

OJ C 112/73

- to prevent, reduce and as far as possible eliminate pollution and nuisances
- to maintain a satisfactory ecological balance and ensure the protection of the biosphere
- to guide development in accordance with prescribed quality standards, especially by improving working conditions and the quality of life
- to ensure that more account is taken of environmental aspects of town planning and land use
- to seek common solutions to environmental problems with States outside the Community, particularly in international organizations.

4.51

LEGAL POSITION

EEC Tr. Preamble
Art. 2, 3, 36, 92, 100,
101, 102, 116, 117,
118, 189, 228, 229,
230, 231, 235, 236,
EAEC Tr. Art. 35-38

The Treaties include no direct provisions for the establishment of a coordinated environmental policy. The provisions that can be invoked in this field can only be applied indirectly.

EP Doc. 15/72

4.52

MEASURES TAKEN TO SOLVE ENVIRONMENTAL PROBLEMS

C Agrmt. of 5 March 1973

- with a view to harmonization of urgent measures concerning the protection of the environment

OJ C 9/73

C. Decl. of 22 Nov. 1973	4.52 (contd)	<i>EP action programme on the environment and Props. for related measures</i>	OJ C 112/73 EP Doc. 9/72 EP Doc. 74/72 EP Doc. 106/73
The programme is based on 11 principles, amongst which are :			
— the necessity of preventive action — the 'polluter pays' principle — the principle of action at the most appropriate level			
The proposed actions are divided into three main categories :			
— measures to reduce pollution and nuisances — measures to improve the environment and living conditions — international action			
Comm. Prop. for a C. Res.		Continuation and implementation of a European Community policy and Action Programme on the Environment	OJ C 115/76
C Reg. 26 May 1975		<i>Creation of a European Foundation for the improvement of living and working conditions</i>	OJ L 139/75 EP Doc. 93/74 EP Doc. 94/74
<i>International measures</i>			
C. Res. of 3 March 1975		Concluding the convention for the prevention of marine pollution from land-based sources	OJ L 194/75
Comm. draft Prop. for a C Dec.		Concluding the European Convention for the protection of international watercourses against pollution	OJ C 99/75
EP Rep. EP Opinion			EP Doc. 516/74 OJ C 76/75

4.52
(contd)

The Rhine

Acting on own initiative, EP has adopted Res. calling on Comm. to submit plans and Props. on :

EP Res. of 19 Nov. 1970	— conservation of inland waterways, with particular reference to pollution of the Rhine	OJ C 143/70 EP Doc. 161/70
EP Res. of 16 Dec. 1971	— pollution of rivers, particularly the Rhine	OJ C 2/72
EP Res. of 20 June 1975	— acute danger of further pollution of the Rhine	SEC (75) 1774
	Comm. is participating as an observer in the International Commission for the Protection of the Rhine against Pollution (ICPR) and will submit to C a Prop. requesting authority to participate in negotiations with a view to EC signing a Conv. on chemical pollution of the Rhine	OJ C 157/75
C. Dec. of 25 July 1977 EP Rep. EP Opinion	Convention for protection of the Rhine against chemical pollution and Additional Agrmt of 1963 concerning the ICPR	OJ L 240/77 EP Doc. 400/76 OJ C 293/76

Mediterranean

Comm. will submit Prop. requesting authority to participate in negotiations with a view to EC signing an outline Agrmt. concerning land-based marine pollution of the Mediterranean which is being drafted on the initiative of the United Nations Environment Programme (UNEP)

SEC (75) 1774

C. Dec. of 25 July 1977 EP Rep. EP Opinion	Convention on the protection of the Mediterranean Sea against pollution and Protocol on the prevention of the pollution of the Mediterranean Sea by dumping from ships and aircraft (Barcelona Convention)	OJ L 240/77 EP Doc. 334/76 OJ C 259/76
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4.52
(contd)

Research projects

C. Dec. of 15 Mar. 1976
EP Rep.
EP Opinion

Research programme (1976-1980) in environmental field (indirect action)

OJ L 74/76
EP Doc. 328/75
OJ C 280/75

C. Dec. of 27 Sept. 1977
EP Rep.
EP Opinion

Research programme in field of treatment and use of sewage sludge (concerted action)

OJ L 267/77
EP Doc. 123/77
OJ C 163/77

Comm. Prop. for C. Dec.

Research on physico-chemical behaviour of sulphur dioxide in the atmosphere

OJ C 222/75

Analysis of organic micro-pollutants in water

OJ C 222/75

Comm. Prop. for C. Dec.

Five-year research and training programme of the European Atomic Energy Community in the field of biology and health protection

OJ C 222/75
EP Doc. 336/75

Comm. Prop. for C. Dec.
EP Rep.
EP Opinion

Growth of large urban concentrations (concerted action)

OJ C 199/77
EP Doc. 351/77
OJ C 299/77

Bird Protection

EP, acting on its own initiative, has adopted Decisions calling on the Commission to submit proposals for legally binding Community regulations on the protection and conservation of birds

EP Doc. 449/74
EP Doc. 153/75
EP Doc. 473/75
EP Doc. 329/76

Rec. Comm. of 20 Dec. 1974
Comm. Prop. for C Dir.
EP Rep.
EP Opinion

Protection of birds and their habitats

OJ L 21/75
OJ C 24/77
EP Doc. 113/77
OJ C 163/77

Bird conservation

4.53

STATE OF INTEGRATION

C Dir. of 20 March 1970
amended 28 May 1974

— measures to be taken against air pollution by exhaust gases from certain motor vehicles

OJ L 76/70
OJ L 159/74

C Dir. of 6 Feb. 1970
amended 7 Nov. 1973
Prop. Comm. Amendment

— permissible sound level of motor vehicle exhaust systems

OJ L 42/70
OJ L 321/73
OJ C 113/74

4.52/4.53

C. Dir. of 2 Aug. 1972 & corrigendum	4.53 (<i>contd</i>)	— measures to be taken against the emission of pollutants from diesel engines	OJ L 190/72 OJ L 215/74
C. Dir. of 22 Nov. 1973		— Detergents	OJ L 347/73
C. Dir. of 22 Nov. 1973		— Methods of testing the biodegradability of anionic surfactants	OJ L 347/73
C. Res. of 3 March 1975		— Energy and environment	OJ C 168/75
C. Rec. of 3 March 1975		— Cost allocation and action by public authorities on environmental matters (polluter pays principle)	OJ L 194/75
C. Dir. of 28 Apr. 1975 EP Rep. EP Opinion		— Mountain and hill farming and farming in less-favoured areas	O J L 128/75 EP Doc. 11/73 and 439/74 OJ C 37/73 and C 32/75
C. Dir. of 20 May 1975 EP Rep. EP Opinion		— Aerosols	OJ L 147/75 EP Doc. 150/73 OJ C 83/73
C. Dir. of 16 June 1975		— Quality of surface water for abstraction of drinking water	EP Doc. 84/74 OJ L 194/75
C. Dir. of 16 June 1975		— Disposal of waste oils	EP Doc. 132/74 OJ L 194/75
C. Res. of 24 June 1975		— Revised list of second-category pollutants to be studied as part of EC programme of action on the environment	EP Doc. 514/74 OJ C 168/75
C. Dec. of 24 June 1975		— Common procedure for exchange of information between the surveillance and monitoring networks based on data relating to atmospheric pollution caused by certain sulphur compounds and suspended particulates	EP Doc. 514/74 OJ L 194/75
C. Dec. of 26 June 1975		— Programme on management and storage of radioactive waste	EP Doc. 23/75 OJ L 178/75
C. Dir. of 15 July 1975		— Waste	EP Doc. 383/74 OJ L 194/75
C. Res. of 15 July 1975		— Adaptation to technical progress of Directives or other Community rules on protection and improvement of the environment	EP Doc. 101/74 OJ C 168/75

C. Dir. of 24. Nov. 1975	4.53 (<i>contd</i>)	— Sulphur content of certain liquid fuels	EP Doc. 103/74 OJ L 307/75
C. Dir. of 8 Dec. 1975		— Quality of bathing water	EP Doc. 53/75 OJ L 31/76
C. Dec. of 8 Dec. 1975		— Establishment of common procedure for setting up and constant updating of inventory of sources of information on the environment in EC	EP Doc. 141/75 OJ L 31/76
C. Dir. of 6 April 1976		— Disposal of polychlorinated biphenyls (PCB) and terphenyls	OJ L 108/76
C. Dir. of 4 May 1976		— Pollution caused by certain dangerous substances discharged into the aquatic environment of EC	OJ L 129/76
C. Dir. of 27 July 1976		— Restrictions on marketing and use of certain dangerous substances and preparations	EP Doc. 103/74 OJ L 262/76
C. Dec. of 23 Nov. 1976		— Establishment of Standing Committee on Plant Health	OJ L 340/76
C. Dir. of 23 Nov. 1976 EP Rep. EP Opinion		— Maximum levels for pesticide residues in and on fruit and vegetables	OJ L 340/76 EP Doc. 60/69 OJ C 97/69
C. Res. of 12 Dec. 1977 EP Rep. EP Opinion		— Uniform procedure for exchange of information on quality of surface fresh water in EC	OJ L 334/77 EP Doc. 205/76 OJ C 178/76
C. Dir. of 29 Mar. 1977 EP Rep. EP Opinion		— Biological screening of the population for lead	OJ L 105/77 EP Doc. 399/75 OJ C 28/76
C. Dir. of 20 Feb. 1978 EP Rep. EP Opinion		— Waste from titanium dioxide industry	OJ L 54/78 EP Doc. 457/75 OJ C 28/76
	4.54	WORK IN PROGRESS	
Comm. Prop. for Dir. EP Rep. EP Opinion		— Lead content in petrol	OJ C 8/74 Doc. 339/75 OJ C 280/75
Comm. Prop. for Dir. EP Rep. EP Opinion		— Ceramic articles intended to come into contact with food	OJ C 46/75 EP Doc. 18/75 OJ C 95/75

Comm. Prop. for Dir. EP Rep. EP Opinion	4.54 <i>(contd)</i>	— Classification, packaging and labelling of pesticides	OJ C 40/75 EP Doc. 16/75 OJ C 111/75
Comm. Prop. for Dir. EP Rep. EP Opinion		— Reduction of water pollution caused by wood pulp mills	OJ C 99/75 EP Doc. 78/75 OJ C 111/75
Comm. Prop. for Dir. EP Rep. EP Opinion		— Air quality standards for lead	OJ C 151/75 EP Doc. 399/75 OJ C 28/76
Comm. Prop. for Dir. EP Rep. EP Opinion		— Quality of water for human consumption	OJ C 214/75 EP Doc. 418/75 OJ C 28/76
Comm. Prop. for Dir. EP Rep. EP Opinion		— Dumping wastes at sea	OJ C 40/76 EP Doc. 216/76 and 375/76 OJ C 293/76
Comm. Prop. for Dir. EP Rep. EP Opinion		— Use of fuel-oils with aim of decreasing sulphurous emissions	OJ C 54/76 EP Doc. 92/76 OJ C 118/77
Comm. Prop. for Rec. EP Rep. EP Opinion		— Permissible sound levels for pneumatic concrete-breakers and jack-hammers, motorcycles, tower cranes, current generators for welding, current generators for power supply	OJ C 82/75 OJ C 54/76 EP Doc. 517/74, 73/76, 93/76 OJ C 76/75 OJ C 125/76
Comm. Prop. for Dir. EP Rep. EP Opinion		— Health protection standards for sulphur dioxide and suspended particulate matter in urban atmospheres	OJ C 63/76 EP Doc. 88/76, 568/76 OJ C 83/77
Comm. Prop. for Dir. EP Rep. EP Opinion		— Limitation of noise emission from subsonic aircraft	OJ C 126/76 EP Doc. 199/76 OJ C 178/76

Comm. Prop. for Dir. EP Rep. EP Opinion	4.54 (<i>contd</i>)	— Toxic and dangerous waste	OJ C 194/76 EP Doc. 446/76 OJ C 30/77
Comm. Prop. for Dir. EP Rep. EP Opinion		— Quality requirements for waters capable of supporting fresh-water fish	OJ C 202/76 EP Doc. 465/76 OJ C 30/77
Comm. Prop. for Dir. EP Rep. EP Opinion		— Quality requirements for waters favourable to shellfish growth	OJ C 283/76 EP Doc. 96/77 OJ C 133/77
Comm. Prop. for Dir. EP Rep. EP Opinion		— Fluorocarbons in the environment	OJ C 217/77 EP Doc. 417/77 OJ C 6/78
Comm. Prop. for Dir.		— Protection of ground water against certain dangerous substances	COM (78) 3 final
Comm. draft Prop. for a Dir.		— Quality objectives of water for agricultural use	10 GR EC Par. 280
Comm. draft Prop. for a Dir.		— Methods of measurement and sampling frequencies in respect of surface waters intended for abstraction of drinking water	10 GR EC Par. 280
Comm. draft Prop. for a Dir.		— Freshwater flora and fauna	10 GR EC Par. 280
Comm. Commun.		— Assessment of environmental impact of thermal discharges on water and the environment	10 GR EC Par. 280

4.6 Consumer protection

C Res. of 14 April 1975

4.60 OBJECTIVES

OJ C 92/75

- the right to protection of health and safety
- the right to protection of economic interests
- the right of redress
- the right to information and education
- the right of representation

EEC Tr., Art.
2, 39, 85-90, 235

4.61 LEGAL POSITION

In addition to general provisions, the legal basis for EC interest in consumer affairs is provided by: — Art. 39 which states, *inter alia*, that the objective of the CAP is to ensure 'that supplies reach consumers at reasonable prices', and Art. 86, which prohibits undertakings from 'limiting production, markets or technical development to the prejudice of consumers.'

Comm. Dec. of 25. Sept. 1973

4.62 MEASURES TAKEN TO SOLVE THESE PROBLEMS

Consumers Consultative Committee

OJ L 283/73

Objectives

Its task is to represent consumer interests to Comm. and to advise Comm. on all problems relating to the formulation and implementation of a consumer protection and information policy.

C Res. of 17 Dec. 1973

Programme for removal of technical obstacles to trade in foodstuffs resulting from different legal and administrative provisions in Member States.

OJ C 117/73

Five phases planned, to be completed by 1 Jan. 1978

C Res. of 14 April 1975	4.62 (contd)	<i>Preliminary programme for a consumer protection and information policy</i>	OJ C 92/75
Comm. Dec. of 16 April 1974		<i>Setting up a Scientific Committee for Food</i>	OJ L 136/74
Comm. Dec. of 26 June 1975		<i>Setting up an Advisory Committee on Foodstuffs</i>	OJ L 182/75

4.63 **STATE OF INTEGRATION**

The free movement of agriculture and industrial products has provided European consumers with a wider range of goods.

C Dir. of 24 July 1973 Amendment of 1 Aug. 1974 Amendment of 19 Dec. 1974 Amendment of 4 March 1975 Amendment of 20 July 1976		— Cocoa and chocolate	OJ L 228/73 OJ L 221/74 OJ L 349/74 OJ L 61/75 OJ L 223/76
C Dir. of 11 Dec. 1973		— Sugar	OJ L 356/73
C Dir. of 22 July 1974		— Honey	OJ L 221/74
C Dir. of 18 June 1974		— Emulsifying and stabilization, thickening and gelling agents	OJ L 189/74
C Dir. of 17 Nov. 1975		— Fruit juices and certain similar products	OJ L 311/75
C Dir. of 18 Dec. 1975		— Certain partly or wholly dehydrated preserved milk for human consumption	OJ L 24/76
C Dir. of 20. Jan. 1976		Making-up by weight or by volume of certain prepackaged products	OJ L 46/76
C Dir. of 20 July 1976 EP Rep. EP Opinion		— Maximum level of erucic acid in oils and fats intended as such for human consumption and in foodstuffs containing added oils or fats	OJ L 202/76 EP Doc. 327/75 OJ C 280/75

C Dir. of 23 Nov. 1976 EP Rep. EP Opinion	4.63 <i>(contd)</i>	— Materials and articles intended to come into contact with foodstuffs	OJ L 340/76 EP Doc. 321/74 OJ C 155/74
C Dir. of 21 Dec. 1976 EP Rep. EP Opinion		— Health foods	OJ L 26/77 EP Doc. 92/69 OJ C 139/69
	4.64	WORK IN PROGRESS	
Comm. Prop. for Reg.		— Butter	OJ C 71/68
Comm. Prop. for Dir. EP Rep. EP Opinion		— Macaroni, spaghetti and similar products	OJ C 136/68 EP Doc. 156/69 OJ C 25/70
Comm. Prop. for Dir. EP Rep. EP Opinion		— Meat, protein extracts, seasoning and other condiments for broths, soups and meat sauces	OJ C 136/68 EP Doc. 212/68 OJ C 41/69
Comm. Prop. for Dir. EP Rep. EP Opinion		— Margarine	OJ C 137/68 EP Doc. 59/69 and 165/70 OJ C 28/69 OJ C 143/70
Comm. Prop. for Reg. EP Rep. EP Opinion		— Dietary foodstuffs	OJ C 20/70 EP Doc. 41/70 OJ C 65/70
Comm. Prop. for Dir. EP Rep. EP Opinion		— Non-alcoholic beverages	OJ C 55/70 EP Doc. 150/70 OJ C 143/70
Comm. Prop. for Dir. EP Rep. EP Opinion		— Natural mineral water	OJ C 69/70 EP Doc. 252/70 OJ C 45/71
Comm. Prop. for Dir. EP Rep. EP Opinion		— Coffee and tea extracts	OJ C 76/73 EP Doc. 139/73 OJ C 83/73

Comm. Prop. for Dir. EP Rep. EP Opinion	4.64 (<i>contd</i>)	— Yeasts and yeast residues	COM (73) 330 final EP Doc. 194/74 OJ C 5/75
Amended Comm. Prop. for Dir. EP Rep. EP Opinion		— Fruit jams, jellies and marmalades and chestnut purée	OJ C 202/75 EP Doc. 343/75 OJ C 7/76
Comm. Prop. for Dir. EP Rep. EP Opinion		— Labelling, presentation and advertising of foodstuffs for sale to the ultimate consumer	OJ C 91/76 EP Doc. 211/76 OJ C 178/76
Comm. Prop. for Dir. EP Rep. EP Opinion		— Ranges of nominal quantities permitted for certain prepackaged products	OJ C 193/76 EP Doc. 462/76 OJ C 30/77
Comm. Prop. for Dir.		— Liability for defective products (product liability)	OJ C 241/76
Comm. Prop. for Dir. EP Rep. EP Opinion		— Materials and articles containing vinyl chloride monomer and intended to come into contact with foodstuffs	OJ C 16/77 EP Doc. 515/76 OJ C 118/77
Comm. Prop. for Dir. EP Rep. EP Opinion		— Consumer protection in respect of contracts negotiated away from business premises	OJ C 22/77 EP Doc. 227/77 OJ C 241/77
Comm. Prop. for Dir. EP Rep. EP Opinion		— Unit pricing of foodstuffs	OJ C 167/77 EP Doc. 416/77 OJ C 63/78
Comm. Prop. for Dir.		— Home study courses	OJ C 208/77
Comm. Prop. for Dir.		— Misleading and unfair advertising	COM (77) 724 final
Comm. draft Prop. for Dir.		— Unfair clauses in contracts (so-called small print)	11 GR EC, Par. 301
Comm. draft Prop. for Dir.		— Consumer credit	11 GR EC, Par. 301

5. **EXTERNAL RELATIONS**

5.0 **Common commercial policy and multilateral relations**

Information on agricultural products falling under the COM, (see 3.6).

5.1 **Customs policy**

5.11 **OBJECTIVES**

EEC Tr., Art. 3
EAEC Tr., Art. 94
EEC Tr., Art. 8

Creation of conditions required for establishment of a common market without customs barriers between Member States and introduction of common customs tariff *vis-à-vis* third countries. Twelve-year transition period provided for.

5.12 **REQUIREMENTS OF TREATIES**

EEC Tr., Art. 18—23

Progressive introduction of CCT at level of arithmetical average of duties in force on 1 January 1957. CCT to be applied by end of transitional period.

EAEC Tr., Art. 94

Application of CCT one year after Treaty enters into force.

EEC Tr., Art. 28

Possibility of altering or suspending CCT.

EEC Tr., Art. 29

Factors which guide Commission in task of setting up CCT.

5.13 **DECISION-MAKING PROCEDURE**

- EEC Tr., Art. 28 Any autonomous alteration or suspension of CCT decided unanimously by C.
- EEC Tr., Art. 28 C. acting on proposal from Comm. determines :
by qualified majority :
— limited alterations to CCT ;
- EEC Tr., Art. 100 unanimously :
— directives for approximation of provisions relating to customs matters laid down by law, regulation or administrative action in Member States (after consulting EP and ESC if these directives involve amendment of legislation) (see 1.22).
- EEC Tr., Art. 235 — measures required to attain Community objectives (after consulting EP) (see 1.233).
- C Reg. 1410, 4 June 1974 Comm., at request of Member States, determines — for example :
— tariff treatment applicable to goods imported for free circulation in event of disasters occurring in territory of one or more Member States. OJ L 150/74
- C Reg. 97, 16 Jan. 1969 Comm., aided by advisory committees, supervises :
— uniform application of CCT nomenclature ; OJ L 14/69
- C Reg. 542, 18 Mar. 1969 — implementation of Community transit procedure ; OJ L 77/69
- C Reg. 802, 27 June 1968 — common definition of concept of origin of goods ; OJ L 148/68
- C Reg. 803, 27 June 1968 — valuation of goods for customs purposes ; OJ L 148/68
- C Dir. 73, 4 Mar. 1969 — inward processing arrangements ; OJ L 58/69

5.13 — composition of Advisory Committee on Customs Matters which represents all groups affected by customs regulations.
(*contd*)

7th GR EC, Par. 104

5.14 WORK IN PROGRESS

Comm. Prog.,
28 Apr. 1971

Approximation of national legislation which has a direct effect on the amount of customs duties which have become 'own resources' and on the conditions of competition. Harmonization of customs procedure, determination of the chargeable event with regard to customs duties and levies, refund or remission of duties, retroactive levy of duty, customs franchise privileges and other aspects of customs legislation.

EC Bull. 6/71
Part 1, Chapter IV

Appropriate measures to improve operation of Customs Union, especially extension of measures relating to inward processing and customs valuation; Community transit; fraud prevention; customs clearance procedure; settlement of disputes, etc.

5.15 COMMON CUSTOMS TARIFF (CCT)

5.151 Objectives

EEC Tr., Art. 2 and 3

To contribute to establishment of common commercial policy.

5.152 Rules for application of CCT

In general CCT is applied by EEC Member States *vis-à-vis* third countries, except when CCT partially or wholly suspended as result of agreements between EEC and third countries or groups of third countries.

C Reg. 950, 28 June 1968	5.152 (<i>contd</i>)	Applicable to industrial and agricultural products from 1 July 1968, CCT contains :	OJ L 172/68
		<ul style="list-style-type: none"> — conventional tariffs applicable to Member countries of GATT and to countries with which EEC has concluded 'most favoured nation' agreements ; — autonomous tariffs established by EEC <i>vis-à-vis</i> other third countries. 	
		<p>When conventional customs duty is higher than autonomous duty, latter is applicable. Basis of application is nomenclature of import duties, published annually. Edition of CCT in force for current year is drawn up at end of previous year.</p>	
		<p>For preferential arrangements resulting from special agreements with third countries see 6.</p>	
C Reg. 1496, 27 Sep. 1968 C Reg. 2744, 19 Dec. 1972 C Reg. 3456, 17 Dec. 1973		Definition of customs territory of Community.	OJ L 238/68 OJ L 291/72 OJ L 356/73
C Reg. 2780, 20 Dec. 1971		Possibly temporary, partial or total suspension of autonomous duties on certain products not produced in sufficient quantity to meet needs of EC.	OJ L 287/71
C Reg. 1308—14 (232/ECSC, 233/ECSC), 21 June 1971		Entry into force on 1 July 1971, for the Group of 77 (see 5.42) of generalized tariff preferences in favour of developing countries and areas.	OJ L 142/71
Comm. Reg. 2862, 22 Dec. 1971		Generalized tariff preferences.	OJ L 289/71

5.152
(*contd*)

Since 1.1.1974 same system has been applied by Community as originally constituted and by new Members. Implementing regulations may be renewed. New regulations are published in OJ towards end of each year (see also 5.42).

Comm. Reg. 1371,
30 June 1971 amended
by Comm. Reg. 2171,
11 Oct. 1971

Concept of 'originating products' for application of tariff preferences granted by EEC in respect of certain products imported from developing countries (industrial and agricultural products).

OJ L 146/71
OJ L 229/71

Taxes in international travel (see 2.5223 and 2.523).

5.153

Approximation of customs legislation

— Aim to achieve uniform application of CCT; equal customs treatment. From 1 January 1975 all CCT duties levied in Member States are allocated to Community budget.

7th GR EC, Par. 100

C Reg. 803, 27 June 1968

— Valuation of goods for customs purposes.

OJ L 148/68

C Dir. 73—76, 4 Mar. 1969

— Customs warehouses and admission of goods into free zones; deferred payment of customs duties — implementation of measures by Member States before 1 October 1969 to comply with provisions of Directive.

OJ L 58/69

C Dir. 235, 21 June 1971

— Directive relating to usual forms of handling goods which may be carried out in customs warehouses and in free zones.

OJ L 143/71

C Dir. 73,
4 Mar. 1969

— Inward processing, i.e. duty-free importation of goods which are to be worked or processed before being re-exported — Inward Processing Committee.

OJ L 58/69

C Dir. 76/119, 18 Dec. 1975	5.153 <i>(contd)</i>	— Outward processing, i.e. export of goods with a view to their being re-imported after processing, working or repair, wholly or partly free of import duties — Inward Processing Committee, hereafter called the Committee for Customs Processing Arrangements, may examine any matter relating to the application of this Dir.	OJ L 24/76
C Reg. 754, 25 Mar. 1976		— Customs treatment applicable to goods returned to customs territory of Community (these goods are exempt from import duty).	OJ L 89/76
C Reg. 802, 27 June 1968 amended by C Reg. 1318 of 21 June 1971		— Common definition of concept of origin of goods ; uniform application of EC customs provisions. Committee on Origin and EEC certificate of origin.	OJ L 148/68 OJ L 139/71
5.154 State of integration			
C Reg. 950, 28 June 1968		1. CCT applied from 1 July 1968 to industrial and agricultural products not subject to levies. CCT drawn up annually by C for following year. Published in OJ towards end of year.	OJ L 172/68
C Reg. 1/72, 20 Dec. 1971		2. Customs duties applicable to industrial products reduced by an average of 35 to 40 % in accordance with the Kennedy Round agreements (1967, the last of which came into force on 1 January 1972. Average level of Community duties applying to these goods after Kennedy Round : 6 %.	OJ L 1/72 5th GR EC, Par. 503
C Reg. 97, 16 Jan. 1969		3. Establishment of several advisory committees with task of jointly ensuring uniform application and interpretation of tariffs and of customs regulations (see 5.13).	OJ L 14/69

Act of Accession, Art. 32

5.154
(contd)

4. United Kingdom and Ireland retain their system of customs duties of a fiscal nature, in certain cases until end of 1977.
5. Customs duties between three new Member States of the EEC and six original Members reduced by 20 % (with a few exceptions) on 1 April 1973, with further reductions of 20 % on 1 January of each subsequent year. Duties abolished by 1 July 1977.

7th GR EC, Par. 94

5.2 **Common commercial policy**

5.21 **OBJECTIVES**

EEC Preamble, Par. VI

EEC Tr., Art. 2, 3

EEC Tr., Art. 110

- Progressive abolition of restrictions on international trade.
- Establishment of common market.
- Contribution to harmonious development of world trade, to progressive abolition of restrictions on international trade, to lowering of customs barriers and increase in competitive strength of undertakings in Member States.

5.22 **REQUIREMENTS OF THE TREATIES**

EEC Tr., Art. 113
(1 and 2)

Common commercial policy is based on uniform principles, particularly in regard to changes in tariff rates, conclusion of tariff and trade agreements, achievement of uniformity in measures of liberalization, export policy and measures to protect trade such as those to be taken in case of dumping or subsidies.

EEC Tr., Art. 115

To ensure that execution of measures of commercial policy taken by any Member State is not obstructed by deflection of trade or economic difficulties.

ECSC Tr., Art. 71

Governments of Member States shall afford each other such mutual assistance as is necessary to implement measures taken in accordance with Tr.

EEC Tr., Art. 112 (1)

Harmonization, before end of transitional period, of systems whereby Member States grant aid for exports to third countries, to extent necessary to ensure that competition between undertakings of EC is not distorted.

ECSC Tr., Art. 72	5.22	Fixing of maximum and minimum rates for customs duties.
ECSC Tr., Art. 73	(<i>contd</i>)	Supervision of administration and verification of import and export licences (for trade with third countries).
ECSC Tr., Art. 74		Measures against dumping and excessive imports which threaten Community production.

5.221 **Negotiation and conclusion of trade agreements with third countries**

EEC Tr., Art. 113 (3)		Comm. makes recommendations to C, which authorizes it to open necessary negotiations. Comm. conducts negotiations in consultation with special committee appointed by C to assist it in this task and within framework of such directives as C may issue to it.
EEC Tr., Art. 114		Agreements are concluded on behalf of EC by the C acting by qualified majority.
EEC Tr., Art. 228		Agreements between EC and one or more States or an international organization are negotiated by Comm. and concluded by C, after consulting EP where required by Tr.

5.23 **DECISION-MAKING PROCEDURE (DECISIONS OTHER THAN THOSE QUOTED IN 5.13 OR IN 5.221)**

EEC Tr., Art. 113		Decisions are made by acting by qualified majority on proposal from Comm. Uniform principles for implementation of common commercial policy.
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EEC Tr., Art. 115

5.23
(*cont'd*)

Comm. can authorize Member States to take protective measures in case of deflection of trade or economic difficulties.

5.24 **STEPS TOWARDS STANDARDIZATION OF
MEASURES *VIS-À-VIS* THIRD COUNTRIES**

5.241 **Agreements between Member States and third countries**

C Dec., 9 Oct. 1961

Validity of agreements with third countries may in no case extend beyond end of transitional period (31 December 1969).

OJ L 71/61

C Dec. 495, 16 Dec. 1969

However, authorization has been given for extensions of one year subject to prior consultation with EC.

OJ L 326/69

Certain authorizations for extension or continuation by tacit renewal are still granted.

5.242 **Cooperation agreements not covered by Art. 113**

Agreements relating to cooperation in technological, industrial, scientific or financial fields.

C Dec. 393,
22 July 1974

Adoption of consultation procedure.

OJ L 208/74

Member States inform Comm. and other Member States of any cooperation agreements with third countries which they intend to negotiate or extend.

Consultation takes place in a Committee consisting of representatives of Member States and Comm.

5.25 **IMPORT POLICY**

See 5.253 for rules applying to State-trading countries.

5.23/5.25

5.251 **Objectives**

Harmonization of import procedures.

Contribution to liberalization of world trade by joint liberalization list.

5.252 **State of integration**

5.2521 *HARMONIZATION ACHIEVED TO DATE*

CCT in force (see 5.14).

C Reg. 1439, 4 June 1974

Common rules for imports from non-member countries, excluding State-trading countries.

OJ L 159/74

In the event of actual or potential serious disadvantage to Community production, imports may be restricted or suspended.

Adoption of measures of surveillance and protective measures regarding imports.

Consultation takes place within an advisory committee.

Common liberalization list for imports from certain third countries is annexed to Reg. Products described in Annex I and originating in third countries listed in Annex II are not subject to quantitative restrictions when imported into EC. The C, acting by qualified majority on Prop. from the Comm., may extend liberalization list and list of countries affected. Extended list is periodically published by Comm. in OJ C for information purposes.

C Reg. 1023, 25 May 1970

Common procedure for administering quantitative import quotas.

OJ L 124/70

C Reg. 1471, 20 July 1970	5.2521 <i>(cont'd)</i>	Common procedure for the autonomous increase of imports into EC of products subject to voluntary restraint arrangements by exporting countries.	OJ L 164/70
		Measures of surveillance and protective measures adopted by EC in 1975 — for example in respect of textiles, shoes and other products.	9th GR EC, Par. 418—19
	5.2522	<i>COORDINATION OF MEASURES BY MEMBER STATES</i>	
C Dec., 9 Oct. 1961		Establishment of consultation procedure to provide Comm. and Member States with information regarding changes in state of liberalization in relation to third countries. Transitional measures for progressive standardization of import terms as regards third countries in order to avoid autonomous amendments to import terms by Member States constituting obstacles to implementation of the common commercial policy.	OJ L 71/61 (pp. 1273—74)
C Dec. 455, 19 Dec. 1972			OJ L 299/72
	5.253	Relations with State-trading countries	
C Dec. 34, 6 Dec. 1973		Authorization for bilateral negotiations between Member States and State-trading countries and/or tacit extension of certain trade agreements; validity of these agreements must not extend beyond 31 December 1974.	OJ L 30/74
		At present there is no trade agreement in force between EC and State-trading countries.	
C Reg. 109/70, 19 Dec. 1969		Establishment of common rules for imports : — list of liberalized products shown in the annex is amended periodically by C Reg. which are published in OJ L. Text of amending supplement is published in OJ C ;	OJ L 19/70

5.253
(contd)

- transfer to EC of powers allowing it to take measures to safeguard producers against excessive imports ;
- establishment of advisory committee composed of representatives from Member States and from Comm.

C Dec. 210, 27 Mar. 1975

Pending the conclusion of trade agreements with State-trading countries, Community has adopted unilateral arrangements concerning imports from these countries which are subject to quantitative restrictions.

OJ L 99/75

At end of each year C, acting on prop. of Comm. adopts new quotas for following year. C Reg. giving details of new quotas are published in OJ L. See OJ L 365 of 31 December 1976, for example.

5.2531

WORK IN PROGRESS

In November 1974, EC forwarded outline trade agreement to State-trading countries.

9th GR EC Par. 504

See Comecon 5.3642.

5.254

Protection against dumping or granting of bounties or subsidies by third countries

Anti-dumping duties may be imposed when dumping :

OJ L 206/73

- causes or threatens to cause material injury to established industry ;

C Reg. 459, 5 Apr. 1968
Art. 2, Par. 1 and 2 amended by
C Reg. 2011, 24 July 1973

5.254 — causes a material delay in establishment of industry planned to be set
(*contd*) up in EC.

If complaint against dumping lodged, Comm. conducts inquiry into injury or threat of injury. Consultation may take place in advisory committee.

Comm. Reg. 261, 4 Feb. 1977

Imposition of provisional anti-dumping duty.

OJ L 34/77

In majority of cases examined, exporters agreed to take measures deemed admissible by Comm.

Comm. Commun.

Termination of anti-dumping/anti-subsidies procedure concerning synthetic stockings from Taiwan and from Republic of Korea — quoted as an example.

OJ C 73/74

5.255 **Commercial policy in coal and steel sector**

— Products covered :

Coal and steel (products described in common customs tariff (CCT) in chapters 27 and 73 and marked 'ECSC')

5.2551 *COAL*

Commercial policy has effectively remained in hands of Member States. Coordination exists only at technical level.

5.2552 *STEEL*

Anti-crisis measures

(steel industry) see also 4.21611

Special measures have been taken to deal with the difficulties in the steel industry.

Certain of these measures apply exclusively to imports and others, taken for the internal market, also apply to certain imports.

5.2552
(cont'd)

Measures applicable to imports :

- (1) Surveillance measures
- (2) Anti-dumping measures
- (3) Fixing of reference prices
- (4) Agreements with third countries

(1) Surveillance measures

These are not entirely specific to the crisis but are permanent and were merely strengthened by introduction of detailed measures.

Comm. Dec. 76/32/ECSC
of 10 Dec. 1975
Comm. Rec. 77/330/ECSC
OF 15 Apr. 1977
Comm. Rec. 1616/78/ECSC
of 10 July 1978

Each month, Member States are required to notify Comm. of imports carried out during the previous month and supply data on applications for import licences which must contain very detailed information.

OJ L 7/76
OJ L 114/77
OJ L 189/78

ECSC Tr., Art. 74

(2) Anti-dumping measures deriving from basic prices and practice of granting bounties or subsidies

Basic prices

Concept linked to anti-crisis measures, differs from concept of basic prices used in iron and steel lists published in accordance with Art. 60 of the ECSC Tr.

Prices established by reference to the lowest normal cost in the supplying country where there are normal conditions of competition.

Measures applicable

Comm. Communic.

Comm. statement concerning basic prices of certain iron and steel products (140 products); entry into force : 1 January 1978

OJ L 353/77

5.2552
(contd)

a) *Dumping*

Principle : compensation for a real or potential injury caused to an industry already established or being set up in EC.

Procedure : following a complaint from the European iron and steel industry lodged by a Member State, Comm., in consultation with the Member States, establishes the existence of both dumping and injury. It then fixes a provisional anti-dumping duty which becomes definitive if the facts as finally established show there is injury. Comm. may amend, revoke or annul these measures.

b) *Countervailing measures*

Procedure : identical to that for the anti-dumping duty.

Measures applicable

Protection against dumping or the granting of bounties or subsidies by countries which are not members of the ECSC.

OJ L 114/77

Strengthening by introduction of certain provisions contained in the GATT anti-dumping code and provisions on the monitoring of written undertakings by exporters and the refund of duties collected.

OJ L 352/77

Comm. Rec. 77/329/ECSC
of 15 Apr. 1977

Comm. Rec. 3004/77/ECSC
of 28 Dec. 1977

(3) **Fixing of reference prices :**

Application to imports : See 4 below

a) *Minimum prices*

Setting by Comm. of supply targets with which EC steel undertakings agree to comply. In the case of certain products not covered by satisfactory voluntary commitments, fixing of minimum prices for a given period and prohibition of alignments on more favourable offers from third countries.

ECSC Tr. Art. 61

Comm. Dec. 962/77/ECSC of 4 May 1977	5.2552 <i>(contd)</i>	Measures applicable : Fixing of minimum prices for certain concrete reinforcement bars Valid until 31 December 1977	OJ L 114/77
Comm. Dec. 3000/77/ECSC of 28. Dec. 1977		Fixing of minimum prices for hot-rolled wide strips, merchant bars and concrete reinforcing bars. Valid until 31 December 1978.	OJ L 352/77
Comm. Communic.		b) <i>Guidance prices</i> These are prices which the producers voluntarily agree to comply with, but once a producer has agreed to these prices, Art. 60 of the ECSC Tr. is applicable.	OJ L 114/77 OJ C 174/77
		c) <i>Delivered prices</i> These are prices at the point of sale, i.e. the basic prices adjusted to take into account variations for example in quality or size, and trans- port costs.	

(4) Agreements with third countries

In accordance with its mandate from C of 20 December 1977, Comm. has already concluded agreements with third countries allowing the maintenance of traditional patterns of trade despite EC safeguard measures.

There are three types of agreement :

a) *EFTA countries*

Main features :

- compliance with minimum and guidance prices
- abatement of 3 % on minimum and guidance prices
- prohibition on EC undertakings aligning their prices on imports from these countries for the duration of the agreement

5.2552
(contd)

- exemption from anti-dumping proceedings
- reciprocation of any advantages in favour of EC undertakings.

b) *countries with market economies which are not members of EFTA*

Main features :

- exporting countries undertake to apply delivered prices
- margin of penetration : 6 % for ordinary steels and 4 % for special steels
- possible alignment on offers from third countries which have not concluded an agreement with EC, subject to compliance with the basic price
- prohibition on EC undertakings aligning their prices on imports from these countries for the duration of the agreement
- restricted tonnage imported
- no anti-dumping proceedings if the agreements are complied with (proceedings against Spain and Japan, for example, have been suspended)
- valid until 31 December 1978.

c) *with state-trading countries*

Main features :

- compliance by such countries with the delivered prices
- margin of penetration : 6 % for ordinary steels and 4 % for special steels
- prohibition on EC undertakings aligning prices on imports from these countries for the duration of the agreement

- 5.2552
(contd)
- possible alignment on the price of an offer from a third country which has not concluded an agreement with EC, subject to compliance with the basic price
 - restricted tonnage imported
 - current anti-dumping proceedings suspended
 - valid until 31 December 1978.

5.26 **EXPORT POLICY**

5.261 **State of integration**

Although transitional period has expired, harmonization of rules relating to exports is not yet complete.

Common rules for exports.

OJ L 324/69

Measures can be taken :

- in case of serious shortage of essential products ;
- to allow international undertakings to be fulfilled ;
- to establish advisory committee ;
- to draw up Annex listing products subject to quantitative export restrictions.

List of products subject to restrictions periodically amended by C Reg. published in OJ L.

Common procedure for administering quantitative export quotas.

OJ L 124/70

Establishment of Quota Administration Committee presided over by representative of Comm.

C Reg. 2603
20 Dec. 1969

C Reg. 1023
25 May 1970

5.262 **Credit insurance and export credit insurance**

5.2621 *MEASURES IN FORCE*

C Dec. of 27 Oct. 1960

Establishment of a policy-coordination group for credit insurance, credit guarantees and financial credits consisting of delegates from the Member States and Comm.

OJ L 66/60

C Dec. 391
of 3 Dec. 1973
amended by C Dec. 641
of 27 July 1976

Consultation procedure for credit insurance, credit guarantees and financial credits given by the Member States or state bodies.

OJ L 346/73
OJ L 223/76

C Dec. 552
of 16 Dec. 1970
and annex

Arrangements, in the fields of export guarantees and export finance, applicable to certain subcontracting operations effected in other Member States or non-member countries.

OJ L 284/70

Convention laying down the reciprocal obligations of credit insurance bodies in the EC for joint guarantees of contracts involving subcontracting operations in one or several Member States.

Arrangement on guidelines for export credits. Following international negotiations, which were concluded on 22 Feb. 1978 and in which EC participated, it was agreed to implement an Arrangement on officially supported export credits.

EC Bull. 2/78
Par. 2.2.35

The Arrangement sets a minimum percentage for down-payments, maximum repayment periods and minimum interest rates. It also contains guidelines on local costs and lays down procedures for the satisfactory operation of the Arrangement.

This Arrangement replaces the informal agreement on certain export credits applied between March 1977 - June 1978.

11th GR EC, Par. 494

C Dec. of 4 Apr. 1978

Confirmation that the Community will apply the guidelines from 1 April 1978.

EC Bull. 12/77, Par. 2.2.29
EC Bull. 4/78

5.2622 *HARMONIZATION — DIRECTIVES ADOPTED BUT NOT YET IMPLEMENTED*

C Dirs. 509 and 510
of 27 Oct. 1970

Adoption of common credit insurance policy for medium and long-term transactions with public and private buyers.

OJ L 254/70

C Dir. 86 of 1 Feb. 1971

Harmonization of main provisions concerning the guarantee of short-term transactions (political risk) with public or private buyers.

OJ L 36/71

Annex D to Dir. 510 of
27 Oct. 1970

These Directives have still not been implemented because their implementation has been made conditional upon the adoption of a body of other Directives in the same field. Comm. proposed to amend these two Directives to eliminate this condition.

5.2623 *PROPOSALS*

Recent proposals submitted by Comm. concerning : establishment of a European export bank.

OJ C 76/76
EP Doc. 66/77
OJ C 133/77
WQ 123/78

Council Directive relating to uniform principles to be adopted in export credit insurance systems for medium and long term transactions with public and private buyers.

The uniform principles referred to by the Directive apply to the following fields :

— exports to non-member countries, guaranteed by individual or comprehensive or selected transaction policies and effected on the basis of a supplier credit ;

5.2623
(contd)

- performance bonds ;
 - direct guarantees to banks ;
 - transactions carried out on basis of financial credits and guaranteed by individual policies.
- C. Directive to abolish cost escalation guarantee schemes for exports to non-member countries.

EC Bull. 6/77
pt. 2.2.27

EC Bull. 5/76
Par. 307

5.3 **Relations with international and regional organizations**

5.31 **UNO AND SOME OF ITS SPECIALIZED AGENCIES**

5.311 **UNO (United Nations Organization)**

5.3111 *OBJECTIVES*

Charter of the
United Nations

Set up by Charter of San Francisco signed 26 June 1945, United Nations Organization has following aims :

- to maintain international peace and security ;
- to develop ‘friendly relations among nations based on respect for the principle of equal rights and self-determination of peoples’ ;
- to achieve international cooperation in solving international problems of economic, social or cultural nature, and in promoting and encouraging respect for human rights ;
- to be a ‘centre for harmonizing the action of nations in the attainment of these common ends’.

5.3112 *MEMBER STATES*

Approximately 150 States.

5.3113 *ADMINISTRATIVE STRUCTURE*

General Assembly in which all States are represented (one vote per State); Security Council, Economic and Social Council, Trusteeship Council, International Court of Justice, and Secretariat.

Numerous subsidiary bodies and specialized agencies.

Headquarters in New York.

5.3114 *RELATIONS WITH EC*

EEC Tr., Art. 229
ECSC Tr., Art. 93
EAEC Tr., Art. 199

Comm. responsible for ensuring maintenance of all appropriate relations with organs of United Nations and specialized agencies.

Since 1958 it has had status of 'guest of the Secretariat' of Economic Commission for Europe.

In 1959 agreement signed providing for mutual consultations and exchanges of views on employment policy between EEC and International Labour Office.

Agreements were concluded with ECSC and EAEC in 1953 and 1959 respectively.

Since end of 1961 various cooperation agreements have been concluded between EEC and UNO specialized agencies, such as Food and Agriculture Organizations (FAO), UNICEF, World Bank and IMF.

EP Doc. 47/67
(Dehousse)

Since 1964 EEC has had status of permanent observer at UNCTAD.

Since 1967 it has had status of observer at UNO Economic and Social Council.

5.3114
(contd)

EC has also held consultations with UNESCO since agreement concluded in 1964.

Res. passed by General Assembly on 11 October 1974 enables EEC to attend meetings and proceedings of General Assembly as observer.

Statement on the activities of EC, by president in office of C. at the United Nations on 26 September 1977 in New York.

EC Bull. 10/74
pt. 1101 and 2316

EC Bull. 9/77
points 3.2.1-3.2.10

5.312 **FAO (United Nations Food and Agriculture Organization)**

5.3121 *OBJECTIVES*

The first UNO specialized agency, set up in 1945.

Aim to combat hunger and malnutrition. Serves as coordinating body between government representatives, scientific groups and non-governmental organizations to carry out development programmes relating to food and agriculture.

5.3122 *MEMBER STATES*

Comprises 136 Western and Eastern States, all members of UNO.

5.3123 *ADMINISTRATIVE STRUCTURE*

Governed by Conference of Member Nations which lays down work programme and meets every two years.

FAO Council, made up of representatives of 42 Member States, divided into several committees and responsible for FAO's operation between Conference sessions.

Headquarters in Rome.

EC Bull. 1/77
pt. 2.2.30

5.3124

RELATIONS WITH EC

2nd GR EC, Par. 62

Contacts between FAO and EC were established in 1958.

Agreement was concluded between EC and FAO in 1962 laying down methods for liaison and cooperation between two institutions.

6th GR EC, Par. 281

Since then Comm. has represented the Community at meetings of higher authorities of FAO.

In 1974 World Food Conference recommended setting-up World Food Council ; first meetings in 1976 attended by Community. The discussions concerned the increasing of food crop production in developing countries, food aid and the international food security arrangements (see 5.43).

EC Bull. 11/74

EC Bull. 6/76

Since January 1977, the EEC has been cooperating in running the global agricultural information and early-warning system.

5.313

ILO (International Labour Organization)

5.3131

OBJECTIVES

Set up in 1919 and associated with UNO in 1946 as specialized agency.

Aim to establish equal working and living conditions by reducing social injustice. To this end it has drawn up programmes, recommendations and conventions designed to achieve full employment, increased standard of living, worker protection, social security, etc.

5.3132 *MEMBER STATES*

Comprises 127 countries.

5.3133 *ADMINISTRATIVE STRUCTURE*

Executive made up of national delegations comprising two government representatives, a trade unionist, an employer, permanent secretariat.

EC Bull. 1/77

5.3134 *RELATIONS WITH EC*

EC is not a member of the ILO in place of the Member States, but the 1953 and 1959 agreements (see 5.3114) cover the following inter-institutional questions :

- mutual consultations
- exchange of information
- technical cooperation
- implementing provisions and questions of jurisdiction

EC makes financial contributions to work carried out by various ILO bodies.

At 2nd World Tripartite Conference organized in June 1976 by ILO to deal with employment, distribution of income and social progress, Comm. and C. were responsible for coordinating positions of Member States of Community.

EC Bull. 6/76
pt. 2328

5.314 **ECE (The Economic Commission for Europe)**

5.3141 *OBJECTIVES*

Specialized commission set up in 1947 by UNO Economic and Social Council.

Art. 1 of Mandate of ECE 5.3141 Aim is to make provisions and participate in their implementation with a
(*contd*) view to maintaining and strengthening economic relations of countries of Europe, both with each other and with the other countries of the world.

5.3142 *MEMBER STATES*

Art. 7 of Mandate of ECE European, Eastern and Western countries which are members of UNO, and USA, 34 in all.

5.3143 *ADMINISTRATIVE STRUCTURE*

Art. 6 of Mandate of ECE Controlled by bureau which meets periodically. Each country represented in bureau.

It must submit annual activity report to Economic and Social Council.
Headquarters in Geneva.

5.3144 *RELATIONS WITH EC*

Although only States are eligible for membership, Comm. has, since 1958, taken part in its activities as a 'guest of the Secretariat'; this participation permits consultation on all questions of particular interest to EC.

EC Bull. 10/74

5.315 **UNCTAD (United Nations Conference for Trade and Development)**

5.3151 *OBJECTIVES*

Final Act 1964,
Part 1, Preamble

United Nations Conference on Trade and Development was set up on 30 December 1964, as permanent organ of United Nations General Assembly, by Resolution 1995 (XIX).

5.3151
(cont'd)

Objectives :

- to promote international trade, especially with a view to increasing pace of economic development, and particularly to promote trade between developing countries and countries with different social and economic systems ;
- to lay down principles and policy of international trade and to examine problems of economic development relating to it ;
- to harmonize trade and government development policies as well as policies of regional economic groupings.

5.3152 *MEMBER STATES*

154 countries belong to UNCTAD.

5.3153 *ADMINISTRATIVE STRUCTURE*

Conference meets every four years.

Trade and Development Council is its permanent organ, in which following groups of countries are represented: developing countries (Group A), developed countries with a free market economy (Group B), Latin-American countries (Group C), and countries with a planned economy (Group D).

Conference is headed by a Secretary-General and a Secretariat.
Headquarters in Geneva.

5.3154 *RELATIONS WITH EC*

EC Bull. 10/74

EC participates as permanent observer in work of UNCTAD, of its permanent organ, the Trade and Development Council, and of its subsidiary organs.

5.31541 POSITION OF COMM. AT UNCTAD IV (NAIROBI, MAY 1976)

— Commodities : Commission favourable to adoption of overall integrated approach comprising :

(a) measures aimed at stabilizing export earnings ;

(b) measures intended if need be to improve market structures of various commodities.

— Manufactures and semi-manufactures : with regard to tariff and non-tariff barriers, Comm. was in favour of extending preferences beyond 1980.

— Financial aspects : with regard to increase of resources, Comm. confirmed desire to bring about substantial and effective increase in official development aid.

With regard to question of developing countries' foreign debt burden, Member States of EC should agree that general conference on debt question be convened.

— Transfer of technology : Comm. in favour of non-binding code of conduct universally applicable both to originating and recipient governments, and undertakings, and containing a set of general flexible rules.

COM(76) 39 final, 4 Feb. 76

COM(76) 139 final, 31 Mar. 76

5.31542 MAIN RESULTS OF UNCTAD IV

— Commodities : meeting of Conference on integrated programme comprising negotiation of individual agreements on raw materials and setting up of common fund to coordinate financing of buffer stocks.

EP Doc. 333/76

— Developing countries' debt burden : meeting of group of experts to study situation of least-developed countries.

- 5.31542 — Transfer of technology: Paris Convention on Industrial Property
(*cont'd*) (signed 20 March 1883; last revised 14 July 1967 in Stockholm) must be adapted to cater for needs of Third World. Group of experts to draw up code of conduct.
- Conference also recommended improvement of generalized system of preferences to developing countries without reciprocity or discrimination.
- Conference requested socialist countries to increase level of aid and developed market-economy countries to increase official aid so as to reach target of 0.7 % of gross national product.
- 5.31543 11 March 1978 in Geneva: adoption of a single resolution on the debt and development problems of developing countries; group of experts to work out detailed features by March 1979.

EC Bull. 3/78

5.32 THE NORTH-SOUTH CONFERENCE

On 16 September 1975 C accepted invitation of French Government to take part in preparatory meeting of Conference on International Economic Cooperation (North-South Conference) in Paris.

EC Bull. 9/75

On 14—16 October 1975, preparatory meeting of CIEC, where subjects to be dealt with were determined: energy, raw materials, development, and financial problems.

EC Bull. 10/75

On 16—19 December 1975, first CIEC meeting at ministerial level. EC took part as such alongside Member States: represented by President of C and President of Comm., who spoke on behalf of all Member States. Position stated as follows:

EC Bull. 12/75

- resolve to contribute to attainment of real progress through better-balanced and more equitable structure of international economic relations that would strengthen position of developing countries;

- 5.32 — resolve to begin discussions in all fields covered by dialogue and to
(*contd*) deal with different topics on equal footing.

In January 1976, C and Comm. appointed two representatives to act as co-chairmen of Development Commission and Financial Affairs Commission respectively.

EC Bull. 1/76

The CIEC meeting which ended in Paris on 2 June 1977 demonstrated a desire to continue North-South dialogue. North-South discussions will continue in other forums, e.g. within UNCTAD.

EC Bull. 7-8/77

5.33 **GATT (GENERAL AGREEMENT ON TARIFFS AND TRADE)**

5.331 **Objectives**

Preamble to 1969
General Agreement

Aims of General Agreement on Tariffs and Trade, which came into force on 1 January 1948, are as follows :

- liberalization of world trade by negotiations on dismantling and elimination of customs barriers ;
- non-discrimination ;
- establishment of consultation procedure to resolve disputes.

5.332 **Member States**

Initially there were only 23 members. In 1978, 98 countries took part in multilateral trade negotiations.

5.333 **Administrative structure**

Until 1955 GATT was periodical conference of its Member States. Since then, the assembly of Contracting Parties was set up in 1960. It holds one

5.333 session each year, and has wide powers. Its decisions are normally taken
(contd) by consensus. Between sessions, the Council of Representatives is empowered to take action in routine matters. Specialist committees deal with individual problems on behalf of C.
Since 1965 GATT has been headed by a Director-General.
Headquarters in Geneva.

5.334 **Relations with EC**

STATUS OF EC

EC not formally member of GATT but has acquired such status through tacit international approval : a member of the various specialized committees.

EEC Tr., Art. 113,
116 and 229

Negotiations are conducted by Comm. on behalf of EC as a whole. It acts by virtue of general mandate conferred on it by Tr. and on basis of directives issued from case to case by in accordance with state of negotiations.

EP Doc. 47/67
OJ 103 of 2.6.1967

EEC Tr., Art. 111
and 113

Comm. conducts negotiations in consultation with special committee appointed by C to assist Comm. in this task.

5.3341 *THE DILLON ROUND*

On 16 July 1961 EEC representative and representatives of governments taking part in negotiations signed Final Act of 1960/61 Tariff Conference which provided for tariff reductions of 20 %.

EC Bull. 9/62

5.3342 *THE KENNEDY ROUND*

Final Act signed by EC on 30 June 1967. In addition to protocol containing final lists of concessions to be annexed to General Agreement, instruments comprise memorandum expressing agreement on basic

EC Bull. 8/67

C Dec. 68/411,
27 Nov. 1967

5.3342
(contd)

elements for negotiation of world arrangement on cereals, special agreement on chemicals, agreement — known as anti-dumping code — on implementation of Article VI of General Agreement, and protocols on association of Iceland, Ireland, Argentina and Poland.

OJ L 305/68

Approval by C of Comm. report on outcome of Kennedy Round ; on this basis C adopted commitments entered into on behalf of EC.

1967 Geneva Protocol on tariff concessions averaging between 35 and 40 % came into force on 1 January 1968 for parties which had accepted it before 1 December 1967.

Tariff reductions agreed to by EC were implemented as follows :

1st GR EC, Par. 481

- 40 % of total reduction from 1 January 1968 ;
- 60 % in three equal instalments from 1 January 1970.

Concessions were fully implemented on 1 January 1972.

5.3343

THE TOKYO ROUND

Preamble to Paris
Decl., Oct 1972,
point 5

In October 1972 Heads of State or Government of Member States of enlarged Community stated their preparedness to take part in new negotiations.

6th GR EC, Par. 5

On 12—14 September 1973 new multilateral negotiations were launched by GATT ministerial conference in Tokyo. C and Comm. were represented.

EC Bull. 9/73

C negotiating mandate,
10 Feb. 1975

EC was in favour of :

EP Doc. 106/75
OJ C 157 of 14.7.1975

- significant reduction of customs tariffs, accompanied by their harmonization at world level ;

5.3342/5.3343

- 5.3343 — attempt to eliminate non-tariff barriers to trade by finding multilateral solutions ;
(cont'd)
- with regard to agricultural sector, negotiation — without, however, encroaching on principles of CAP — of international agreements to promote expansion of trade and to stabilize world markets ;
 - with regard to safeguard clause, an endeavour to find flexible means of application, involving no new restrictive measures but possibly subject to supervision ;
 - desire to perfect generalized system of preferences ;
 - reactivation of Article XI of GATT by means of better definition and better enumeration of measures in field of export restrictions, and creation of 'code of good conduct' ;
 - reciprocal concessions for all concessions made to Eastern European countries, particularly with regard to tariff reductions.

On 13 February 1975 these negotiations entered their active phase. They are still in progress.

EC Bull. 2/75

5.34 **OECD (ORGANIZATION FOR ECONOMIC COOPERATION AND DEVELOPMENT)**

5.341 **Objectives**

Set up by Paris Convention, signed on 14 December 1960, Organization for Economic Cooperation and Development aims to :

- bring about greatest possible expansion of economy and employment and achieve increased living standards in its member countries, while

- 5.341 at the same maintaining financial stability, and contribute thus to
(*contd*) development of world economy ;
- contribute to healthy economic expansion both in member and non-member countries, with a view to economic development ;
 - contribute to expansion of world trade on multilateral, non-discriminatory basis, in accordance with international obligations.

5.342 **Member States**

Original members : the 18 States of the former OEEC (Austria, Belgium, Denmark, France, Federal Republic of Germany, Greece, Iceland, Ireland, Italy, Luxembourg, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, Turkey and the United Kingdom), the USA and Canada.

Japan joined in 1964, Finland in 1969, Australia in 1971 and New Zealand in 1973.

Yugoslavia is an associate member of OECD under special statute.

5.343 **Administrative structure**

Simple structure : Council of all members, Secretary-General appointed by Council, and Executive Committee of 10 members.

Headquarters in Paris.

5.344 **Relations with the EC**

Treaties provide for close collaboration with OECD.

5.344 With regard to economic matters, Articles 113 and 116 of the Tr. of
(*contd*) Rome also apply.

The EC collaborates, on a non-voting basis, with the OECD Council and committees.

5.3441 **STATE OF RELATIONS**

On 18 November 1974 OECD Council decided to set up International Energy Agency (IEA, based in Paris).

8th GR EC, Par. 383

Comm. has been associated, in accordance with the general arrangements, with work of IEA.

9th GR EC, Par. 443

5.35 **EFTA (EUROPEAN FREE TRADE ASSOCIATION)**

5.351 **Objectives**

European Free Trade Association set up by 1960 Stockholm Convention.
Aim is to establish large free trade area for industrial products.

5.352 **Member States**

— original members: Austria, Norway, Sweden, Switzerland and Portugal, plus United Kingdom and Denmark, which ceased to be members on accession to EC;

5.353 **Administrative structure**

Council: twice-yearly ministerial meeting; permanent committee of experts on trade and budgetary matters etc., Secretariat of 70.

5.353 Budget : 8 m.
(contd) Headquarters in Geneva.

5.354 **Relations with EC**

5.3541 *OBJECTIVES OF NEGOTIATIONS :*

3rd GR EC, Annex 1

- to strengthen enlarged Community by creating special links with other European States ;
- to help solve problems of countries which are still members of EFTA, taking account of the fact that two new Member States of EC previously belonged to EFTA.

5.3542 *AGREEMENTS CONCLUDED*

For agreements concluded with EFTA countries, see 6.2.

These agreements extend free trade area set up by EFTA to trade between enlarged Community and member countries of EFTA.

Bull. EC 9/72
1st part

Since 1 July 1977 (July 1976 in the case of Portugal), import duties abolished on all trade in industrial products between the 16 European countries in EFTA and the EC. At the May 1977 meeting, the emphasis was on the need for increased cooperation to combat unemployment and inflation, on monetary stability, etc.

Bull. EFTA 6/77

Bull. EFTA 3/78

Informal arrangement on the problems of the steel industry, 28.2.1978.

5.36 **COMECON (OR CMEA)**

5.361 **Objectives**

Set up by International Treaty of 25 January 1949, the Council for Mutual Economic Assistance is an inter-State organization for economic cooperation between various States in the socialist world.

5.362 **Member States**

Members since 1949 : USSR, Bulgaria, Hungary, Poland, Romania and Czechoslovakia.

Albania joined in 1949 (withdrew *de facto* in 1961), the German Democratic Republic in 1950, Outer Mongolia in 1962, Cuba in 1972 and Vietnam in 1978.

5.363 **Administrative structure**

Structure is complex : Conference of First Secretaries of Central Committees of Communist Parties and of Heads of Government ; Council Session ; Executive Council set up in 1962 ; Conference of representatives of member countries and Secretariat.

Main activities centre on economic collaboration covering both coordination of national plans and a series of cooperation projects to do with production, infrastructure, organization of legal bases and standards, and scientific and technical research.

In relations with third countries, Comecon's activities have so far been on limited scale, although it enjoys observer status in certain international economic bodies.

Headquarters in Moscow.

EC Bull. 9/74

5.364 **Relations with EC**

5.3641 *DIFFICULTIES IN NEGOTIATIONS*

In view of difference between fields of competence, Community institutions cannot negotiate with Comecon on questions of commercial policy or conclude trade agreements, since the latter as such has no competence in field of external economic relations.

EP Doc. 425/74
OJ C 60/75

5.3642 *STATE OF RELATIONS*

Paris Final Decl.,
Oct. 1972,
Point 13

In October 1972 Conference of Heads of State or Government of EC stated resolve to promote a policy of cooperation with Eastern European countries.

6th GR EC, Par. 5

In November 1974, after approval by Comm. transmitted to State-trading countries concerned a model agreement, the main points of which are :

4th GR EC, Par. 504
EP Doc. 425/74
OJ C 60/75

- conclusion of long-term non-preferential trade agreements on basis of overall balance of benefits to both sides ;
- general skeleton provisions aimed at ensuring harmonious development of reciprocal trade ;
- application of most-favoured nation clause to each of the parties ;
- creation of framework to permit liberalizing of imports.

In February 1976 Comecon sent to EC a message proposing conclusion of agreement, together with draft of proposed agreement.

EC Bull. 2/76

In May 1978, statement by the EC and Comecon expressing a common desire to reach an agreement regularizing relations in the spirit of the Final Act of the CSCE. Next step : meeting of experts in Brussels.

5.37 **ASEAN (ASSOCIATION OF SOUTH-EAST ASIAN NATIONS)**

5.371 **Objectives**

Association of South-East Asian Nations set up in August 1967 in Bangkok with aim of accelerating economic progress and stability of region by means of increased cooperation in political, economic and cultural fields.

5.372 **Member States**

Indonesia, Philippines, Thailand, Malaysia and Singapore.

5.373 **Administrative structure**

Simple structure : Conference of Ministers of Foreign Affairs (meets annually), Standing Committee (meets monthly), and various committees.

Furthermore, from 8 to 11 January 1975 parliaments of ASEAN met to adopt main elements of 'ASEAN Parliamentary Cooperation', with follow-up meeting some months later to set up parliamentary organization agreed to.

5.374 **Relations with EC**

On 16 June 1972 first formal meeting was held between ASEAN delegation and Members of Comm. ASEAN set up Special Coordination Committee of ASEAN and the ASEAN Brussels Committee.

EC Bull. 8/72

5.374
(contd)

On 7 May 1975, following exchange of letters, Joint Commission-ASEAN Group set up to :

EC Bull. 5/75

- foster and intensify regular dialogue between ASEAN and EC
- serve as mechanism for joint exploration in all fields where cooperation could be broadened, by paying special attention to development needs of ASEAN countries and considering Community's position and its development.

Group meets twice a year.

Moreover, Comm. has organized several seminars on generalized system of preferences.

In July and August 1975 delegation from EP visited member countries of ASEAN.

EP Doc. 181/76
OJ C 178 of 2.8.1976

5.38

LATIN-AMERICAN REGIONAL ORGANIZATIONS

5.381

LAFTA (Latin-American Free Trade Association)

5.3811

OBJECTIVES

Set up by Treaty of Montevideo on 18 February 1969, the Latin-American Free Trade Association has the aim of establishing free trade area : eliminating all internal customs tariffs and other obstacles to trade in order to set up common market by 1985.

5.3812 *MEMBER STATES*

Argentina, Bolivia, Brazil, Chile, Colombia, Ecuador, Mexico, Paraguay, Peru, Uruguay and Venezuela.

EP Doc. 27/71
OJ C 45 of 10.5.1971

5.3813 *ADMINISTRATIVE STRUCTURE*

Main bodies : Council of Ministers of Foreign Affairs, the most important body, responsible for political decisions ; Conference of Contracting Parties ; Standing Executive Committee and Secretariat.

Headquarters in Montevideo.

5.3814 *RELATIONS WITH THE EUROPEAN COMMUNITY*

The EC has responded to requests for cooperation and assistance on regional policy, information, and problems of customs union.

5.382 **The Andean Group**

5.3821 *OBJECTIVES*

Set up in Bogotá on 26 May 1969 as regional grouping of LAFTA, has the aim of bringing about by 1980 elimination of internal customs duties and adoption of common tariff for external trade.

5.3822 *MEMBER STATES*

Chile, Peru, Bolivia, Ecuador, Colombia and Venezuela.

EP Doc. 27/71
OJ C 45 of 10.5.1971

5.3823 *ADMINISTRATIVE STRUCTURE*

Integration is directed toward industrial programming, channelling of investments and common rules for foreign investments. There are also plans for integrating national programmes for infrastructure, especially transport.

Headquarters in Bogotá.

5.3824 *RELATIONS WITH THE EUROPEAN COMMUNITY*

Cooperation on export planning, training of experts, and industrial planning.

5.383 **SELA (Latin-American Economic System)**

5.3831 *OBJECTIVES*

Set up on 18 October 1975, SELA's aims are :

- coordination of existing integration mechanisms (Andean Group, Central-American Common Market, Caribbean Community);
- give new impetus to regional cooperation;
- organize producers of raw materials and basic agricultural products;
- coordinate positions and strategies of member countries towards outside world.

5.3832 *MEMBER STATES*

Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Cuba, Ecuador, Guatemala, Guyana, Haiti, Honduras, Jamaica, Panama, Paraguay, Peru, Mexico, Nicaragua, Dominican Republic, El Salvador, Trinidad and Tobago, Uruguay, Venezuela, Barbados and Grenada.

5.3833 *ADMINISTRATIVE STRUCTURE*

Council of Ministers meets once a year, and Permanent Secretariat

5.384 **Relations with EC**

5.3841 *MULTILATERAL RELATIONS*

Decl. of EEC-CECLA Conference,
8 June 1971

Buenos Aires Declaration, adopted by CECLA on 29 July 1970, was in favour of close cooperation with EC.

EC Bull. 1/71

In June 1971, EEC-CECLA Conference defined main elements of cooperation as follows :

EC Bull. 8/71

- to examine solutions to economic and trade problems ;
- to seek non-preferential arrangements in order to increase and diversify trade, without prejudice to advantages granted by EC as part of generalized system of preferences.

In order to implement dialogue, it was agreed :

- that meetings might be held at ministerial level ;
- that regular meetings be held at ambassadorial level : that of 25 June 1976 mainly concerned problems involved in Latin-American exports of beef, veal and bananas to EC ;
- that joint groups of experts be set up, the first of which was established in December 1972.

EC Bull. 6/76

5.3841
(*cont'd*)

Comm. also maintains close contact with LAFTA Executive Committee and organized seminars on general preferences for Latin-American States.

8th GR EC, Par. 444

Meeting at parliamentary level: first annual meeting of EEC-Latin America Interparliamentary Conference in July 1974 in Bogotá. Participating bodies were Latin-American Parliament (a parliamentary body) and EP Parliament. Findings and recommendations of Conference have to be referred back to appropriate authorities of both Parliaments before they can be adopted.

EC Bull. 11/74
EC Bull. 11/75

Second EEC-Latin America Interparliamentary Conference held in Luxembourg in November 1975. Debates centred on economic relations between EC and Latin America, problems arising from development of multinational companies, and situation of parliamentary democracy in Europe and Latin America.

EC Bull. 11/75

Report by EP on present state of relations between EC and Latin America.

Doc. 469/75 rev.
OJ C 53 of 8.3.1976

5.4 Development aid

5.41 OVERALL POLICY ON DEVELOPMENT AID

In order to make positive contribution to Second United Nations' Development Decade it appeared essential to establish genuine Community policy on development aid directed towards integrating all elements involved, i.e. trade policy, food aid, technical assistance and financial assistance.

4th GR EC, Par. 397

Therefore, in July 1971, Comm. adopted memorandum on Community development cooperation policy, consisting of four main points :

5th GR EC, Par. 433
EC Bull. suppl. 5/71
Annex to EC Bull., 9-10/71

- efficacy of cooperation policy depended on compatibility with internal economic policies ;
- policies of Member States must be coordinated ;
- policies regarding countries of black Africa and Mediterranean basin must be developed ;
- technical and financial assistance must be increased with a view to ensuring better geographical balance.

Summit Conference,
Final Decl.,
Paris, 1972

General guidelines incorporated into action programme (adopted by Conference of Heads of State or Government of October 1972) which lays down principles governing overall Community policy on development aid.

EC Bull. suppl. 2/72
EP Doc. 194/72

With a view to carrying out this programme, in 1974 C adopted nine Res. and one Rec. on following points :

EC Bull. offprint
from EC Bull. 7-8/74

- improvement of generalized system of preferences (see 5.42) ;

- 5.41
(contd)
- commodity agreements (see 5.5);
 - volume of official aid for development;
 - conditions attaching to official aid;
 - debt burden of developing countries;
 - geographical allocation of aid (C Rec.);
 - regional integration among developing countries;
 - promotion of exports from developing countries;
 - coordination and harmonization of Member States' national policies on development cooperation;
 - financial and technical aid to non-associated developing countries (see 5.45).

Comm. Commun. to C,
5 Nov. 1974

Comm. adopted these guidelines and incorporated them into overall policy in 'Fresco' of Community action tomorrow', which emphasizes differences in position of underdeveloped countries and necessity of establishing overall 'world-wide' policy side by side with 'regional' policy of association.

Suppl. EC Bull. 8/74
EP Doc. 42/75

5.42 **GSP (THE GENERALIZED SYSTEM OF PREFERENCES)**

(see also 5.152)

Background : Idea of establishing generalized system of tariff preferences first put forward during meeting of GATT ministers in May 1963. At 1964 UNCTAD held in Geneva recognition was requested of principle that industrialized countries should grant generalized preferences to developing countries on exports of finished and semi-finished industrial products.

EP Doc. 272/73

EP Doc. 285/74

At Second Conference, (New Delhi 1968), Res. providing for establishment of non-discriminatory preferences adopted.

EP Doc. 285/75
EP Doc. 332/76

5.42
(cont'd)

EC was first, and for a long time only, party to implement this resolution.

C. Reg. 1308 to
1314/71,
21 June 1971

Application of generalized preferences to countries belonging to group known as 'group of 77' within UNCTAD, and to countries and territories dependent on Member States or on third countries. Subsequently geographical area was enlarged in line with increase in number of countries belonging to 'group of 77'.

OJ L 142/71

In 1978 EC generalized system of preferences applies to :

EP Doc. 302/77

- 114 independent countries and territories ;
- 27 countries and territories dependent on Community Member States or on third countries.

EEC system of generalized preferences (GSP)

Preferential tariff advantages offered unilaterally and on non-reciprocal basis for

5 GR EC, Par. 455

- processed agricultural products (tariff reductions are envisaged for a certain number of products which appear on a positive list) ;
- finished and semi-finished industrial products : countries benefiting from GSP may export these products duty-free to EC up to maximum amount fixed each year for each country and each product. Special rules are applicable to textiles, coconut fibre and jute products.

These principles have never been called into question, but each year amendments and improvements have been made, the main ones being as follows :

OJ L 324/77

C. Reg. 2703/77–2713/77
of 28 Nov. 1977

- list of processed agricultural products to which preferences apply was extended (e.g. 307 products in 1978 compared with 296 in 1977 ;

5.42
(cont'd)

— as regards industrial products, the 1978 scheme is on substantially the same lines as that for 1977, with certain adjustments: for products other than textiles, ceiling will be raised as a result of a new base year (1975) being taken for calculation of supplementary amount. Provisions for steel and petroleum products, footwear and plywood remain same as in 1977. For the other industrial products there are increases in the quotas and ceilings of up to 50 %.

Increased preferences for the least-developed countries.

— the arrangements applied to textile products in 1977 have been extended (some minor changes).

11th GR EC,
Par. 468 and 469

Comm. Reg. 1371/71,
30 June 1971
Comm. Reg. 3214/75
of 3 Dec. 1975

The most delicate problem regarding application of system concerns the concept of 'originating products'. The object of which is to prevent any fraud or deflection of trade. Provisions and regulations concerning concept of origin are adopted at regular intervals with view to standardization and simplification.

OJ L 146/71
OJ L 323/75

In conjunction with these measures EC undertook an information campaign *vis-à-vis* authorities of beneficiary countries, with view to ensuring that full benefit was derived from advantages offered by GSP. In 1976 use made of preferences amounted to 62 % of possibilities available.

9th GR EC,
Par. 408 and 409

EP Doc. 245/77

5.43 COMMUNITY FOOD AID

5.431 Food aid in cereals

Community food aid in cereals began with Food Aid Convention, annexed to wheat trade Agreement concluded on 18 August 1967, following final act of Kennedy round negotiations, under auspices of FAO (see 5.53).

OJ L 305/68
OJ L 66/70

C Dec. 411/68,
27 Nov. 1967
C Dec. 208/70,
17 Mar. 1970

5.431 Under terms of Conv. EC undertook to supply 1 035 000 tonnes of
(*cont'd*) cereals for three years (1968-71) either free or in form of sale against non-convertible currency.¹ EC commitment represented 23 % of overall food aid commitment, which was set at 4.5 million tonnes per annum.

C Dec. 406/74,
25 June 1974

Conv. was renewed for first time on 1 July 1971 for three years, and since then it has been extended up to 1 July 1975 and subsequently up to 1 July 1976, 1 July 1978 and 1 July 1979.

OJ L 219/74
EC Bull. 4/74, Par. 2316
EC Bull. 5/75, Par. 2320
EC Bull. 5/76, Par. 2319
EC Bull. 3/78, Par. 2.2.19

C Dec., 2 Apr. 1973

Following accession of Denmark, Ireland and UK, EC commitment increased to 1 287 000 tonnes of cereals per annum.

EC Bull. 3/73,
Par. 2324
EC Bull. 4/73,
Par. 2312

In general EC finances aid projects up to fob stage.

Annual programme of food aid in cereals divided into two parts, viz. national aid and purely Community aid. There is constant tendency for purely Community aid to increase, as shown below :

EP Doc. 169/69
EP Doc. 55/70
EP Doc. 141/71

- 1968—69 programme : 301 000 tonnes, i.e. 29.08 %
(of 1 035 000 tonnes) ;
- 1969—70 programme : 336 900 tonnes, i.e. 32.5 % ;
- 1970—71 programme : 353 140 tonnes, i.e. 34.1 % ;
- 1971—72 programme : 414 000 tonnes, i.e. 40 % ;
- 1972—73 programme : 464 400 tonnes, i.e. 40 %
(of 1 287 000 tonnes) ;
- 1973—74 programme : 580 000 tonnes, i.e. 45 % ;
- 1974—75 programme : 643 500 tonnes, i.e. 50 % ;
- 1975—76 programme : 708 000 tonnes, i.e. 54 %.
- 1977 programme : 720 500 tonnes, i.e. 56 %
- 1978 programme : 720 500 tonnes, i.e. 56 %.

3rd GR EC, Par. 467

4th GR EC, Par. 415

5th GR EC, Par. 456

6th GR EC, Par. 426

7th GR EC, Par. 486

8th GR EC, Par. 399

9th GR EC, Par. 413

10th GR EC, Par. 480

11th GR EC, Par. 474

EC Bull. 1/78,
Par. 2.2.14

¹ EC has not availed itself of this alternative, and all its aid has been in form of gifts.

5.431 Under programme, aid is provided to the most needy developing countries, either directly or through international organizations. Variable proportion set aside as disaster fund and provided under emergency programmes, all or part of related costs (on processing, transport, distribution etc.) being borne by EC.
(*cont'd*)

5.432 **Food aid in non-cereal products**

The idea of food aid in milk and milk products devised independently by EC as part of 'special measures' to absorb certain agricultural surpluses. Results of this unilateral action are as follows :

- aid is given on purely EC basis ;
- it is irregular and intermittent.

C Reg. 1399/69,
17 July 1969
C Reg. 1852/69,
16 Sep. 1969

First Dec. of C regarding food aid in milk and milk products made on 21 and 22 April 1969, and concerned supply of 120 000 tonnes of skimmed-milk powder and 35 000 tonnes of butter-oil to WFP (World Food Programme) and 3 000 tonnes of skimmed-milk powder to IRCC (International Red Cross Committee).

OJ L 179/69
OJ L 237/69

Subsequently following decisions were taken :

C Reg. 1962/72,
2 Aug. 1972
C Reg. 2721/72,
19 Dec. 1972

1972 : butter-oil — 15 000 tonnes for WFP and UNRWA,
skimmed-milk powder — 60 000 tonnes ;

OJ L 178/72
OJ L 291/72

C Reg. 530/74,
4 Mar. 1974

1974 : butter-oil — 39 000 tonnes (45 000 tonnes in all) ;¹

OJ L 65/74

C Reg. 1826/74,
11 July 1974

skimmed-milk powder — 41 000 tonnes
(55 000 tonnes in all)¹,

OJ L 190/74

¹ Including additional commitments.

C Reg. 1541/75, 16 June 1975	5.432 (cont'd)	1975 : butter-oil — 43 400 tonnes (45 000 tonnes in all), ¹	OJ L 157/75
C Reg. 1347/75, 26 May 1975		skimmed-milk powder — 43 000 tonnes (55 000 tonnes in all) ¹	OJ L 138/75
C Reg. 694/76, 25 Mar. 1976		1976 : butter-oil — 45 000 tonnes	OJ L 83/76
C Reg. 1298/76, 1 June 1976		skimmed-milk powder — 55 000 tonnes increased to 150 000 tonnes.	OJ L 146/76 OJ L 224/76
		1977 : butter-oil — 45 000 tonnes	11th GR EC, Par. 474
		skimmed-milk powder — 105 000 tonnes	EC Bull. 5/77, Par. 2.2.12
		1978 : butter-oil — 35 800 tonnes	OJ L 115/78
		skimmed-milk powder — 125 000 tonnes	EC Bull. 4/78, Par. 2.2.24

EEC contribution to the Flood II operation in India. This is a major multiannual rural development project to improve living conditions of millions of milk-producing families by setting up an efficient dairy industry together with necessary infrastructure. Total EEC contribution : skimmed-milk powder : 31 000 tonnes (1978 contribution : 6 000 tonnes) and butter-oil : 12 700 tonnes (1978 contribution : 3 500 tonnes) — Counterpart funds in local currency will be constituted from proceeds of sale of products in question and used as an additional source of finance.

C Reg. 2017/76,
27 July 1976

Except in the case of emergency aid, countries in receipt of food aid constitute, where appropriate, counterpart funds financed from sale on their own markets of foodstuffs received as aid. EC is not required to give

¹ Including additional commitments.

5.432 formal approval to development projects financed in this way, but is kept
(*cont'd*) regularly informed of all such projects and is thus able to verify that they
fully conform to certain predetermined general criteria.

C Dec. 496/72,
19 Dec. 1972
C. Reg. 1475/72,
10 July 1972
C Dec. 623 and 624/76,
20 July 1976

In addition to these independent projects, EC agreed under three-year
Convention with UNRWA (United Nations Relief Works Agency) to
supply various foodstuffs, including 6 000 tonnes of sugar each year.
Upon expiry on 30 June 1975, temporary Convention extended for
further year and then extended retroactively from 1 July 1975 to 30 June
1980.

OJ L 304/72
OJ L 157/72
OJ L 203/76
EP Doc. 42/76
EP Doc. 131/76

5.433 **Present situation and future trends**

5.4331 *MEMORANDUM ON FOOD AID POLICY OF EC*

On 11 March 1974 Comm. submitted Commun. to C. on 'the food crisis
and the Community's responsibilities towards developing countries', to
which was annexed 'Memorandum on the food aid policy of the EEC',
main points of which were :

EP Doc. 37/74
EP Doc. 171/74

- continuity of aid through establishment of three-year target
programme, covering all products supplied, which would be imple-
mented on basis of annual commitments regarding quantity ;
- diversification and increase in volume of products supplied ;
- execution, entirely on EC basis, of all food-aid projects (including
cereals). Provision for transitional period ;
- increased Comm. powers of decision and management, to some
extent achieved in 1975, when Comm. was granted possibility of

5.4331
(cont'd)

undertaking certain — very limited — projects without prior authorization from C. but under strict *a posteriori* supervision of that body.

Opinion ESC,
17 July 1974
Opinion EP,
12 July 1974

Last part of Memorandum covers proposal from Comm. for medium-term three-year target programme, which would form basis for calculating annual programmes.

OJ C 125/74
OJ C 93/74

Three-year programme rejected by C. at its meeting on 15—17 July 1974. C. considered that annual programmes should be established, taking into consideration question of diversifying products concerned.

Comm. Commun.
to C, Sept. 1976

Three-year food aid target programme.

EP Doc. 323/76
EP Doc. 407/76
OJ C 293/76

5.4332

INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT

EP Res.,
14 Nov. 1975

Main result of World Food Conference (Rome, autumn 1974): Res. establishing International Fund for Agricultural Development, with aim of collecting funds to finance agricultural projects in developing countries.

EC Bull. 11/74
EP Doc. 326/75
OJ C 280/75

EP Res.,
9 Apr. 1976

In absence of EC decision, Member States decided to contribute to Fund on national basis.

EC Bull. 6/76,
Par. 1402
EP Doc. 50/76,
Par. 2330

IFAD began operating on 2 January 1978, delay being due in particular to difficulties in collecting full amount necessary to launch fund (1 thousand million dollars).

5.44

UN EMERGENCY FUND

Economic crisis following rise in oil prices had serious effects on those developing with few resources in energy and commodities. EC therefore submitted Prop. to 6th extraordinary session of UN (autumn 1974) aimed

8th GR EC. Par. 406
EP Doc. 177/74
OQ (0—52/74)

5.44
(cont'd)

at implementation of 'international emergency project for developing countries most adversely affected by recent international price fluctuation'. This project involved contribution of approximately 3 thousand million dollars towards losses suffered by developing countries most severely affected by rise in world commodity prices. In letter to Secretary-General of United Nations EC confirmed its intention to contribute one-sixth, i.e. 500 million dollars, of total involved.

On 3 October 1974 C. decided to release first instalment of 150 million dollars, of which 30 million were to be paid into United Nations special account and 120 million were allocated to bilateral projects. Allocation of funds for these projects was laid down by C. on 3 December 1974.

9th GR EC, Par. 417

C Dec., 22 Jan. 1975

Second instalment of 100 million dollars, of which 33 million dollars were paid into special account held by Secretary-General of UN, released on 29 April 1975, thus bringing EC contributions to total of 250 million dollars. In addition bilateral projects by Member States amounted to 408 million dollars and there was contribution of 52 million dollars as exceptional food aid. Total European contribution (Community & Member States) amounted to 710 million dollars, i.e. one-quarter of total.

9th GR EC, Par. 417
EC Bull. 1/75,
Par. 2308

There were 21 recipients of EC aid out of the 42 most severely affected countries.¹ The payments made enabled recipient countries to import essential goods and services, such as foodstuffs, fertilizers, equipment, etc.

OJ C 89/76

¹ Bangladesh, Cameroon, Central African Republic, Chad, Benin (formerly Dahomey), Ethiopia, Ghana, Haiti, Honduras, India, Kenya, Madagascar, Mali, Niger, Pakistan, Rwanda, Senegal, Somalia, Sri Lanka, Tanzania, Upper Volta.

FUND FOR NON-ASSOCIATED STATES

In July 1974 C confirmed principle that EC should provide financial and technical aid to non-associated developing countries (see 5.41).

EC Bull. suppl. 8/74,
Par. 2306

In March 1975 Comm. submitted draft programme covering period 1976—1980. It considered that main points should be :

EC Bull. 3/75,
Par. 2315
EP Doc. 38/75
EP Doc. 133/75

EP Res., 19 June 1975

- Community aid should be concentrated on poorest developing countries, in particular in Asia ;
- priority should be given to financing projects aimed at increasing food production ;
- assistance should be granted in form of direct aid, without excluding recourse to multilateral organizations, however ;
- the modest volume of aid, namely 105 million u.a. in 1976, should be increased to reach 200 million u.a. in 1980.

OJ C 157/75

This programme has never been formally approved by C.

Action by EP resulted in inclusion in 1976 Community budget of 20 million u.a. appropriation to cover aid to these countries. 1977 budget contains 45 million u.a. appropriation which cannot be used, however, until it is released by EP following appropriate consultations with the Comm. and C.

1977 budget,
Art. 930

The 1978 budget provides for an appropriation of 40 796 million EUA.

1978 budget,
Art. 930

5.5 **International agreements on certain products**

5.51 **GENERAL**

5.511 **Definition**

Market regulation agreements intended to balance in medium- or long-term supply and demand on international market for various products; applied in event of significant imbalance between production and consumption or marked price fluctuations.

5.512 **Objectives**

- (a) to reduce price fluctuations over a relatively long period and maintain stocks at reasonable level (element of stabilization);
- (b) to increase market prices in favour of producer countries which include in particular developing countries.

5.513 **Background**

The oldest agreement is the Brussels Sugar Convention of 1902.

Since end of Second World War UN has been responsible for problems concerning commodities and in 1954 CICT (Commission on International Commodity Trade) was set up as organ of UN Economic and Social Council.

5.513
(cont'd)

Following agreements concluded under aegis of UN :

- International Wheat Agreement (1949);
- International Tin Agreement (1953);
- International Sugar Agreement (1953);
- International Coffee Agreement (1962);
- International Cotton Textiles Agreement (1962);
- International Cocoa Agreement (1972).

These agreements, which have been revised, renewed and extended as necessary, are still in force.

Since it was set up, EC has had observer status in committees set up under various international agreements and as such has entered into some of these agreements.

5.52 **INTERNATIONAL TIN AGREEMENT**

5.521 **Background**

1921 : Bandoeng Pool : Great Britain (Malacca), Netherlands (East Indies).

1929 : Association of Tin Producing Countries : Great Britain (Malacca), Netherlands (Dutch East Indies), Bolivia, Nigeria, Burma.

Important non-members : Australia, Siam.

1931 : International Tin Association : First agreement controlling almost all world production.

Export restrictions ; export quotas.

1934 : Stabilization reserves.

1938 : System of export restrictions.

5.521
(cont'd) Note : Before Second World War international measures intended to control and absorb excess production, protect prices and in particular prevent unemployment in producer countries.

1953 : Signature of First International Tin Agreement, which did not however come into force until 1956. (Preamble based on text of 1948 Havana Charter.)

1960 : Signature of Second International Tin Agreement.

1967 : Third International Tin Agreement.

C Dec. 155, 22 Mar. 1972

5.522

Fourth International Tin Agreement (1971)

OJ L 90/72

C. Dec., 20-21 Apr. 1970

UNCTAD Conference to negotiate Fourth International Tin Agreement (Geneva from 13 Apr. to 15 May 1970) of particular procedural importance from EC's point of view ; it was the first conference to negotiate a world commodity agreement after 1 January 1970 — date on which final stage of Treaty of Rome entered into effect and common commercial policy was established.

4th GR EC, Par. 424

Commun. to press

C authorized Comm., under Article 113 of Tr., to conduct negotiations falling within its jurisdiction, on behalf of EC. Agreement signed by Comm. on behalf of EC on 27 January 1971 in accordance with C Dec. of 14 December 1970.

5th GR EC, Par. 482
6th GR EC, Par. 455

C approval for Community participation in Agreement : 22 March 1972.

EC has been member of Agreement since April 1972.

7th GR EC, Par. 446

Expiry of Agreement : 30 June 1976.

Fifth International Tin Agreement (1976)

20 May to 21 June 1975 : UN Conference on new agreement

29 April 1976 : signature of the Agreement by the Community.

10th GR EC, Par. 461

Duration : Five years.

Provisional entry into force : 1 July 1976.

Organization : Single body : International Tin Council, which has its seat in London, is composed of all members and meets in principle four times a year ; decisions are taken by simple majority of votes cast by producer countries (1 000 votes in all) and by consumer countries (also 1 000 votes in all) but important decisions are taken by two-thirds majority.

OJ L 288/76

Members : Producing countries : Australia, Bolivia, Indonesia, Malaysia, Nigeria, Thailand and Zaire.

Consuming countries : Austria, Bulgaria, Canada, Czechoslovakia, EEC Hungary, India, Japan, Republic of Korea (South Korea), Poland, Romania, Spain, Turkey, USA, USSR and Yugoslavia.

Objectives :

- to balance world production and consumption of tin ;
- to prevent excessive price fluctuations ;
- to increase profitability of tin production ;
- to prevent unemployment or underemployment and other problems which could be caused by imbalance in supply and demand for tin ;

5.523
(cont'd)

- to ensure conditions which will help to achieve dynamic and rising rate of tin production on basis of remunerative return to producers, to secure an adequate supply at prices fair to consumers and to provide long-term equilibrium between production and consumption ;
- to keep under review need for development and exploitation of new tin deposits, and promotion of most efficient methods of mining, concentration and smelting of tin ores.

Instruments :

- establishment of buffer stocks, consisting of compulsory contributions by producing countries (20 000 tonnes) and additional voluntary contributions on an equivalent scale by consuming countries : Total 40 000 tonnes (20 000 tonnes in previous Agreement). Penalties are laid down for producing countries failing to meet their obligations ;
- laying down of ceiling and floor prices ;
- control and determination of total export tonnage ; penalties laid down ;
- strengthening of provisions as compared with previous Agreement with regard to measures to be taken, in event of tin shortage, to improve conditions under which consuming countries are supplied ;
- Article 54 of Agreement clearly defines conditions for participation of intergovernmental organizations — and thus of EC.

5.53 **FROM INTERNATIONAL WHEAT AGREEMENTS TO AGREEMENTS ON FOODSTUFFS**

5.531 **Background**

1933 : First International Wheat Agreement, terminated after one year.

1949 : New International Wheat Agreement (price limitation for certain export and import quantities) revised, renewed or extended in 1953, 1956, 1959, 1962, 1965 and 1966.

C Dec. 208, 17 Mar. 1970

1967 : International Grains Arrangement ; negotiated in Rome from 12 July to 18 August 1967 ; C decided (24 October 1967) to sign Arrangement on behalf of EC, subject to final conclusion.

OJ L 66/70

Arrangement consists of Wheat Trading Convention (price scale for wheat with system of maximum and minimum prices) and Food Aid Convention (annual supply of 4 500 000 tonnes of grain including at least 1 035 000 tonnes, i.e. 23 %, by EC.

Expiry of Arrangement : 30 June 1971.

5.532 **International Wheat Agreement (1971)**

UN Wheat Conference met from 18 January to 20 February 1971 in Geneva under auspices of UNCTAD to negotiate new agreement consisting of two Conventions mentioned below.

WQ No 391/70
OJ C 30/71
EC Bull. 3/71, Par. 62

5.5321 *WHEAT TRADING CONVENTION*

(contains no economic restrictions)

Entry into force : 1 July 1971.

Expiry : 30 June 1974.

Organization : Supreme body : International Wheat Council ; seat in London ; composed of all members of Agreement ; meets at least twice a year. 'decisions taken on majority of votes cast by all exporting member countries (1 000 votes in all) and importing member countries (also 1 000 votes in all), but important decisions are taken by two-thirds majority.

Executive Committee set up. consisting of a maximum of four exporting members and a maximum of eight importing members.

Members : Principal exporters : Argentina, Australia, Canada, EC, USA and USSR ; principal importers : Brazil, China EC, India, Japan, Peru, United Arab Republic and Venezuela.

Objectives :

- to promote international cooperation ;
- to promote development of trade in wheat and wheat flour in interests of both exporting and importing members :
- to help stabilize international wheat market ;
- to provide framework for negotiation of provisions relating to wheat prices.

Instruments :

- recording of commercial purchase and sales and of special transactions ;
- evaluation of needs for and availability of wheat ;

5.5321
(*cont'd*)

- consultations on market situation ;
- annual examination of world wheat situation and research into ways of promoting consumption ;
- directives on transactions on preferential terms ;
- a conference is to be organized whenever it appears that question relating to price and to relevant rights and obligations could usefully be negotiated.

5.5322 *FOOD AID CONVENTION*

(See also 5.431)

Duration : Three years.

Entry into force : 1 July 1971.

Expiry : 30 June 1974.

Organization : Single body : Food Aid Committee ; composed of representatives of member countries ; monitors application of Convention.

Members : Argentina, Australia, Canada, EC, Finland, Japan, Sweden, Switzerland and United States.

Objective : Implementation, by virtue of contributions collected, of food-aid programme for developing countries.

Instruments : Each party to Convention must supply minimum annual tonnage or equivalent in cash. Minimum annual tonnage : 3 974 000 tonnes.

Procedures for supplies and contributions :

- sales against non-convertible cash payments in currency of importing country which may not be exchanged for foreign currency or goods and services intended for use by donating country ;

- 5.5322 — gifts of grain or gifts in cash to be used to purchase grain for benefit
(cont'd) of importing country, or
- credit sales (preference should be given to first two procedures);
 - contributions of grain supplied on forward delivery terms f o b ;
 - purchases of grain are to be effected in member countries ;
 - donating countries may nominate one or more beneficiary countries ;
 - contributions may be made either via an international organization or bilaterally; preference should be given in particular to multilateral networks and especially to the WFP.

5.5323 *DEVELOPMENTS SINCE 1974*

International Wheat Agreement of 1971 expired on 30 June 1974.

Extension to 30 June 1975.

EC Bull. 2/74, Par. 2314

Second extension to 30 June 1976.

EC Bull. 2/75, Par. 2315

Third extension to 30 June 1978.

EC Bull. 2/76. Par. 2325

Fourth extension to 30 June 1979.

EC Bull. 3/78,
Par. 2.2.19

Aim of latest extension is to retain current means for technical collaboration until new agreement containing genuine economic provisions can be negotiated. Similarly, Food Aid Convention was also extended with same obligations for same period.

5.533 **Community position**

Since 1968 EC and Member States have been members of International Grains Arrangement with a minimum annual commitment of 1 035 000 tonnes of grain (total annual programme : 4 500 000 tonnes) within

10th GR EC, Par. 312
2nd GR EC, Par. 553

5.533
(cont'd)

context of Food Aid Convention. Commitment was confirmed in International Wheat. Agreement of 1971.

Signature by EC : 3 May 1971.

5th GR EC, Par. 456

C Dec. on provisional application : 7 June 1971.

C. Dec. 406, 25 June 1974

C Dec. on conclusion of Agreement : 25 June 1974.

OJ L 219/74

Signature by EC and Member States of Protocol prolonging for one year (until 30 June 1975) Wheat Trading Agreement (1971): 22 April 1974 and statement confirming provisional application.

EC Bull. 4/74, Par. 2312

EC Bull. 6/74, Par. 2316

Council agreement to extension for one year (until 30 June 1975) of Food Aid Convention : 30 April 1974.

EC Bull. 4/74, Par. 2313

Council agreement to second extension (until 30 June 1976) of International Wheat Agreement : 28 May 1975.

9th GR EC, Par. 396

Council agreement to third extension (until 30 June 1978) of International Wheat Agreement : 31 May to 1 June 1976.

EC Bull. 5/76, Par. 2319

10th GR EC, Par. 459

Recommendation on extension for a further year : 24 April 1978

EC Bull. 4/78,

Par. 2.2.19

5.54

INTERNATIONAL COCOA AGREEMENT

5.541

Background

1964 : attempt to reach agreement by major producing countries following failure of negotiations for conclusion of international agreement.

Between 1966 and 1972 : consultations, conferences and negotiations (at invitation of Secretary-General of UNCTAD) concerning conclusion of international agreement. Comm. took part in this work.

EEC Tr., Art. 113	5.541 (<i>cont'd</i>)	6-28 March 1972 : UN Conference on cocoa ; six Member States and the Community took part, By decision of 7 March 1972, C authorized Comm. to conduct negotiations on behalf of the Community within scope of common commercial policy.	EC Bull. 5/72, Par. 98
		11 September to 20 October 1972 : Second phase of Conference. Adoption of text for Agreement intended to stabilize prices on world cocoa market for period of three years. Comm. was successful in inserting in Agreement provisions allowing EC to become full member (Article 4 of Agreement).	EC Bull. 10/72, Par. 195
		January 1973 : all Member States and Comm. signed Agreement. 26 June 1973 : C Dec. for provisional application of International Cocoa Agreement of 1972, which entered into force provisionally on 1 July 1973.	EC Bull. 1/73, Par. 2308 EC Bull. 6/73, Par. 2340
C Reg. 3135, 9 Nov. 1973		First implementing Regulation adopted by C concerning exports and imports of cocoa from and into common customs territory.	OJ L 324/73
		Expiry of Agreement : 30 September 1976.	9th GR EC, Par. 393
		22 September to 20 October 1975 : Conference in Geneva organized under aegis of UNCTAD to negotiate conclusion of Second International Cocoa Agreement. EC represented by Comm., and the nine Member States took part. Comm. was authorized, by decision of C of 22 September 1975, to negotiate on behalf of EC questions of Community competence.	EC Bull. 6/75, Par. 2322
		New Agreement concluded.	EC Bull. 10/75, Par. 2321
C Dec. 870, 28 Sep. 1976	5.542	Second International Cocoa Agreement (1975)	OJ L 321/76
		Signature of Agreement by EC : 27 July 1976 (subject to final conclusion).	

5.542
(cont'd)

Provisional entry into force : 1 October 1976 for three years with possible two-year extension without fresh negotiations.

Notification of provisional application of Agreement by EC : 28 September 1976.

Organization : Supreme body : International Cocoa Council ; seat in London ; consisting of all members of International Cocoa Organization ; normally meets twice a year. Decisions are taken in principle by simple majority of votes cast by all importing member countries (1 000 votes in all) and exporting member countries (also 1 000 votes in all) but important decisions are taken by a two-thirds majority. The Executive Committee consists of eight exporting member countries and eight importing member countries.

Members : Exporting countries : Brazil, Cameroon, Dominica, Ecuador, Ghana, Guatemala, Ivory Coast, Jamaica, Mexico, Nigeria, Papua New Guinea, Peru, St Lucia, St Vincent, Sao-Tomé and Principe, Togo, Trinidad and Tobago and Zaire.

Importing countries : Australia, Bulgaria, Canada, Colombia, Czechoslovakia, EC, Finland, German Democratic Republic, Hungary, Japan, New Zealand, Norway, Peru, Portugal, Spain, Sweden, Switzerland, USSR and Yugoslavia.

Objectives :

- to alleviate any economic difficulties arising whenever it proves impossible to balance production and consumption by normal interplay of market forces ;
- to prevent excessive fluctuations in price of cocoa ;
- to maintain and increase income of exporting countries ;
- to ensure supplies at reasonable prices ;
- to promote consumption and where necessary to make adjustments to production.

5.542
(cont'd)

Instruments :

- maintenance of price of cocoa beans within price limits fixed by joint agreement (minimum price of 39 US cents per pound and maximum price of 55 US cents per pound);
- below a certain price level, establishment of system of annual export quotas ; provision for revision and adjustment of quotas ;
- setting up cocoa bean buffer stocks (maximum capacity : 250 000 tonnes) ; provision in Agreement for procedures to cover financing (tax of 1 US cent per pound), management, operation (purchases, sales, liquidation) of stock ;
- provisions for assignment to non-traditional uses of surplus cocoa ;
- control of imports and exports of member countries ;
- annual examination of operation of Agreement.

First implementing Regulation adopted by Community within context of International Cocoa Agreement 1975 on import and export controls.

Raising of price range to 65-81 cents per lb

OJ L 321/76

11th GR EC,
Par. 480

C Reg. 2762,
19 Oct. 1976

5.55 **INTERNATIONAL COFFEE AGREEMENT**

5.551 **Background**

1940 : First attempt to regulate international coffee market.

From 1956 to 1962 : Conclusion of annual agreements between producing countries.

1962 : Conclusion of First International Coffee Agreement at instigation of United States ; EC present as observer.

5.551 <i>(cont'd)</i>	1968 : Renewal of Agreement for five years by International Coffee Council.	
	30 September 1973 : Official expiry of Agreement (did not operate in 1973 because of disagreement on price levels).	6th GR EC, Par. 462
	1 October 1973 : Agreement extended for two years, but stripped of its economic content (quotas, prices, diversification and promotion funds); constituted essentially a framework for negotiation of new agreement. Community present as observer.	7th GR EC, Par. 451
	1 October 1975 : Extension for further year of Agreement without adding economic provisions; Community present as observer.	8th GR EC, Par. 379
	3 November to 3 December 1975 : Negotiations in International Coffee Council in London led to conclusion of new Agreement.	
	Comm. negotiated on matters of Community interest on behalf of EC. Agreement open for signature to 31 July 1976	EC Bull. 12/75, Par. 2322 EC Bull. 6/76, Par. 2322

C Dec. 845,
20 Sep. 1976

5.552 **International Coffee Agreement (1976)** OJ L 309/76

Entry into force : 1 October 1976.

Signature by EC : 27 July 1976, subject to final conclusion.

Notification of provisional application of Agreement by EC : 20 September 1976.

Duration of Agreement : Six years.

Organization : As for International Cocoa Agreement (1975) (see 5.542).

5.552
(cont'd)

Members : 42 exporting countries including : Brazil, Cameroon, Colombia, Costa Rica, Ecuador, El Salvador, Ethiopia, Guatemala, Indonesia, Ivory Coast, Kenya, Madagascar, Mexico, Peru, Tanzania, Uganda, Zaire.

Importing countries : Australia, Canada, Cyprus, Czechoslovakia, EC, Finland, Japan, New Zealand, Norway, Portugal, Spain, Sweden, Switzerland, United States of America and Yugoslavia.

Objectives :

- to achieve reasonable balance between supply and demand for coffee ;
- to avoid excessive fluctuations in levels of world supplies, stocks and prices ;
- to contribute to development of productive resources and so to improve standard of living and working conditions ;
- to increase purchasing power of exporting countries by keeping prices at reasonable level ;
- to promote consumption of coffee ;
- to encourage international cooperation on world coffee problems.

Instruments :

- export quotas ;
- price range(s) which determine level for introduction, suspension and re-introduction of export quotas ;
- promotion funds (\$ 25 000 000 in two years) ; financed by compulsory levy on coffee exports from exporting members ; main objective is to encourage coffee consumption ; may finance up to 50 % of cost of promotion campaigns ;

- 5.552
(*cont'd*)
- production policy and policy relative to coffee stocks planned ;
 - special fund to ensure that provisions of Agreement are implemented ;
 - procedures planned for information, collaboration, consultation, settlement of disputes and complaints.

C Reg. 2686
of 19 October 1976

First implementing Regulation adopted by C within context of International Coffee Agreement 1976 concerning import controls when quotas are not in force.

OJ L 309/76

The economic mechanisms of the Agreement did not come into play in 1977 due to high price of coffee.

11th GR EC,
Par. 481

5.56 INTERNATIONAL SUGAR AGREEMENTS

5.561 Background

1902 : Brussels Sugar Agreement.

1931 : Chadbourne Agreement.

1937 : International Agreement between consumer countries ; covered almost all world trade in sugar ; formally in force until 1944.

1953, 1958, 1968 : conclusion of International Sugar Agreements (1958 Agreement suspended in 1960, following Cuban crisis, but extended in 1961) ; Community not party to 1968 Agreement.

1973 : May and September/October : conference to negotiate International Sugar Agreement under auspices of UNCTAD ; Agreement signed for period to 31 December 1975, without economic provisions ; Community attended as non-member with observer status (classified as importer) ;

Agreement extended to 31 December 1977.

18 April to 27 May 1977 : conference to negotiate new International Sugar Agreement with economic provisions.

5.562 **International Sugar Agreement, 1973**

Duration : Two years, possibility of extension,

Entry into force : 1 January 1974,

Organization : identical to organization of International Cocoa Agreement (1975 (see. 5.542).

Members : 38 exporting members including Australia, Brazil, Colombia, Cuba, Dominican Republic, Fiji, Guyana, India, Jamaica, Mauritius, Mexico, Peru, Philippines, Poland, South Africa, Thailand ; 27 importing members including Bulgaria, Canada, Chile, German Democratic Republic, Iraq, Japan, Malaysia, Morocco, New Zealand, Norway, Republic of Korea, Switzerland, Union of Soviet Socialist Republic, United States of America, Yugoslavia.

Aims :

- to develop international policy on sugar problem ;
- to fix framework for negotiation of International Sugar Agreement with economic provisions.

Instruments :

- annual examination of state of sugar market ;
- measures to encourage sugar consumption ;
- study of bases and framework with view to conclusion of new International Agreement.

5.563 **Community position**

5.5631 *1968 Agreement*

On fundamental problem, EC negotiated self-sufficiency rate of 117 %, corresponding to *export* quota of some 1 200 000 tonnes of raw sugar,

2nd GR EC, Par. 558

5.5631 while proposal made to it was for 214 000 tonnes to start with and
(cont'd) 300 000 tonnes subsequently. On those conditions EC could not envisage
acceding to 1968 Agreement.

5.5632 *1973 AGREEMENT*

EC took part in Conference to negotiate new Agreement, held in Geneva
in 1973 under auspices of UNCTAD. In Memorandum to C dated 12
July 1973, Comm. suggested :

COM (73) 1177 final
EP Report 32/74

— that EC become party to new International Agreement in its role as
net *importer* of at least 600 000 tonnes of sugar (1.4 million tonnes
imported under Protocol No 22 to Act of Accession of 1972, less
800 000 tonnes to be exported on world market) ;

— that nevertheless in event of shortage on world market no quantitative
limits could be applied to exports from EC.

No agreement was reached, and Conference decided to keep framework
of 1968 Agreement in place, without economic provisions, until 31
December 1975 (extended to 31 December 1976 and subsequently to 31
December 1977).

7th GR EC, Par 448

5.5633 *1977 AGREEMENT*

The main provision of text submitted in April by the International Sugar
Organization was an export quota mechanism, whereas text of 7 October
contained a combination of export quotas and a special buffer stock.

EC Bull. 9/77
Par. 2.2.10

5.5633
(cont'd)

(a) Stabilization of price mechanism
price bracket finally adopted is 11-21 cents per 1b,

- Rising market : overall quotas will be increased in 3 tranches of 5 % if price per 1b rises above 13 cents, 14 cents and 14.5 cents respectively ; between 14 and 15 cents per 1b, the Council of the International Sugar Organization has the discretionary power to declare a free market ; above 15 cents per 1b, the quotas no longer apply, in accordance with the provisions of the Agreement.
- Falling market : basic export tonnages are reintroduced at 14 cents per 1b ; the effective quotas will be reduced in 3 tranches of 5 % if the price per 1b falls to below 13 cents, 12 cents or 11.5 cents respectively. Below 11 cents, the effective quotas calculated on the basic export tonnages may be reduced by 2.5 %, save for the 4 countries exporting more than 60 % of their production on free market. If this exemption is invoked, other exporting countries will have to share additional financial burden, which will be refunded to them subsequently.

(b) Stocks.

The volume of buffer stock is equal to 2.5 million tonnes, possibly increased by the share of EC, should it join the Agrmt. This stock is to be constituted 'as quickly as possible' while the price remains below 15 cents, at the following rate : at least 40 % the 1st year, a further 40 % at least the 2nd year and 20 % the 3rd year.

To stabilize upper end of the price bracket, stock will be released in three equal parts if the price rises to 19 cents, 20 cents and 21 cents.

A fund has also been set up to finance this stock ; its income will be derived from a levy on sugar exported or imported on the free market by

5.5633
(contd)

Member States (at the rate of 0.28 cents per lb, which may be raised or lowered by a special vote of the C but may not exceed 0.33 cents). The fund is used to grant loans to exporting member countries for sole purpose of financing stocks.

1 January 1978 : provisional entry into force of the Agrmt, for 5 years.

EC Bull. 1/78
Par. 2.2.12

Position of the Community

The Comm.'s original mandate — which provided for the negotiation of an agreement without an export quota element — was modified by the C on 27 September 1977, so as to permit EEC participation in a new Agrmt of the type described above on basis of 'undertakings similar or equivalent' to those which were entered into on export quotas by the other parties to the Agrmt. EC delegation at the Geneva Conference immediately submitted concrete proposals to this effect.

EC Bull. 9/77,
Par. 2.2.10

In view of the advanced stage already reached by the other negotiating partners in working out an overall package, the Conference decided not to adopt EC proposal for acceptance of the principle of 'equivalence' while leaving precise criteria and details to be worked out in accordance with procedural provisions set out in the Agrmt.

The Conference decided instead to adopt an article providing for accession of EC to the Agrmt. after its entry into force through the negotiation of special conditions at such time.

EC : observer.

5.57 **INTERNATIONAL AGREEMENTS ON THE TEXTILE TRADE**

5.571 **Background**

1962 : 1st Long-term Arrangement on Cotton Textile Trade entered into force 1 October 1962 for five years.

1967 : Extension of Arrangement until 30 September 1970.

1970 : Further extension of Arrangement until 30 September 1973 and subsequently until 31 December 1973.

7th GR EC, Par. 435-437

EC as such was party to this Arrangement, under which bilateral agreements on voluntary limitation of exports were concluded between EC and following non-member countries : China, Egypt, Hong Kong, India, Japan, Korea, Pakistan, Taiwan (replaced by an autonomous régime in 1975) and Yugoslavia.

OJ L 225/70

Bilateral agreements were extended initially until 31 December 1973 and subsequently until 30 June 1974. They remained in force, *de facto*, pending conclusion of new bilateral agreements under new Arrangement regarding International Trade in Textiles (see (5.572).

7 GR EC, Par. 435-437

Comm. Dec. 71,
8 Mar. 1973

Autonomous increase of quantitative ceilings under these bilateral agreements to adapt them to situation in enlarged EC.

OJ L 94/73

C Dec. 214,
21 Mar. 1974

5.572 **Arrangement regarding international trade in textiles**

OJ L 118/74

(GATT all-fibres Arrangement on textile products wool, cotton and man-made fibres)

20 December 1973 : agreement between parties ; EC participated in negotiations.

25 March 1974 : EC advised GATT of its acceptance of Arrangement.

EC Bull. 3/74, Par. 2309

5.572
(cont'd)

Duration : Four years.

Entry into force : 1 January 1974.

Organization : Textiles Committee, consisting of representatives of parties to this Arrangement, meets at least once a year ; examines operation of Arrangement and carries out studies and analyses in textiles sector ; assisted by Textiles Surveillance Body consisting of chairman and eight members appointed by parties (standing body).

Members : appointed subject to acceptance by governments which are contracting parties of GATT or which have accepted it on a provisional basis (there is special clause for countries which are not parties to GATT).

Objectives :

- expansion of trade in textiles ;
- reduction of barriers to such trade ;
- progressive liberalization of world trade in textile products ;
- orderly and equitable development of this trade ;
- avoidance of disruptive effects in individual markets and on individual lines of production in both importing and exporting countries ;
- encouragement, by implementation of this Arrangement, of economic and social development of developing countries.

Instruments :

- progressive elimination (within a maximum period of three years), or harmonization with other provisions of Arrangement, of all unilateral restrictions or those resulting from bilateral agreements (Art. 2) ;

5.572
(cont'd)

- a 'liberalization' programme to dismantle existing quantitative restrictions on imports ;
- safeguard measures foreseen and laid down (Art. 1,3 and Annex A to Arrangement).
- rules laying down framework for bilateral articles to be concluded (Art. 4) (voluntary restraint agreements with exporting countries);
- definition of textile products to which Arrangement applies (Art. 12).

Examples of Regulations enacted by EC

22 May 1974 : notification by Comm. to Textiles Surveillance Body in Geneva of list of quantitative restrictions under bilateral agreements and of other quantitative measures having restrictive effect.

EC Bull. 5/74, Par. 2304

Comm. Dec. 515,
11 Oct. 1974

Autonomous increase of quota ceilings for 1974 on imports into EC of cotton fibres subject to measures of voluntary restraint by Egypt, India, Korea and Pakistan.

OJ L 287/74

Comm. Dec. 67,
8 Jan. 1975
Comm. Dec. 111,
30 Jan. 1975

Autonomous raising — for first quarter of 1975 — of limits on importation into EC of cotton textiles subject to voluntary restraint measures by Japan (8 January 1975), Korea, India, Pakistan, Egypt and Yugoslavia (30 January 1975).

OJ L 21/75
OJ L 44/75

Comm. Reg. 2138,
14 Aug. 1975
Comm. Reg. 2175,
3 Sep. 1976

Implementation by EC of safeguard clause (Art. 3 of all-fibres agreement) concerning imports of certain textile products originating in Republic of Korea.

OJ L 217/75
OJ L 243/76

C Regs. 114, 115, 116
18 Jan. 1977

Import arrangements for certain textile products originating in Singapore, Malaysia and Macao.

OJ L 19/77

C Regs. 551, 557, 558,
561 of 14 and 16 Mar. 1977

5.572
(*contd*)

Quantitative restrictions on imports of textile products from India, Korea, Philippines and Thailand.

OJ L 71/77

Comm. Reg. 1566
12 July 1977

Regulation making subject to authorization importation into EC cotton yarn and garments originating in Colombia, Egypt, India, Malaysia, Morocco, Pakistan, Spain, Tunisia and Turkey.

OJ L 174/77

5.573

Bilateral agreements concluded by EC pursuant to Art. 4 of All-fibres Arrangement

Since November 1974, Comm. has conducted negotiations with various countries with a view to the conclusion of bilateral agreements on voluntary limitation of exports; all these agreements have certain common provisions: based on principle of voluntary restraint of exports by countries in question; exporting countries undertake therefore to respect certain quantity ceilings for limited number of textile products (where there is real risk of disrupting markets); quantity ceilings accompanied by annual scaling-up factor; procedures for flexible operation to allow best use of ceilings; quantity ceilings normally managed by system of double checking.

These agreements generally include special consultation procedure to avoid risks of disruption of EC market for certain other sensitive products: this can be invoked by any Member State and enables EC to negotiate voluntary quantity ceilings for specific articles.

All existing restrictions lifted from products not covered by agreements, either at once or in accordance with programme of progressive elimination.

5.573
(contd)

EC has concluded bilateral voluntary restraint agreements with following countries :

- Asia and the Far East : India, Pakistan, Hong Kong, Macao, Singapore, Malaysia, South Korea, Japan, Thailand ;
- Latin America : Brazil, Colombia ;
- Mediterranean : Egypt, Yugoslavia ;
- Eastern Europe : Romania.

All these agreements expired on 31 December 1977, i.e. on the same date as the Multifibre Arrangement.

5.574

Renewal of Multifibre Arrangement

Art. 10, Par. 5 of Arrangement regarding International Trade in Textiles lays down that Textiles Committee shall meet not later than one year before expiry of Arrangement to consider whether it should be extended. As Arrangement was to expire on 31 December 1977, Textiles Committee met on 30 November to 11 December 1976 and again from 13 to 18 March 1977. At these meetings, EC expressed hope that renewal of Arrangement would be accompanied by examination of possible improvements.

Comm. Doc. (76)
720 final
EC Bull. 3/77,
Par. 2.2.23

EC considered that while aim of developing international trade, particularly in favour of developing countries has generally been achieved, aim of avoiding disruption of markets in certain importing countries had not been respected. This is particularly true of EC which has witnessed a substantial increase (some 80 %) in textile imports since 1973, while consumption of textile products remained stable ; this has resulted in a marked fall in production and employment in Europe and has forced EC to resort to various safeguard measures.

EC Bull. 7-8/77,
Par. 1.5.1-1.5.3,
2.2.35
EP Doc. 438/77
OJ C 6/78

5.574
(contd)

Position of EC at negotiations in July 1977 :

- 1973 Arrangement to be renewed, but only conditionally accepted by EC, which will sign new Arrangement at end of year only in event of satisfactory conclusion of bilateral agreements to be negotiated with developing countries which export textiles.
- Final Agreement to refer to difficulties besetting EC and willingness of exporting countries to take these difficulties into account in bilateral negotiations. It will explicitly empower EC, in certain circumstances, to depart from normal provisions of Arrangement, i.e. to impose import quotas for nine most sensitive products, (nine items) by not raising quantity ceilings (at rate of 6 % per annum according to Arrangement), but by stabilizing them at 1976 level and even bringing them down in certain instances.

Comm. began negotiations on basis of negotiating directives adopted by C on 18 October 1977.

EC Bull. 10/77,
Par. 2.2.38

By end of December 1977, negotiations had been completed with 32 countries and results were approved by the C on 19 and 20 December 1977. These bilateral negotiations have established that imports of sensitive textile items supplied at low cost and in large volume from particular sources will be subject to quantitative limitations based on 1976 import performances plus moderate growth. Imports of these products, which are currently supplied in smaller quantities from particular sources, and other textile products which may become sensitive in the future will be subject to regulatory mechanism to ensure that EC's domestic industries are adequately safeguarded.

EC Bull. 12/77,
Par. 1.2.1-1.2.3

For eight particularly sensitive product categories, the principle of stabilization of growth in imports relative to growth in consumption has been

5.574
(contd)

adopted, with certain adjustments in the level of the ceilings for two of these products, cotton yarn and cotton cloth, originating in four countries which are major suppliers of the products in question. In exchange for agreement by exporting countries to limit their supplies to levels which EC can bear and to accept orderly growth of these exports in the future, EC has given firm guarantees of access to EC market for exporting countries concerned, with special provision being made for preferential countries. The agreements also provide for a simplification of procedures, whilst establishing stricter rules of origin and a system of control to prevent abuse. In these circumstances, EC's domestic textile industries are provided with the necessary conditions for their own rationalization and restructuring programmes.

The negotiation of bilateral agreements on basis of a regulated development of trade in textiles has necessitated a departure from certain provisions of the Multifibre Arrangement.

By the end of January 1978, 21 bilateral agreements had been initialled with : Argentina, Brazil, Colombia, Egypt, Guatemala, Hong Kong, India, Indonesia, Macao, Malaysia, Mexico, Pakistan, Peru, Philippines, Romania, Singapore, South Korea, Sri Lanka, Thailand, Uruguay, Yugoslavia.

EC Bull. 1/78,
Par. 2.2.30

C Reg. 3019, 30 Dec. 1977
C Reg. 3020, 30 Dec. 1977

These agreements have been applied de facto since 1 January 1978 as have unilateral measures applying to Taiwan.

OJ L 357/78

OJ L 357/78

C Reg. 265, 7 Feb. 1978

Implementing Regulation laying down quantitative limits on imports into EC applicable until 31 December 1978.

OJ L 42/78

C Reg. 255, 7 Feb. 1978

Implementing Regulation for Taiwan, applicable until 31 December 1982.

OJ L 39/78

5.574
(cont'd)

Following consultations (Turkey, Israel, Greece), Comm. has decided that the introduction of restrictions on these Mediterranean countries is not required. Other Mediterranean countries have agreed to voluntary restraint agreements for certain products (Tunisia). With others, bilateral quotas have been laid down under association agreements with the EC (Malta, Cyprus). No arrangement has been made with Spain, but EC has made known quantities above which it will introduce safeguard measures; Spain has done the same for certain EC products. As regards products originating in other countries, the volume of imports is not considered to be cause for concern at present time; EC has, however, laid down overall maximum quantities (no breakdown by exporting countries); should these limits be exceeded, consultations would be opened and possibly measures taken.

C Reg. 671, 3 Apr. 1978
C Dec. 545, 12 June 1978

Authorization and quantitative limitation rules for importation of certain textile products originating in State-trading countries (Albania, Bulgaria, Czechoslovakia, GDR, Hungary, Poland, USSR, China, North Korea, Vietnam).

OJ L 96/78
OJ L 168/78

C Dec. 806, 20 Dec. 1977

Following the agreement reached in Comm.'s bilateral negotiations with textile exporters, on 20 December 1977 C approved these negotiations and gave its agreement to signature of the Protocol extending Multifibre Arrangement.

OJ L 348/78

Duration : 4 years until 31 December 1981.

Conditions for EC accession fulfilled, i.e. :

— the Protocol and the conclusions of Textiles Cttee of 14 December 1977) include possibility of 'jointly agreed reasonable departures' from particular provisions of Arrangement (e.g. 6 % annual increase in imports);

5.574 — the bilateral agreements entered into force at the same time as the Multifibre Arrangement, i.e. on 1 January 1978, and EC will not consider itself bound by the provisions of the Arrangement vis-à-vis any country which fails to approve or apply the bilateral agreement concerning it.

OJ L 16/78

5.58 Synoptic table of current international agreements regarding certain products

Product	Validity	Mechanism of Agreement	Participants
Tin.	5th International Tin Agreement provisional entry into force on 1 July 1976, for five years.	Buffer stock (40 000 tonnes) possibility of export quotas; establishment of buffer stock consisting of compulsory contributions by producing countries and voluntary contributions by consuming countries. Fixing of ceiling and floor prices.	Main producers: excluding China. Principal consumers: EC, Japan, USA (for first time) and USSR.
Wheat	International Wheat Agreement (1971) comprising: — Wheat Trading Convention; — Food Aid Convention Expiry: 30 June 1974 Extensions: until 30 June 1975 30 June 1976 30 June 1978 30 June 1979	Wheat Trading Convention (1971) does not contain any restrictive economic clauses; provision for exchange of information. Each party to Food Aid Convention must supply minimum annual tonnage of cereals as aid for developing countries.	Principal exporters: Argentina, Australia, Canada, EC, USA and USSR; Principal importers: Brazil, China, EC, India, Japan, Peru, United Arab Republic and Venezuela. Members: Argentina, Australia, Canada, EC, Finland, Japan, Sweden, Switzerland, USA.
Cocoa	2nd International Cocoa Agreement (1975); provisional entry into force on 1 October 1976 for three years with possibility of extension for two years without new negotiations.	Export quotas; buffer stock (maximum 250 000 tonnes) financed by tax of 1 US cent per pound; upper and lower price limits for cocoa beans; annual examination of operation of Agreement.	Most major exporting and importing countries, except USA.

5.58 **Synoptic table of current international agreements regarding certain products**
(contd)

Product	Validity	Mechanism of Agreement	Participants
Coffee	International Coffee Agreement (1976); entry into force on 1 October 1976 for six years.	Export quotas to keep prices in certain brackets; promotion fund and special fund; collaboration between members.	Most major exporting and importing countries, except USSR.
Sugar	International Sugar Agreement (1973); entered into force 1 January 1974 for two years; extended until 31 December 1977 to facilitate negotiation of new Agreement: 7 October 1977: new Agreement concluded; entered into force on 1 January 1978 for five years.	No economic provisions. Price bracket (11—21 cents/pound) export quotas, buffer stock of 2.5 million tonnes.	Most major exporting and importing countries with exception of EC (observer). EC observer
Textiles	Arrangement regarding International Trade in Textiles (GATT all-fibres Arrangement); entered into force on 1 January 1974 for four years; extended for four years.	Progressive elimination or harmonization with other provisions of Arrangement of all unilateral restrictions or those resulting from bilateral agreements. Possible exemptions from certain provisions of the Arrangement agreed jointly in particular cases to avoid disruption of markets. EC has concluded bilateral voluntary restraint agreements with a number of countries.	50 countries

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