



EUROPEAN PARLIAMENT

Progress towards European integration

**Survey of the main activities of the
European Parliament**

JULY 1985 - JUNE 1986

DIRECTORATE GENERAL FOR RESEARCH

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NOTE TO READERS

Like its predecessors, this document, covering the period from July 1985 to June 1986, gives an account of the European Parliament's activities and attempts to place the latter in the more general context of European integration. It was completed on 10 July 1986.

Readers will find the background information on all the Community's activities in the 'Fact Sheets', the third edition of which is in preparation.

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

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This document does not necessarily reflect the views of the European Parliament as an institution.

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SUMMARY STATISTICS OF THE EUROPEAN COMMUNITY (1985)

	D	F	I	NL	B	L	UK
Population (mn) ⁴	61.2	54.9	57.0	14.4	9.9	0.4	56.5
GDP per capita (ECU) ²	13 376	12 279	8 128	11 314	10 574	11 505	10 557
Industrial production (percentage change)	+5.7	+0.7	+1.5	+3.7	+2.3	+6.5	+4.7
Consumer price index (percentage change)	1.8	4.7	8.8	1.7	4.0	4.1	5.7
Total unemployment (%)	8.6	10.3	13.0	13.4	13.5	1.6	12.3
Youth unemployment (under 25 yrs; % of total)	24.4	38.2	47.2	37.6	34.9	47.4	37.8
Social protection ¹ (percentage of GDP)	28.9	28.8	27.3	34.0	31.9	29.3	23.7
Steel production ('000 tonnes)	40 497	18 628	23 720	5 521	10 683	3 945	15 766
Automobile production ⁴ ('000)	3 783	2 910	1 439	109	214	0	909
Intra-Community Trade Balance (mn ECU) (EC-12)	+9 475	-15 282	-6 476	+19 761		-1 328	-3 732
Extra-Community Trade Balance (mn ECU) (EC-12)	+22 900	+1 850	-10 276	-17 357		-2 518	-7 808

.../...

	IRL	DK	GR	EUR 10	E	P	EUR 12
Population (mn) ⁴	3.5	5.1	9.9	272.8	38.4	10.1	321.3
GDP per capita (ECU) ²	6 861	14 676	4 435	10 873	5 785	2 772	10 010
Industrial production (percentage change)	+2.2	+4.2	+2.8	+3.4	+2.2	:	+3.1
Consumer prices index (percentage change)	4.9	3.6	25.0	5.1	8.1	16.8	5.6
Total unemployment (%)	17.7	8.8	2.2	10.9	19.9	7.7	:
Youth unemployment (under 25 yrs; % of total)	31.1	24.7	34.5	37.1	45.2	:	:
Social protection ¹ (percentage of GDP)	24.6	30.2	:	28.0 ³	:	:	:
Steel production ('000 tonnes)	203	528	985	120 476	14 209	663	135 348
Automobile production ⁴ ('000)	0	0	0	9 364	1 177	0	10 541
Intra-Community Trade Balance (mn ECU) (EC-12)	-77	-2 108	-3 189	:	+2 626	+61	:
Extra-Community Trade Balance (mn ECU) (EC-12)	+446	+567	-4 089	:	-8 266	-2 661	-27 212

1 1983

2 Estimate

3 EUR 9

4 1984

Sources: EUROSTAT; Commission

EXCHANGE RATES

VALUE OF THE ECU

2nd June 1986

1 ECU = ... national currency units

Belgian and) con.	44.03	Portuguese escudo	143.63
Luxembourg franc) fin.	44.28	US dollar	0.92
German mark	2.16	Canadian dollar	1.28
Dutch guilder	2.43	Swiss franc	1.79
Pound sterling	0.63	Swedish krona	6.84
Danish krone	7.98	Norwegian krone	7.26
French franc	6.87	Austrian shilling	15.16
Italian lire	1 476.08	Finnish markka	4.95
Irish punt	0.71	Japanese yen	162.21
Greek drachma	134.21	Australian dollar	1.31
Spanish peseta	137.16	New Zealand dollar	1.65

Source: Official Journal C 135, 3.6.86

VALUE OF THE US \$

4th June 1986

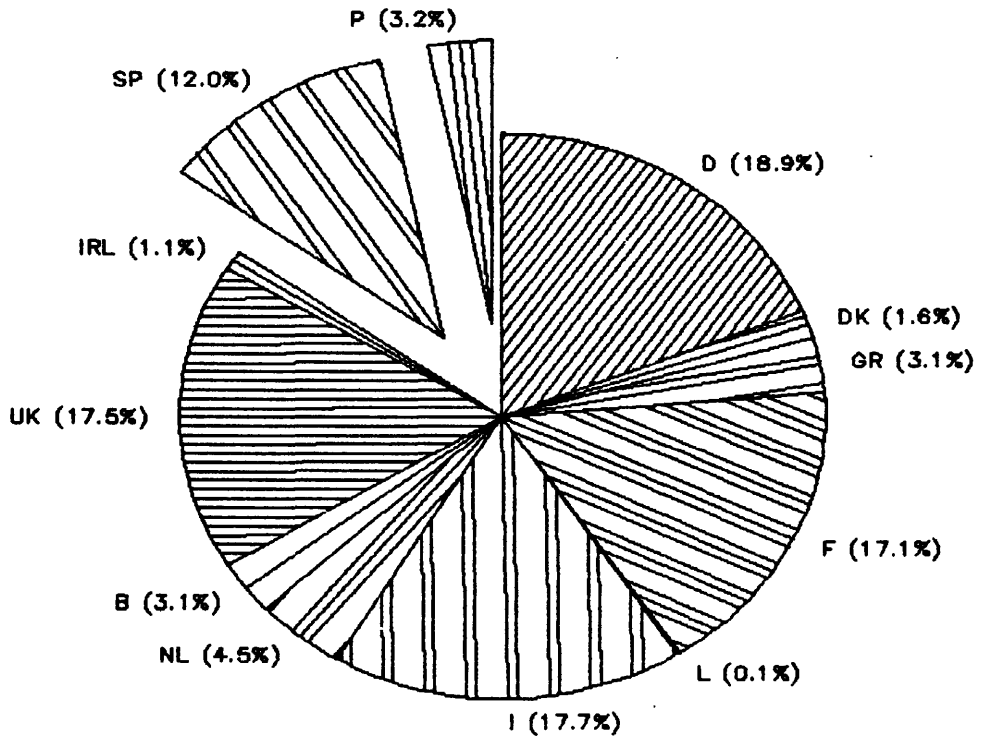
1\$ = ... national currency units

Belgian and) con.	46.18	Danish krone	8.38
Luxembourg franc) fin.	46.56	French franc	7.22
German mark	2.27	Italian lire	1 550.50
Dutch guilder	2.55	Irish pound	1.34
Pound sterling	1.49	Greek drachma	141.35

Source: Financial Times, 6.6.86

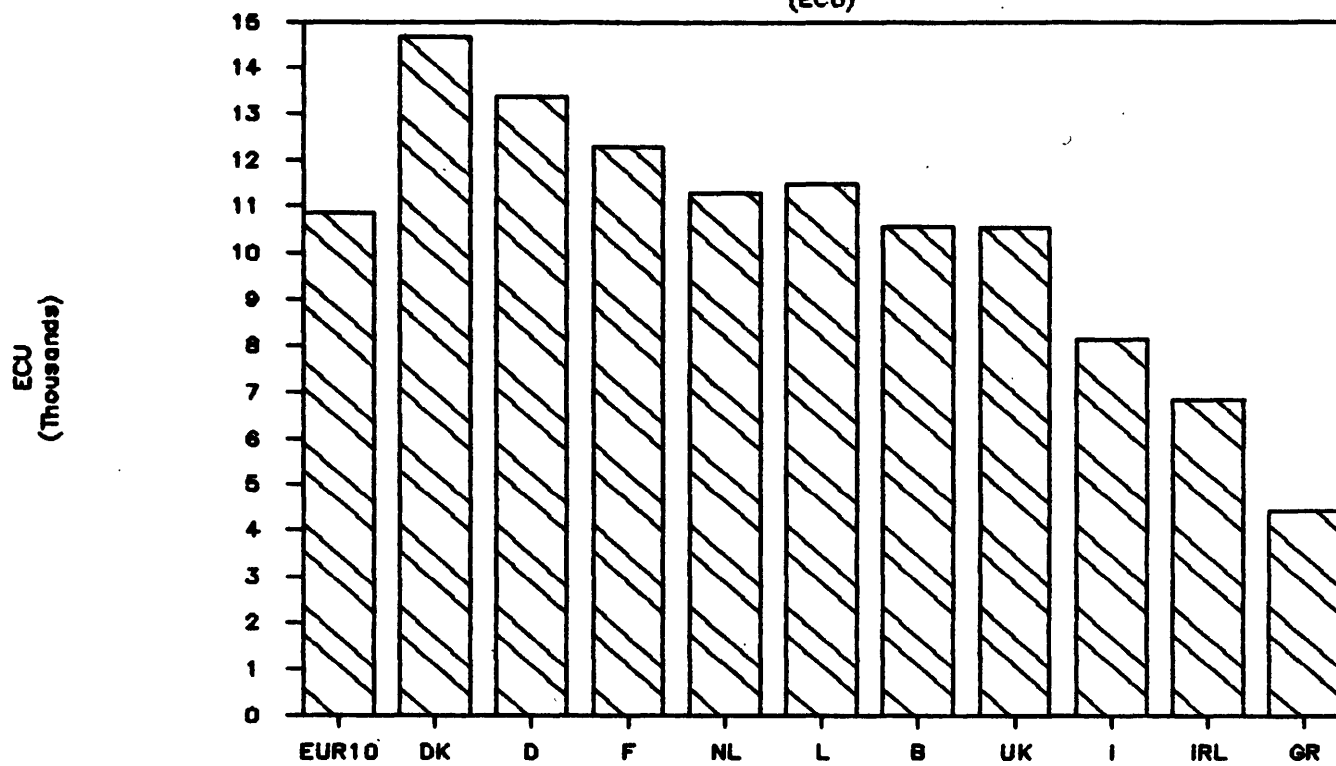
EUR12: DISTRIBUTION OF POPULATION

1985



EUR10:^{*} GDP PER CAPITA, 1985

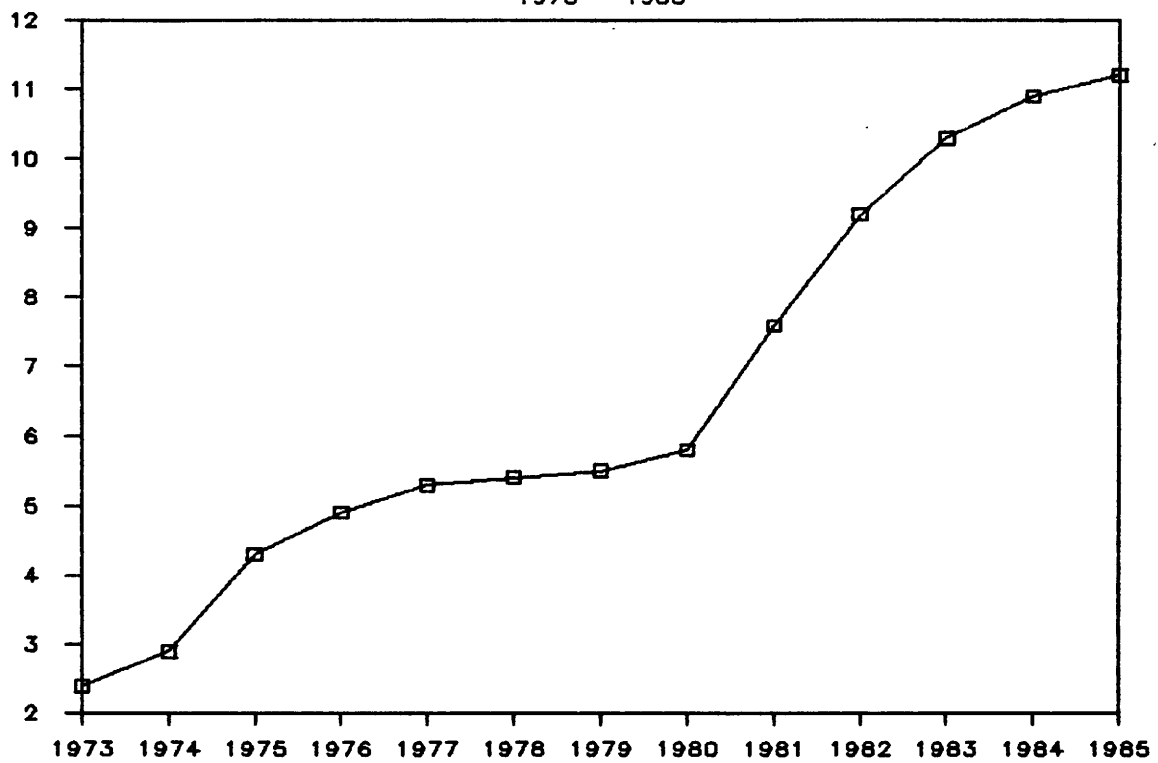
(ECU)



* Harmonized statistics for Spain and Portugal not yet available

EUR 9:* UNEMPLOYMENT RATE (%)

1973 - 1985



* Data for Greece, Spain and Portugal not comparable

DISTRIBUTION OF SEATS IN THE EUROPEAN PARLIAMENT
FOLLOWING THE ENTRY OF SPAIN AND PORTUGAL

GROUPS*	TOTAL	B	DK	D	F	GR	IRL	I	L	NL	UK	E	P
S	172	8	3	33	20	10	-	12	2	9	33	36	6
PPE	118	6	1	41	9	8	6	27	3	8	-	7	2
ED	63	-	4	-	-	-	-	-	-	-	46	13	-
COM	46	-	2	-	10	4	-	27	-	-	-	-	3
LDR	42	5	2	-	12	-	1	5	1	5	-	2	9
RDE	34	-	-	-	20	1	8	-	-	-	1	-	4
ARC	20	4	4	7	-	-	-	2	-	2	-	1	-
DR	16	-	-	-	10	1	-	5	-	-	-	-	-
NI	7	1	-	-	-	-	-	3	-	1	1	1	-
TOTAL	518	24	16	81	81	24	15	81	6	25	81	60	24

* FULL NAMES OF POLITICAL GROUPS

S: Socialist Group

PPE: Group of the European People's Party (Christian-Democratic Group)

ED: European Democratic Group

COM: Communist and Allies Group

LDR: Liberal and Democratic Reformist Group

RDE: Group of the European Renewal and Democratic Alliance

ARC: Rainbow Group: Federation of the Green-Alternative European Link, Agalev-Ecolo, the Danish People's Movement
against Membership of the European Community and the European Free Alliance in the European Parliament

DR: Group of the European Right

NI: Non-attached

INTRODUCTION

The second year of the second electoral period of the directly elected European Parliament, the period covered by this document, seems to have been dominated by two main topics: the ongoing institutional debate in the second half of 1985 and then, from January 1986, the accession of Spain and Portugal and its effects on various sectors.

It will be recalled that in February 1984, the European Parliament adopted the draft Treaty establishing the European Union and suggested that it be debated at an intergovernmental conference. This was agreed in principle at the Milan Summit in June 1985, despite opposition from three Member States. The European Parliament had asked to be involved in the conference's deliberations, and even if its involvement was only minimal, the work being carried on by the governmental authorities was one focus of Parliament's attention during the second half of 1985. The high points were the intergovernmental meetings and the European Council meeting in December 1985.

The Single European Act, which emerged from the Luxembourg talks, certainly did not strengthen the European Parliament's powers as it had hoped, nor did it bring about the institutional reform advocated by the prime mover of the Treaty establishing the European Union, Altiero SPINELLI, who is now considered as one of the 'founding fathers of Europe'.

We may at least hope that its application, probably from the beginning of 1987, will help to further the establishment of the internal market in 1992. Already the Council, in response to the 'White Paper' submitted by the Commission, seems to be on the right road since, according to its President-in-Office, in the first half of 1986, it has adopted no less than one directive on the internal market each week compared with one every six months previously.

It may also be of benefit to the 'technological Community'. The European Parliament tried to stress the importance of competing with the rest of the world in the field of technology during a debate on this subject held on the basis of seven reports submitted to the October 1985 part-session. The debate had been preceded by a symposium attended by some two hundred scientific experts, and it was followed by an exhibition which was a great success with the general public.

If, in the first half of 1986, attention was centred on enlargement, it was in the middle of 1985, when the budget was being considered, that enlargement really began to impinge on Parliament's work. The Council's attitude, which was, to say the least, contradictory, welcoming the imminent accession of Spain and Portugal on the one hand, but on the other rejecting the Commission's budgetary proposals which made provision for the enlargement, led Parliament to oppose the Council on the budget, thus giving rise to yet another in the long line of conflicts which the Community has seen since the European Parliament was first elected by direct universal suffrage.

For six months, the Community found itself in an equivocal situation, with a budget that had been adopted by the President of the European Parliament and implemented by the Commission, but suspended by a judgment of the Court of Justice following actions brought by several Member States. Would the strict application of budgetary provisions take precedence over political responsibility or the simple logic of the enlargement and its implications?

Whilst the Court of Justice, in its judgment of 3 July 1986, ruled against Parliament on procedural questions, it largely vindicated it on the substance. This dispute provided the opportunity for a judgment to be passed regarding compliance with the budgetary principles enshrined in the Treaty and defended by the European Parliament, a judgment which is very important from the institutional point of view.

The sequel to the story came at the July 1986 part-session, when the Council ended up by exceeding the budget adopted by Parliament in December 1985. The fall in the value of the dollar has meant that budgetary proposals for agriculture have had to be substantially amended. It was also appropriate to let the Community Funds fulfil their role for the benefit of the new Member States.

Another consequence of enlargement has been a change in the composition of Parliament. There has been a change in policy, especially in the agricultural sector, with the Committee on Agriculture's proposals either coming to nothing, because of a failure to secure a majority, or being heavily amended in plenary.

The following chapters will constitute a survey of the work of the European Parliament. During the period covered, this work has been divided equally between consultations (Rule 32), reports based on resolutions and own-initiative reports (Rule 47 and Rule 102) and urgent resolutions (Rule 48), whilst oral questions with debate (Rule 42(5)) took up much less time. The number of consultations (128) and urgent resolutions (132) was about the same as in the previous year. On the other hand, the number of reports has doubled, which is only to be expected, since last year marked the beginning of the second electoral period.

In this context, the committees and subcommittees were anxious to obtain the opinions of experts, and no fewer than 24 hearings were held during the period in question, compared with only six the previous year. The fields covered are very varied, ranging from technological issues (biotechnology and the automobile industry) to cultural affairs via the relationship between agriculture and the environment and the fight against drugs, for example. Apart from the Members being better informed as a result of these hearings, we may assume that the people who have been invited to take part in parliamentary discussions, even for a short time, will be able to pass on some of their experience to the general public whom the European Parliament is trying to make more aware of the European ideal by means of the debate which it devotes to the major political issues of the moment.

Nor should it be forgotten that the European Parliament has made a point of reacting to natural disasters, or expressing its sympathy when they occur, and has made increasing efforts to denounce human rights violations throughout the world. There can be no doubt that in some cases, intervention by the European Parliament or its President has produced favourable results.

PARLIAMENTARY BUSINESS
FOR THE PERIOD JULY 1985 - JUNE 1986
(texts adopted)

	Referrals	Resolutions			
		Articles 47 & 102	Article 48	Article 42.5	Others
JULY 85	16	9	7	1	4
SEPT.	4	5	19	8	-
OCT. I	6	15	21	-	-
OCT. II	4	12	10	1	-
NOV.	11	7	-	2	-
DEC.	14	18	8	7	1
JAN. 86	13	14	8	4	2
FEB.	17	13	13	5	2
MARCH	12	4	25	5	-
APRIL	15	15	7	4	-
MAY	10	8	2	7	-
JUNE	6	12	12	6	-
TOTAL	128	132	132	50	9

FOR THE PERIOD JULY 1984 - JUNE 1985

TOTAL	114	64	134	35	19
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THE POLITICAL DIMENSION

The institutional initiative of the Single European Act

The Single European Act constitutes the first genuine revision of the Treaties, even though its political scope is not as ambitious as Parliament would have liked (Fact sheets: Powers of the European Parliament I/A/1; the Single European Act I/J). The Act is the product of the December 1985 meeting of the European Council and was signed by the twelve Member States in February 1986. It is due to be ratified in the course of 1986.

The convening of the Intergovernmental Conference decided on by the European Council in Milan on 29 June 1985

Parliament gave its opinion on this decision by the European Council in a resolution adopted on 9 July 1985: it expressed its satisfaction that the majority of the Council decided to convene the Conference, but deplored the lack of coherence and realism in the Council's approach. Parliament believes that a real reform of the Community requires a treaty encompassing all Community policies and the institutions needed to implement them in an efficient and democratic manner.

As the representative of the citizens of Europe, Parliament also wanted to be involved in the work of preparing and approving the draft Treaty¹.

The work of the intergovernmental conference

In a resolution of 10 October 1985, Parliament called on all the governments of the Member States to respect their commitments and to submit proposals for revision of the Treaty. It also exhorted the governments to submit proposals in line with the guidelines approved by the Dooge and Adonnino Committees. It also called on the Commission to give full weight to the concept of the European Union². A few weeks later, Parliament voiced its concern at the proposals submitted to the Intergovernmental Conference by a number of governments.

It considered it essential that the planned institutional changes should include real joint decision-making powers for the European Parliament, majority voting in the Council as the norm and increased executive powers for the Commission³.

Parliament's proposal on the Single Act derived from the conclusions of the European Council of 2-3 December 1985

Firstly, Parliament found that the work of the Intergovernmental Conference and the conclusions reached by the European Council had defined most of the central problems of Community policy, but were incomplete and did not enable the objectives stated in the Conference mandate to be achieved since, owing to the ambiguity of certain texts, the proposed modifications to the decision-making process did not offer the necessary guarantee as to effectiveness and the democratic character thereof⁴.

Parliament was convinced that the possibilities for progress in some limited fields could not compensate for the serious shortcomings of the reform, and requested that at the very least the governments undertake to amend the internal rules of the Council so as to compel it to hold a vote when the Commission or three Member States so requested and to reconsider the results of the work of the Conference before 1989.

Finally, it decided to exploit to the very limit the possibilities offered by the Single Act⁵.

The Committee on Institutional Affairs

The committee had particular reservations about the outcome of the December 1985 European Council, which adopted the conclusions that led to the Single Act, as is evidenced by the resolutions adopted by the House following motions tabled by the committee^{4,5}.

A resolution adopted by the House on 17 April 1986 instructed the committee to contact the national parliaments and request them to include with the instrument of ratification of the Act a declaration that the efforts to make up for the lack of democracy in the Community must be continued and that the Act, notwithstanding the improvements it contained, was far from establishing a European Union. The governments were requested to grant Parliament rights of participation in the Community's legislative process⁶.

The committee is pursuing a dual strategy: in the short term, Parliament must exploit to the very limit the possibilities offered by the Single Act. In the long term, and with an eye to the 1989 elections, a wider-ranging and more comprehensive reform of the Treaties must be undertaken.

The Political Affairs Committee

The committee has been instructed to draw up two reports looking at relations between Parliament and the Council and between Parliament and the Commission. Work is also in progress on an own-initiative report on the Single Act. The Working Party on the Implementation of the Treaties and on Interinstitutional Relations is currently carrying out the preparatory work for these draft reports, which will probably be adopted by the House at the end of 1986.

The Political Affairs Committee was instructed in a resolution of 16 January 1986 to examine how the Single Act could be exploited to the very limit⁵.

- 1 Resolution of 9 July 1985, OJ No. C 229, p. 29
- 2 Resolution of 10 October 1985, OJ No. C 288, p. 105
- 3 Resolution of 13 October 1985, OJ No. C 343, p. 59
- 4 Resolution of 11 December 1985, OJ No. 352, p. 60
- 5 Resolution of 16 January 1986, OJ No. C 36, p. 144
- 6 Resolution of 17 April 1986, OJ No. C 120

EUROPEAN COURT OF JUSTICE JUDGMENTS OF INSTITUTIONAL IMPORTANCE

During the period under consideration the European Court of Justice (ECJ) reached several decisions of great importance to the European Parliament's position in the Community's constitutional framework.

Last year, following the important judgment of 22 May 1985 in the case brought by Parliament against the Council for failure to take action, the Court of Justice further strengthened Parliament's procedural role before the Court.

(1) In its judgment of 23 April 1986 in Case No. 294/83 ('The Greens' v. European Parliament) the Court of Justice acknowledged that under Article 173 of the EEC Treaty, proceedings may be instituted to declare void acts of Parliament which have legal effects for third parties. The Court thus confirmed that cases could be brought against Parliament even though acts of Parliament are not specifically mentioned in Article 173. In its judgment on this case, the Court defined the limits of Parliament's right of self-organization and declared an enlarged Bureau decision, under which budget resources could be allocated to the political parties for information purposes in connection with the European elections, to be void. In the Court's opinion the European Parliament has no jurisdiction over election campaign funding under existing Community law; under Article 7 of the Act on direct elections, such funding is still the responsibility of the Member States.

(2) The Court of Justice clarified its jurisprudence on the challengeability of parliamentary acts in its ruling of 4 June 1986: it rejected as inadmissible a case brought by the Group of the European Right against a parliamentary decision to set up a committee of inquiry. In the Court's opinion such a measure has no legal effect vis-a-vis third parties since such committees have merely investigative powers and their creation is exclusively a matter of Parliament's internal organization.

(3) The case concerning the 1986 budget, Case 34/86, Council v. Parliament, was settled in the Court of Justice judgment of 3 July 1986. Five Member States and the Council had instituted proceedings against Parliament and called for annulment of the budget. In pursuance of its jurisprudence, the Court found that the President of Parliament's declaration pursuant to Article 203(7) of the EEC Treaty that the budget has been finally adopted is a legal act with legal effects vis-a-vis third parties and can thus be the subject of an action for nullity. In this case the Court annuls the President's declaration but limits the legal effects of the nullity to the part of the budget not yet implemented when the judgment is delivered.

In the Court's opinion the President had made his declaration before the budgetary procedures had been completed. Both branches of the budgetary authority, Parliament and Council, could thus resume the procedure at the point at which there was disagreement on the maximum rate of increase.

After reaching an agreement with the Council on a new maximum rate of increase, Parliament adopted the budget on 10 July 1986 and thus within one week took the measures required by the judgment.

The Accession of Spain and Portugal

1. The negotiations for the third enlargement of the European Community were concluded with the signature of the act of accession on 12 June 1985 after 8 years of discussions which were sometimes very difficult. Ratification of the Treaty was completed by all national parliaments in time for the accession of Spain and Portugal to take place as planned on 1 January 1986.

2. The European Parliament had followed the progress of the negotiations closely by means of the two Joint Committees established for this purpose with delegations from the Spanish and Portuguese parliaments. On various occasions resolutions were adopted by the European Parliament affirming its political support for enlargement, urging a swift conclusion to the negotiations or commenting on specific aspects and problems that had arisen.¹ The Parliament also approved the conclusion of negotiations in its resolution of 8 May 1985.²

3. Although the existing Treaties accord no right to the European Parliament of ratification of accession treaties, the Parliament gave a favourable opinion on 11 September 1985 after holding a full debate on the basis of a report from the Political Affairs Committee³ in which the provisions and implications of the act of accession were fully examined. Opinions were submitted by most of the committees of the Parliament. The Committee on Regional Policy and Regional Planning prepared separate reports which provided the basis of resolutions adopted by Parliament on 15 November 1985 (see chapter 20), while the Committee on Social Affairs and Employment also produced a report on the necessary changes to the Social Fund regulation.⁴

4. Under the terms of the act of accession the Parliament was enlarged from 434 to 518 Members, by the addition of 24 Members from Portugal and 60 from Spain. These Members were appointed from within their national parliaments in accordance with the proportionate strength of the national parties and took their seats at the first session of the European Parliament of 1986 held from 13 to 17 January in Strasbourg. The Members concerned joined the existing political groups of the Parliament and participated immediately in its Committees as full members.⁵ Direct elections to the European Parliament must be held both in Spain and Portugal before the end of 1987 (Article 28 of the Treaty).

5. The Accession Treaty⁶ covers the following major points:-

Industrial customs union: gradual abolition of tariffs over 7 years; quantitative restrictions abolished on accession; special arrangements for textiles, steel, cars (Spain only); alignment of customs tariffs with the CCT over 7 years.

Agriculture: transitional arrangements varying according to sensitivity of the sectors concerned and of either 7 or 10 years duration.

Fisheries: inclusion of Spanish and Portuguese fleets in Common Fisheries Policy in regard to conservation and control measures; access to waters subject to catch limits respecting traditional levels in certain zones only (adjustments to be made from 1996); reduction of size of Spanish fishing fleet with EC assistance; common policy for markets from accession but alignment of prices over various transitional periods.

Social Affairs: freedom of movement for workers after a seven-year transitional period (10 years for Luxembourg); special arrangements for access to employment and social security for families of emigrant workers.

Own Resources: derogation to Portugal on introduction of VAT (until 1989); degressive refund over 7 years of a percentage of payments by both countries into the EC budget.

- 1 In particular, resolutions of 19.11.81, 17.11.82, 13.9.84, 14.3.85, 13.12.85 (OJs C 327/81, C 334/82, C 274/84, C 94/85, C 352/85)
- 2 OJ C 141 of 10.6.85
- 3 OJ C 262/85, Doc A2-81/85 I and II (Hänsch report)
- 4 EP resolution of 12 December 1985, OJ C 352/85; Doc A2-161/85 (Dido report)
- 5 For some months before, Members of the Spanish and Portuguese parliaments had attended the meetings of certain committees with observer status. The Parliament's rules of procedure were amended in particular to provide for 2 extra vice-presidents (Wedekind reports: Docs A2-118 and 158/85)
- 6 OJ L 302, 15.11.85

POLITICAL ASPECTSExternal relations1. Turkey

Immediately after the European elections in June 1984, the European Parliament adopted a resolution supported by all political parties stating that 'the delegation of the European Parliament/Grand National Assembly of Turkey Joint Committee will not be set up until the association treaty is implemented once again and until the European Parliament has reconsidered the situation in Turkey'¹.

Subsequently, the Political Affairs Committee submitted a report on the human rights situation in Turkey and the European Parliament adopted a resolution on this subject in October 1985². Parliament welcomed the finding by the rapporteur, who had visited Turkey, that 'some progress has been made towards the restoration of human rights in Turkey'³. However, the Parliament also expressed deep concern at the continuing seriousness of the situation with regard to human rights observance in Turkey and called upon the Turkish Government to move rapidly towards a restoration of human rights in Turkey.

Despite this, in spring 1986, the Commission and Council took certain initiatives designed to implement once again the EEC-Turkey association agreement.

2. Central and Eastern Europe

The EEC and the countries of central and eastern Europe (Bulgaria, Hungary, Poland, German Democratic Republic, Romania and Czechoslovakia), established relations with each other principally at the Conference on Security and Cooperation in Europe (CSCE). The Conference brought together 35 countries from eastern and western Europe and led to the signing of the Helsinki Final Act in 1975. Since that time, the signatory countries have sought to implement the act in the course of several meetings held in Belgrade, Madrid, Stockholm and elsewhere, but without significant results.

Although the countries of central and eastern Europe have all signed the Warsaw Military Pact, at economic level they are all members of the Committee for Mutual Economic Assistance (CMEA, also known as COMECON). COMECON has never acted as an economic community, which has prevented the European Community from establishing formal relations with it as such. In addition, COMECON has never recognized the European Economic Community which, as a result, has sought to establish economic relations with the COMECON countries individually at bilateral level.

However, in 1985 certain eastern countries moved towards a more open attitude towards the European Community. For example, the governments of Poland and the USSR have indicated their intention of recognizing the EEC 'as a political entity'. The Commission has reopened contacts with COMECON leaders and is currently discussing possibilities of improving the situation.

The European Parliament has adopted a resolution on relations between the European Community and the countries of central and eastern Europe⁴ which, on the one hand, reaffirmed the principle that trade agreements should remain the preserve of bilateral negotiations between the Community and individual countries of central and eastern Europe, as has already been done with Romania (and also with Yugoslavia and China), and, on the other hand, calling on the eastern countries officially to recognize the EEC, pointing out that Yugoslavia and China have already long since done so.

3. Middle East

There have been few positive developments in the Middle East situation since June 1985. Following the acts of piracy against the Trans-World Airways aircraft in Beirut in June 1985 and the Achille Lauro liner in autumn of the same year, the United States intervened to defend their interests in the Middle East. An Egyptian aircraft was forced to land in Sicily by American military aircraft and several Palestinians were arrested.

Peace initiatives during 1985 by King Hussein of Jordan, Yasser Arafat of the PLO, President Mubarak of Egypt and Mr Peres, Prime Minister of Israel, all ended in failure. It was against the background of this difficult situation that the European Parliament adopted a resolution on the political situation in the Middle East⁵ by 186 votes to 16 with 25 abstentions.

This resolution confirmed the previous resolution of 11 January 1983⁶ as regards the basis for a negotiated settlement to the Middle East conflict, including the Palestinian problem. The European Parliament took the view that 'it would be advisable for the Foreign Ministers meeting in political cooperation to support the proposal to create a group to liaise between the parties involved in order to reconcile their viewpoints'⁷. The European Parliament also called for a return to civil peace in the Lebanon and put forward other proposals.

4. Afghanistan

Following the visit in February 1984 by a delegation from the Political Affairs Committee to the Afghan refugee camps in Pakistan, the European Parliament continued to monitor closely the development of the situation in Afghanistan. On the basis of a report by its Political Affairs Committee, a resolution was adopted in June 1986 on the situation in that country⁸.

The resolution condemns the presence in Afghanistan of Soviet armed forces and in particular 'the deaths of some 1 1/2 million Afghans since the beginning of the Soviet intervention, out of the original total population of 15 million, while 4 1/2 million refugees have had to flee to Pakistan and Iran'⁹.

Parliament calls on the Commission to step up economic and financial aid to the Afghan people, both through the Red Cross and private organizations. It also calls on the EEC and Member States to recognize the Afghan resistance movement as being competent to represent the Afghan people and to work actively towards a negotiated political settlement in Afghanistan.

5. Southern Africa

Although the South African Government has taken measures to moderate its apartheid policy, the black population continue to call for an end to this policy, the recognition of the African National Congress, the release of its imprisoned leader Mr Nelson Mandela and the holding by the government of elections to the South African Parliament which are multi-racial, free, fair, secret and direct.

The European Parliament, which has always condemned apartheid, gave its support to the blacks' demands, notably in its resolution on southern Africa of February 1983¹⁰. In 1986, while preparing a new resolution on southern Africa, Parliament adopted a resolution on the application of the EEC Code of Conduct for Community Countries in South Africa¹¹. This resolution strongly criticized the Foreign Ministers, the Council and the Commission for failing to take account of the requests made by Parliament in its resolution of April 1979¹². Parliament took the view that because of their failings, neither the original 1977 version of the Code of Conduct nor the revised version of 1985 could 'make any substantial contribution to the abolition of apartheid'¹³; Parliament therefore calls for the Code to be made more binding.

In addition, Parliament considers it urgent to transfer responsibility for the Code from the level of political cooperation to the Community and for the Commission to be entrusted with the application and the monitoring of the Code of Conduct.

6. South America

In June 1985 the European Parliament adopted three reports on economic relations between the EEC and Latin America, on relations between the two from the point of view of development and on the draft cooperation agreement between the EEC and Central America¹⁴. In addition, in January 1986 Parliament adopted a resolution on the political situation in South America¹⁵.

The resolution expresses the European Parliament's satisfaction at the progress towards democracy attained in Argentina and Uruguay, Brazil, Bolivia and Peru, but it notes that three countries - Chile, Paraguay and Surinam - remain aloof from the process of democratization. The European Parliament condemned the violations of human rights in Chile and called for the swift opening of a genuine national dialogue between the Chilean Government and all democratic forces with a view to drawing up a timetable for a return to democracy.

With regard to Argentina, the European Parliament urged that everything should be done to encourage the normalization of relations between the United Kingdom and Argentina and a peaceful and lasting settlement of the Falklands problem.

More generally, the resolution calls for the EEC to help with the economic and social development of South America and the stabilization of democratic regimes and mentions the EEC/Andean Pact framework agreement, which it wishes to see fully implemented.

7. Security and disarmament

Although the Political Affairs Committee has not yet adopted a report on security and disarmament, the European Parliament has adopted several resolutions on this subject. These include the July 1985 resolution on the political and economic aspects of European security in the context of European political cooperation¹⁶. In this resolution, the European Parliament calls on the Council to promote the development within the Western Alliance of a European security programme and, for the long term, to seek to determine an independent position for the Member States in the framework of European political cooperation, the Western Alliance and the Stockholm Conference on confidence building and security measures and disarmament in Europe.

Parliament also called on the Council to take steps to safeguard Europe's security interest at the Geneva talks between the United States and the USSR and to institute effective consultations between the Foreign Ministers and the US Government on foreign and security policy initiatives.

In May 1986, the European Parliament adopted a much more disputed resolution on a European project for strategic defence¹⁷, which nevertheless reiterated some of the positions adopted in the July 1985 resolution.

In addition, the second resolution called on the Foreign Ministers of the Twelve to prepare for the CSCE conference so that it becomes a forum for the development of a European peace strategy. In addition, Parliament proposed the setting up of a permanent advisory group on European security including representatives of both alliances and of the non-aligned and neutral states.

The resolution also includes an appeal to the Foreign Ministers of the Twelve to seek an agreement on the banning of chemical and biological weapons, limiting arms sales to third countries and sharply reducing defence expenditure.

FOOTNOTES

- 1 OJ No. C 300, 12.11.1984, p.49
- 2 BALFE report (Doc. A2-117/85). Resolution of 23 October 1985, OJ No.
C 343, 31.12.1985, p.60
- 3 Resolution of 23 October 1985, preamble, recital E
- 4 BETTIZA report (Doc. A2-111/85), resolution of 24 October 1985, OJ No.
C 343, 31.12.1985, p.92
- 5 CHARZAT report (Doc. A2-211/85), resolution of 20 February 1986, OJ No.
C 68, 24.3.1986, p.128
- 6 OJ No. C 42, 21.2.1983, p.11
- 7 Resolution of 20 February 1986, paragraph 4
- 8 POETTERING report (Doc. A2-38/86), resolution of 12 June 1986, minutes of
12 June 1986, Part II, p.26 et seq. (PE 106.624)
- 9 Resolution of 12 June 1986, paragraph 3
- 10 SCOTT-HOPKINS report (Doc. 1-657/82), resolution of 9 February 1983, OJ
No. C 68, 14.3.1983, p.42
- 11 DE BACKER-VAN OCKEN report (Doc. A2-197/85), resolution of
20 February 1986, OJ No. C 68, 24.3.1986, p.130
- 12 LAGORCE report, resolution of 17 April 1979, OJ No. C 127, 21.5.1979, p.56
- 13 Resolution of 20 February 1986, paragraph 13
- 14 OJ No. C 175, 15.7.1985, pp. 243, 245 and 247
- 15 LENZ report (Doc. A2-187/85), OJ No. C 36, 17.2.1986, p.198
- 16 Resolution of 11 July 1985, OJ No. C 229, 9.9.1985, p.109
- 17 Resolution of 15 May 1986, minutes of 15 May 1986, Part II, p.6
PE 105.964)

EXTERNAL ECONOMIC RELATIONS

General developments

In 1985 world trade(1) in merchandise increased by 3% in terms of volume (9% in 1984) and less than 1% in terms of value (5.5% in 1984). The volume of trade decreased by 2.5% in agricultural products and by 3% in mining products while it increased by 5% in manufactured goods.

The development in trade performance of various groups of countries showed great differences: While the industrialized countries saw an increase of 3% in the value of both imports and exports, the exports and imports of the developing countries decreased by 5 and 6.5% respectively. The exports of state trading countries fell by 3.5% while their imports increased by 5%, the growth in imports being entirely due to a huge increase in Chinese imports.

In 1985 the Community (EC-10) saw an increase of 8.4% in its exports, which reached a total of 380.8 billion ECU. Imports increased by only 4.6% amounting to a total of 399.8 billion ECU. The overall deficit of 19 billion ECU was the lowest since 1978.

Trade with the EFTA countries continued its harmonious development resulting in a surplus of 2.4 billion ECU for the Community.

The traditional deficit vis-à-vis the USA turned into a surplus of 17 billion ECU. The main reason for this is, beyond doubt, the strong increase in the value of the dollar in 1984 and 1985. Consequently, it is unlikely that the surplus will be maintained at this level.

The deficit with Japan reached a new high of 17 billion ECU. For several years the EC's import/export ratio vis-à-vis Japan has been close to 3:1. The EC

considers this situation unacceptable not only from an economic, but also from a political point of view and is exerting increasing pressure on Japan with a view to improving the situation.

While the deficit with the developing countries was slightly higher than that vis-à-vis Japan it should be seen in relation to the much larger trade volume and the fact this deficit can be considered as a kind of development aid.

The deficit with the state trading countries can mainly be explained by the lack of western currency to finance imports in many of these countries, some of which are heavily indebted to the west.

GATT

After a series of initial contacts in 1985 in November the Contracting Parties finally decided formally to set up a Preparatory Committee which has the task of making recommendations for the programme of negotiations to be adopted during a Ministerial Meeting in Uruguay in September 1986. The possible inclusion of services under GATT continues to divide the developing and the industrialized countries. The developing countries fear that their service sector will be dominated by the industrialized countries if a liberalization takes place.

In May 1986 the Commission adopted a proposal for the Council concerning the main objectives which the Community should pursue in the new round:

- reinforcing the structures and the disciplines of GATT;
- taking a new step in the dismantling of obstacles to trade in goods;
- beginning liberalization in the field of services.

In its resolution of 18 April 1986(2) on the Tokyo World Economic Summit and the next GATT round the European Parliament already had expressed an opinion along the same lines. In addition the Parliament called for the adoption of a new GATT article on Fair Labour Standards; respect by GATT-members of the ILO Tripartite Declaration on Multinational Enterprises; adoption of a new GATT-article dealing with environmental questions with regard to trade and the gradual inclusion of investments in the GATT-rules.

United States

The period 1985-86 was characterized by a steady deterioration of trade policy relations between the Community and the United States. In July 1985 the Americans threatened to impose a considerable additional duty on pasta imports from the EC as "retaliation" against the EC preference given to imports of citrus fruit from certain Mediterranean countries. Negotiations during a four-month truce did not lead to any result and by the end of October the Americans announced an increase in the duty on pasta not containing egg from 0.5 to 40% and from 0.25 to 25% on pasta containing egg. The EC response was an increase in the duty on US nuts from 8 to 30% and on US lemons from 8 to 20%(3).

On 11 December 1985, after long and difficult negotiations, the Community and the USA agreed on an arrangement for EC steel exports to the USA valid until September 1989(4). A few days later the Americans, unilaterally and without consulting the Community imposed quantitative restrictions on imports of semi-finished steel products from the EC. As protests were without result, the Community responded by introducing duty increases and quantitative restrictions on imports from the US of certain paper and paperboard and fertilizers(5). The American response to these measures was a further tightening of the restrictions on imports of steel semi-products.

In February 1986 the Americans complained about likely negative repercussions of the EC enlargement on their soya and grain exports to Spain and Portugal. They claimed compensation in accordance with the GATT rules and did not accept the view of the Community that the industrial and the agricultural sector should be taken together when advantages and disadvantages of the enlargement were being calculated. The Community's point of view was that possible disadvantages in the agricultural sector would largely be offset by advantages in the industrial sector. As no immediate agreement could be reached, in May the Americans introduced import quotas on several agricultural products from the EC. As the quotas exceed the 1985-imports by 20-40% they can largely be considered as symbolic. The Community responded in an equally symbolic manner by deciding to introduce an a posteriori surveillance of imports from the USA of a number of agricultural products. In the meantime the parties continued

their negotiations within the framework of GATT in order to avoid the introduction of a series of American customs measures scheduled for 1 July 1986, in response to restrictions on US agricultural exports to Spain.

There were also American protectionist threats against several other European exports, inter alia shoes and wine, but practically all were averted - in some cases by the US administration itself.

The European Parliament dealt with the tense EC-US trade policy relations on several occasions during the period of reference. Thus the Parliament in its Resolution of 11 July 1985(6) on EEC-United States trade in agriculture protested strongly against the American intention to drastically increase the import duty on pasta. The Parliament's Resolution of 13 December 1985, on protectionism in trade relations between the European Community and the United States of America, contains a renewed protest against the duty increase on pasta, which had been implemented in the meantime, as well as a protest against the restrictions on imports of semi-finished steel products from the EC. Generally the Parliament points to the need to resort to GATT-procedures as a means of solving trade disputes and expresses its concern about the gradual weakening of GATT through the proliferation of "orderly marketing agreements" and "voluntary restraints".

In its Resolution of 17 April 1986(7), on US threats to impose trade restrictions on Community agricultural products, the Parliament supported the Commission's point of view in the enlargement dispute i.e. that advantages and disadvantages deriving from enlargement should be calculated on an overall basis and not, as the Americans claim, on a sectoral basis since the advantages of a reduction in Spanish and Portuguese duties on industrial products would by far outweigh any disadvantages in the agricultural sector. Further the Parliament urged the US to withdraw its announcement of trade restrictions and to engage in the bilateral talks offered by the Community in conformity with GATT procedures.

Japan

As already mentioned, 1985 did not bring any improvement in the unsatisfactory trade relations with Japan. The deficit of 17 billion ECU was the highest ever recorded. The successive Japanese proclamations concerning "market opening" combined with the lack of any efficient action in practice concerning such

basic obstacles as the distribution system and numerous discriminatory taxes is a cause of increasing irritation among the Europeans. In general it is the impression in European business circles that the Japanese are willing to open their market in all the fields where they are competitive, while keeping it firmly closed by means of various non-tariff barriers in fields where they are less competitive.

In order not to provoke the Community to introduce protectionist measures, the Japanese have chosen to continue the voluntary restrictions on exports of such products as video cassette recorders, colour TV's, colour TV tubes, machine tools, cars, light commercial vehicles and fork-lift trucks. The Community on the other hand increased the import duty on video recorders from 8 to 14%(8), while offering Japan compensation in the form of cuts in customs duties on other products in accordance with the GATT rules.

The European Parliament dealt with the problems of European exports to Japan in two Resolutions, adopted on 17 January 1986(9). The Parliament expressed considerable scepticism with regard to the effectiveness of the Japanese market-opening measures and the genuine will of the Japanese in this matter. It also expressed serious concern about the damaging consequences which a continuation of the present situation could have on the international economic system. As a means of redressing the situation the Parliament suggested the removal of a number of Japanese tariff and non-tariff barriers combined with increased European efforts in the Japanese market.

Other issues

In May 1986 a Trade and Economic Cooperation Agreement(10) between the Community and the People's Republic of China was signed. The Parliament approved the conclusion of the agreement, which was to replace the 1978 Trade Agreement, in a Resolution of 11 July 1985(11). The new agreement entered into force on 1 October 1985.

In another Resolution of 11 July 1985(12), on the future development of economic and trade relations between the European Community and Hong Kong, the European Parliament expressed its satisfaction with the solution reached by the United Kingdom and the People's Republic of China concerning the future status of Hong Kong. At the same time the Parliament pointed to the fact that there is

no precedent for a transfer of sovereignty in the manner foreseen in the agreement ("Joint Declaration") and that, for this reason, there is no certainty that the political objective will be attained despite the efforts of all concerned.

In a Resolution of 12 March 1986(13) the Parliament gave its approval to the conclusion of an Agreement for commercial, economic and development cooperation between the European Economic Community and the Islamic Republic of Pakistan(14). The agreement entered into force on 1 May 1986.

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- 1) Report of the GATT secretariat, March 1986.
 - 2) O.J. C 120 of 20.5.1986.
 - 3) O.J. L 292 of 2.11.1985 p. 1.
 - 4) O.J. L 355 of 31.12.1985 p. 1.
 - 5) O.J. L 30 of 5.2.1986 p. 1.
O.J. L 40 of 15.2.1986 p.12.
 - 6) O.J. C 229 of 9.9.1985 p. 92.
 - 7) O.J. C 120 of 20.5.1986
 - 8) O.J. L 99 of 15.4.1986 p.1.
 - 9) O.J. C 36 of 17.2.1986
 - 10) O.J. L 250 of 19.9.1985 p.1.
 - 11) O.J. C 229 of 9.9.1985 p. 105.
 - 12) O.J. C 229 of 9.9.1985 p. 102.
 - 13) O.J. C 88 of 14.4.1986
 - 14) O.J. L 108 of 25.4.1986 p. 1.

EC TRADE WITH THIRD COUNTRIES

	All third Countries												of which EFTA						USA						JAPAN						Developing Countries						State-Trading Countries								
	E			I			B			E			I			B			E			I			B			E			I			B			E			I			B		
	E	I	B	E	I	B	E	I	B	E	I	B	E	I	B	E	I	B	E	I	B	E	I	B	E	I	B	E	I	B	E	I	B	E	I	B	E	I	B						
1972	65.8	65.6	0.2	16.8	12.3	4.5	11.3	11.5	-0.2	1.5	2.7	-1.2	19.0	24.4	-5.4	5.3	5.1	0.2																											
1974	114.2	130.8	-16.6	27.9	20.5	7.5	15.9	20.3	-4.4	2.8	4.4	-1.6	34.9	61.3	-26.6	11.3	9.0	2.3																											
1976	141.3	159.6	-18.3	33.5	24.9	8.6	16.2	25.3	-9.1	2.7	6.4	-3.7	51.0	70.0	-19.0	14.2	12.4	1.9																											
1978	173.9	178.4	-4.5	39.2	32.8	6.4	23.1	28.3	-5.1	3.7	8.7	-5.0	66.5	71.2	-4.6	15.4	14.0	-1.4																											
1980	224.4	271.6	-47.1	57.0	48.9	8.1	26.6	44.3	-17.7	4.6	12.5	-7.9	83.4	114.6	-31.2	18.7	21.9	-3.2																											
1981	267.0	303.8	-36.8	60.4	53.9	6.5	36.9	49.6	-12.7	5.6	16.2	-10.6	111.9	129.1	-17.2	21.4	24.8	-3.4																											
1982	286.5	308.5	-22.0	65.3	57.5	6.8	42.9	53.8	-10.9	6.3	18.0	-11.7	117.1	128.8	-11.7	19.9	29.1	-9.2																											
1983	303.0	328.5	-25.5	68.5	66.5	2.0	50.3	53.5	-3.2	7.3	20.6	-13.3	116.4	121.7	-5.3	23.7	31.3	-7.6																											
1984	351.2	382.1	-30.9	78.2	77.8	0.4	70.3	61.9	8.4	9.0	24.5	-15.5	123.3	135.1	-11.8	25.5	38.6	-13.1																											
1985	380.8	399.8	-19.0	86.8	84.4	2.4	81.7	64.0	17.7	10.1	27.2	-17.0	121.7	138.9	-17.2	29.7	37.3	-7.6																											

SOURCE: CRONOS, EUROSTAT
Monthly External Trade Bulletin and Microfiches

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

The figures for 1972 to 1980 refer to 9 Member States;
Greece is included from 1981

DEVELOPMENT POLICY FOR THE THIRD WORLD

1. In the field of development policy, the second part of 1985 and the first half of 1986 were taken up with consideration, on the one hand, of the priority themes already defined and, on the other hand, of the key issues of Community development policy. Much attention was also given to topical matters.

2. In our last survey¹, it was noted that the European Parliament's Committee on Development and Cooperation had singled out a number of priority themes that it wished to examine during the second parliamentary term. It has been decided that some of these will be dealt with in the major debate on the North-South dialogue to be held during the part-session in February 1987. Eight reports will be considered on this occasion, following an introductory report by Mrs FOCKE, chairman of the Committee on Development and Cooperation. The subjects of these are as follows:
 - NGOs and the EEC (rapporteur: Mr ULBURGHS);
 - desertification (rapporteur: Mr CHINAUD);
 - debt problems (rapporteur: Mr VERGEER);
 - combating hunger in the world (rapporteur: Mr MEDEIROS FERREIRA);
 - coordination of the policies of the Member States and of the Community (rapporteur: Mr JACKSON);
 - fisheries agreements between the EEC and the developing countries (rapporteur: Mr GUERMEUR);
 - disarmament and development (rapporteur: Mr TRIVELLI);
 - trade and markets (rapporteur: Mr COHEN).

These topics are currently under consideration by the committee and will be dealt with at greater length in the survey covering 1986-1987.

3. As in other years, Parliament adopted resolutions on the three subjects where its opinion is required before the adoption of regulations by the Council. The first was the resolution on the regulations fixing the generalized tariff preferences scheme, presented by Mrs HEINRICH, which was adopted by Parliament at its sitting of 25 October 1985². The second was the resolution adopted on 17 January 1986, on the basis of a report by Mr GUERMEUR, on the regulation concerning food-aid policy and management³. As regards food aid, it should be noted that the Commission is to propose to the Council as soon as possible a reform of this policy, and in particular of Regulation (EEC) No. 3331/82, on which Parliament will be consulted. Parliament contests the validity of the above regulation, considering that its procedures have limited the role of the Commission too greatly and that it has resulted in delays in the granting of food aid.

The third resolution was that presented to Parliament by Mrs PERY on 21 February 1986 on the general guidelines for 1986 concerning financial and technical aid to non-associated development countries⁴.

4. Although the Third Lomé Convention only entered into force on 1 May 1986, the institutions created by it began their work prior to that date. Thus the ACP-EEC Joint Assembly held its first meeting from 23 to 27 September 1985 in Inverness (United Kingdom) and a second from 27 to 31 January 1986 in Mbabane (Swaziland).

Mr CHASLE, the representative of Mauritius, was general rapporteur at the meeting in Inverness and the resolution which he presented was adopted by the Joint Assembly on 26 September 1985 and dealt with the Third ACP-EEC Convention - Prospects and Constraints. It contains various major sections covering: the principles and innovations of Lomé III; food and the fight against hunger; cultural, social, financial, technical, industrial, energy-related and regional cooperation; the least-developed countries, landlocked countries and islands; fisheries; trade and services; sugar; STABEX and SYSMIN; the environment; aid to refugees; the work of NGOs; human dignity and the fight against apartheid; the institutions.

Various other resolutions were also adopted on 26 September 1985⁵. These dealt with the crisis in the North-South dialogue, security and cooperation in Africa and Europe, aid to refugees in the ACP States, the landlocked ACP countries and the least-developed countries (LDCs), the incorporation of environmental issues in the Third Lomé Convention and information concerning the Convention's provisions as regards the environment, deforestation and desertification, the creation of biogenetic reserves and the rational management of stocks of animal and vegetable living matter, both terrestrial and marine, ACP-EEC cooperation for the development of fisheries in the inland lakes and rivers of the ACP States, the negotiations with regard to the Fourth International Cocoa Agreement, the use of vegetable fat in the manufacture of chocolate, the role of women in the development process, human rights and southern Africa.

The ACP-EEC Joint Assembly held its second meeting in Mbabane (Swaziland), under the co-presidency of Mr BERSANI and Mr MWOROHA (Burundi). Mr JACKSON, the general rapporteur, set out the main lines of his 'General report for 1986 - Towards the year 2000', which was followed by a broad exchange of views. The Assembly also held an exchange of views on the progress made by its three working parties - on the role of women and population in development, the debt problem in the ACP countries, and rural development and environmental problems. Following its discussions, the Joint Assembly adopted a series of resolutions giving substance to its views on the items entered on the agenda: these concerned the implementation of the social aspects of Lomé III and the role of the ACP-EEC social partners, food shortages in Sudan, the recent meeting of the Heads of State of Ethiopia and Somalia, the creation of the Intergovernmental Authority on Drought and Development, the 1985/86 guaranteed price for ACP sugar, contracts for the export of common wheat from the Community to western Africa, financial and technical cooperation, the situation in Chad, the situation in Namibia, the activities of the terrorist organization in Renamo in Mozambique, US support for UNITA, and South and southern Africa⁶.

5. The European Parliament gave attention to the situation in southern Africa and to the application of the code of conduct for European companies operating in South Africa. As regards the code of conduct, the Committee on Development and Cooperation was the committee responsible, and Mrs DE BACKER-VAN OCKEN presented a motion for a resolution which was adopted by Parliament on 20 February 1986⁷. The rapporteur regarded as inadequate the improvements made to the 1979 code of conduct on 19 November 1985 in the context of political cooperation and without consultation of the European Parliament. The code was still not legally binding although, in the improvements adopted, a greater role had been given to the black trade unions; future reports by the Member States should be drawn up according to standard criteria and forwarded to Parliament. All in all, the results achieved so far had been meagre, with poor monitoring by the Member States and inadequate surveillance by the Foreign Ministers. In South Africa, only 2% of the black labour force worked in firms which applied the code.

The report proposed sanctions for European firms failing to respect the code, which also limited a stricter central monitoring institution at Community level. Responsibility for the code of conduct should be transferred from the level of political cooperation to the Community; the Commission would then no longer be able to justify an attitude which the committee felt had been passive hitherto, and would have to be stricter in ensuring respect for the code.

As regards the situation in southern Africa, the Committee on Development and Cooperation delivered an opinion for the Political Affairs Committee; the vote on the motion for a resolution took place on 21 February 1986⁸.

6. Parliament dealt with relations between the European Community and Latin America, and in particular the development aspects, in the report by Mr McGOWAN on behalf of the Committee on Development and Cooperation⁹. The resolution, adopted on 13 June 1985, stressed Parliament's concern at the weight of Latin America's external debt burden, which had doubled since 1981 to some 360 million dollars with interest payments absorbing 35% of total export earnings. Latin America had up to now received low

priority in Community development cooperation policy, and this situation should be remedied. Parliament believed that Community aid should be concentrated on technical cooperation, training, education and research, and projects to encourage food production and improve rural infrastructure. It emphasized that cooperation between the Caribbean ACP States and Latin America should be encouraged.

7. In 1985-1986, the Committee on Development and Cooperation has been kept regularly informed by the services of the Commission on the situation of those African countries affected by famine, and on the various forms of Community and international aid given to those countries. We should mention here Parliament's resolutions of 14 March 1985¹⁰, 13 June 1985¹¹ and 11 July 1985¹². Parliament also gave its attention to the mass transfers of population in Ethiopia, as indicated by the three resolutions adopted on 12 December 1985¹³.
8. In July 1985 the World Conference to mark the end of the UN Decade for Women was held in Nairobi. The European Parliament and the working party on women of the ACP-EEC Joint Assembly were both represented there. A resolution on this subject had been adopted by Parliament on 10 May 1985, calling in particular for a detailed report to be presented analyzing the progress that had been made and the prospects for improving the situation of women, in the light of the conclusions of the Nairobi Conference.

This was done with the presentation of two reports in June 1986, one drawn up by the Committee on Women's Rights and the other by the Committee on Development and Cooperation¹⁴, the rapporteur of which was Mrs RABBETHGE. She welcomed the action undertaken during the UN Decade for Women, but felt that Community preparations for the Conference had been inadequate. Taking up certain ideas already mentioned by the working party on women of the ACP-EEC Joint Assembly, she wished to see greater participation by women in the development process and hoped that more account would be taken of their economic and social situation in the projects or programmes financed under the Third Lomé Convention.

On 10 July 1985, Parliament adopted a resolution presented by Mrs PANTAZI on the institution of a Week of Solidarity with Third World Children and Young People¹⁵, to promote the twinning of schools and the strengthening of contacts between children and young people from Europe and the Third World.

9. The Committee on Development and Cooperation appointed Mr GALLAND rapporteur on a motion for a resolution by Mr MUNTINGH on the disturbance of the ecological balance in Botswana¹⁶. His exhaustive and detailed report and the resolution it contained were presented to Parliament and adopted on 18 April 1986¹⁷. In the resolution, it was considered essential that stock farming in Botswana should be rationalized, so that herd sizes were adapted to the actual capacity of pastureland and the process of desertification caused by overgrazing halted. Parliament also approved the Commission's proposals to provide greater protection for the environment and wildlife, and therefore condemned any proposal to open the Kalahari Reserve, even partially, to stock herds. It urged the governments of the Member States to implement the Washington Convention, especially as regards the importation and marketing of any object made of ivory.

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- ¹ PE 98.500
 - ² Doc. A 2-125/85, OJ No. C 343, 31.12.1985, p. 119
 - ³ Doc. A 2-201/85, OJ No. C 36, 17.2.1986
 - ⁴ Doc. A 2-222/85, OJ No. C 68, 24.3.1986
 - ⁵ OJ No. C 322, 13.12.1985
 - ⁶ AP/151
 - ⁷ Doc. A 2-197/85, OJ No. C 68, 24.3.1986
 - ⁸ Doc. B 2-1625/85, OJ No. C 68, 24.3.1986
 - ⁹ Doc. A 2-44/85, OJ No. C 175, 15.7.1985
 - ¹⁰ OJ No. C 94, 15.4.1985
 - ¹¹ OJ No. C 175, 15.7.1985
 - ¹² OJ No. C 229, 9.9.1985
 - ¹³ Docs. B 2-1295/85, B 2-1297/85 and B 2-1308/85, OJ No. C 352, 31.12.1985
 - ¹⁴ Doc. A 2-39/86, OJ No. C 176, 14.7.1986
 - ¹⁵ Doc. A 2-73/85, OJ No. C 229, 9.9.1985
 - ¹⁶ Doc. 2-1129/84
 - ¹⁷ Doc. A 2-24/86, OJ No. C 120, 20.5.1986



THE PROTECTION OF FUNDAMENTAL RIGHTS IN THE COMMUNITY AND IN THE WORLD

The provisions of the Community Treaties on the advisory and supervisory powers of the European Parliament form the basis of Parliament's continuing activities for the protection of the fundamental rights of individuals both within and outside the Community*.

The role of representatives of the peoples of the Community conferred by the Treaties on the Members of the European Parliament took on a new dimension after 1979 and 1984, the years in which the first two elections by direct universal suffrage were held.

The results which can be obtained within the Community are more substantial owing to the transfer to the latter of some national powers and to the democratic system of the Member States.

On the other hand, where there have been violations outside the Community, the legal conditions necessary for effective action by the European Parliament do not prevail.

However, because of the moral weight and importance of the Community as an economic and political bloc, Parliament's action often achieves concrete results even in such cases.

The dual nature of this de facto and de jure situation explains why, within the European Parliament, violations of human rights within the Community come within the terms of reference of the Committee on Legal Affairs and Citizens' Rights whilst violations which have taken place outside the Community come within the terms of reference of the Political Affairs Committee.

After direct elections in June 1984, the enlarged Bureau of the European Parliament authorized the Political Affairs Committee on 27 September 1984 to set up a Subcommittee on Human Rights with the special task of investigating violations of human rights outside the Community and reporting on them in detail to the Political Affairs Committee.

*Article 20 of the Treaty establishing the ECSC, Article 137 of the Treaty establishing the EEC, Article 107 of the Treaty establishing the EAEC

THE PROTECTION OF HUMAN RIGHTS WITHIN THE COMMUNITY

The Treaty of Rome of 1957 does not contain, on the lines of many Member States' constitutions, a list of the fundamental rights of Community citizens.

However, it does entail the recognition of certain fundamental 'practical' rights which are necessary for the attainment of the common market.

These are essentially the right of freedom of movement (Articles 48 to 58) and the right to immunity from discrimination on grounds of nationality (Articles 7, 48 and 220) or sex (Article 119).

Whilst not mentioned in the Treaties, fundamental rights have nevertheless been fully incorporated into the Community legal system by virtue of the case law of the Court of Justice and subsequent prompting by the European Parliament and the Commission.

The direct result of this extended interpretation of the rules laid down by the Treaty has been that many legislative acts, in particular Commission and Council directives¹, have considerably broadened the scope of the rights secured under the Treaty.

Although important, these precedents have scarcely satisfied Parliament, which on several occasions (and again during the period under review) has advocated the accession of the EEC to the European Convention on Human Rights² and the compilation of a list of the special rights of Community citizens. While these many expressions of view have not been acted on by the Council, the call for 'more Europe' has not been completely ignored.

It must be borne in mind that an ad hoc Committee on a People's Europe was set up by the Fontainebleau European Council and that the Commission is finalizing the texts needed to form the basis of directives on this subject.

Moreover, in adopting the Single Act, the Luxembourg European Council declared in the preamble that the Member States were 'determined to work together to promote democracy on the basis of the fundamental rights recognized in the constitutions and laws of the Member States, in the Convention on Human Rights and the European Social Charter'.

Although the number of resolutions adopted by the European Parliament during the reference period on the issue of violations of human rights outside the territory of the Community has remained high, intervention in relation to the situation within the Community has, on the other hand, been sporadic.

However, it should be pointed out that on 11 June 1986 a Joint Declaration against racism and xenophobia³ was formally signed in Strasbourg by the Presidents of the Council, the EP and the Commission (Mr van den Broek, Mr Pflimlin and Mr Delors). The three institutions vigorously condemned all forms of intolerance, hostility and use of force against persons or groups of persons on the grounds of racial, religious, cultural, social or national differences (see also under 'Committee of Inquiry into the Rise of Fascism and Racism in Europe' in this survey - Number 4 D).

On 17 January 1986, the European Parliament adopted the report by Mrs VAYSSADE, drawn up on behalf of the Committee on Legal Affairs and Citizens' Rights on the abolition of the death penalty and the accession to the Sixth Protocol to the Convention for the Protection of Human Rights and Fundamental Freedoms⁴, in which the EP regretted that two Member States, Ireland and the United Kingdom, had not yet, as at 25 October 1985, acceded to the Protocol in question. It requested all the Member States of the Council of Europe who had not done so to accede to this Protocol, given that the death penalty was a cruel and inhuman form of punishment and a violation of the right to life, even where strict legal procedures were applied.

Several written questions have been addressed to the Council and the Commission, concerning in particular the problem of the status of conscientious objector in the various Member States and calling for a Community initiative in this regard.

It will be recalled that on 7 February 1983 the EP adopted the MACCIOCCHI report on conscientious objection (1-546/82) which emphasized the need, amongst other things, to approximate the legislation of the Member States governing the right of conscientious objection.

On 10 July 1985, Mr Olivier DUPUIS, a Belgian conscientious objector who is currently (July 1986) still in prison, submitted to the European Parliament a petition signed by more than 13 000 people and calling on it to require the Commission, the Council and the parliaments of the Member States to comply with the resolution⁵ adopted by the EP in connection with the Macchiocchi report on 7 February 1983.

A draft report on this issue is under consideration in the Committee on the Rules of Procedure and Petitions (rapporteur : Mr ROGALLA, a German Socialist Member).

To conclude this list, which is necessarily restricted, it should be mentioned that :

- various questions have been addressed by Members of Parliament to the Commission and the Council concerning the situation in the Member States, for example Oral Question No. H 861/85 on human rights in the EEC, Written Question No. E 1673/85 on the fundamental rights of cultural minorities and Written Question No. E 2216/85 on grants to promote human rights in Member States;
- the Committee on Legal Affairs and Citizens' Rights has decided to hold a public hearing on 25 September 1986 on the right of asylum in Europe and to draw up a report on the same subject (rapporteur : Mr VETTER, a German Socialist Member).

- 1 For example, Directive 76/207 on equal treatment for men and women on the basis of Article 119 of the Treaty provides for such treatment to be applied not only in terms of pay but with regard to all conditions of work (access to jobs, social security, etc.).
- 2 Oral Question with debate (B 2-1623/85) by Mrs VAYSSADE, on behalf of the Committee on Legal Affairs and Citizens' Rights, on the accession of the EEC to the European Convention for the Protection of Human Rights and Fundamental Freedoms (debates of 12 March 1986).
- 3 Joint Declaration against racism and xenophobia (Minutes of 11 June 1986 - Doc. A 2-12/86).
- 4 OJ No. C 36, 17.2.1986
- 5 OJ No. C 68, 4.3.1983

PROTECTION OF HUMAN RIGHTS IN THE WORLD

In recent years the European Parliament has devoted a large part of its activities to problems linked to respect for human rights and has begun to attract the interest of public opinion and the mass media.

Thanks to its debates, the positions it has adopted, its resolutions, the oral and written questions tabled by its Members, its fact-finding missions, the delegations it has sent, its topical and urgent debates, its public hearings and the general measures it has taken to protect individual rights, it has succeeded in establishing an excellent reputation in this field.

Right from its constituent sitting in July 1984 the European Parliament has stepped up its action to defend human rights, condemning the most blatant and serious violations and putting forward proposals for more effective protection of these rights.

In connection with debates on topical and urgent problems, between July 1985 and June 1986, mention should be made of:

- the resolution on the arrest in Zaire of Mr Ronald van den BOGAERT¹, a temporary staff member of the European Communities and an official of the European Parliament's Socialist Group, adopted on 12 September 1985, in which the European Parliament calls on the Foreign Ministers meeting in political cooperation to make urgent representations to the Zaire authorities for the rapid expulsion of Mr van den Bogaert from the country for humanitarian reasons. Several months later, after being condemned to ten years in prison, he was expelled from Zaire.

- numerous motions for resolutions on the hostages in Lebanon and the situation of Christians in that country, tabled by almost all of the political groups and including the resolutions on :

- J.P. Kaufmann and other hostages, adopted on 12 September 1985²;
- the murder of hostages in Lebanon, adopted on 10 October 1985³;
- the situation of Christians in Lebanon, on 24 October 1985;
- the hostages in Lebanon, adopted on 24 October 1985⁴;
- the European hostages held in Lebanon;
- the murder of Jewish hostages⁵;
- the disappearance and murder of Lebanese Jews;

- the resolution tabled by various political groups on the violation of human rights in the Soviet Union, the misuse of psychiatric hospitals and the refusal of visas for Jewish citizens by the Soviet authorities⁶, adopted on 13 March 1986, in which the European Parliament, recalling the undertakings given by the Soviet Government by signing the Helsinki Final Act, condemned the continued misuse of psychiatric hospitals for purposes of political persecution and deplored the harassment of Jews who had applied for visas to leave the Soviet Union, recalling the plight of Andrei Sakharov, Anatoly Koryagan and Ine Meiman as well as other refuzniks;

During the September and July 1985 part-sessions respectively, the European Parliament adopted two resolutions, one on the situation of Yuri Badzyo⁷, imprisoned in a Soviet labour camp, the other on the situation of Renate Lesnik⁸, and the problem of reuniting her with her family, which is being made difficult by the Soviet Government;

- two resolutions on the fate of political prisoners in Indonesia⁹ and the execution of Indonesian political and trade union leaders, in which the European Parliament expresses its solidarity with all democrats and all victims of human rights violations in Indonesia, irrespective of their political beliefs, race or social group and calls on the Foreign Ministers meeting in political cooperation to bring every possible pressure to bear on the Indonesian Government to prevent these executions.

During the period from July 1985 to June 1986, more than 130 motions for resolutions (Rule 48) have been submitted concerning human rights violations in the world, of which 39 have been adopted concerning South Africa, Nicaragua, Chile, Pakistan, Ethiopia, Haiti, Uganda and so on.

During the same period, 15 written declarations (pursuant to Rule 49 of the Rules of Procedure) have been submitted.

Three of these have secured the signatures of a majority of the Members of the European Parliament:

- on the situation of the BAHAI's in Iran¹⁰;
- on the exclusion from study imposed by the Czechoslovak Government on Mr Jean HAYEK, son of the Foreign Minister at the time of the 'Prague Spring'¹¹;
- on the Jewish Community in the Soviet Union¹².

Members have tabled numerous written and oral questions and put down questions for Question Time to the Council of Ministers and Foreign Ministers meeting in political cooperation on problems connected with human rights violations in the world.

Over the same period, almost 200 motions for resolutions have been tabled pursuant to Rule 47 of the Rules of Procedure.

We have so far looked at urgent resolutions and written declarations and referred briefly to the extensive use made by Members of the European Parliament of the other instruments available to inform public opinion and the governments concerned, and at best to resolve or at least to condemn flagrant violations of human rights in the world.

Let us now turn to the resolution and report by Mrs van den HEUVEL (Dutch Socialist Member, chairman of the Subcommittee on Human Rights of the Political Affairs Committee of the European Parliament) on human rights in the world for the year 1984 and Community policy on human rights, which was adopted on 22 October 1985¹³.

After voting on about 130 amendments, Parliament adopted the van den Heuvel report by 154 votes to 17 with 105 abstentions.

By adopting the van den Heuvel report (the third of its kind), Parliament reaffirmed its competence for dealing with violations of human rights in the world. Human rights know no frontiers and the European Parliament cannot accept that any government should violate human rights and then accuse the European Parliament of interfering in its internal affairs.

The European Parliament believes that there are at least three fundamental rights which must be respected:

- the right to life
- the right to respect for the physical integrity of the person
- the right to a fair trial by an independent court.

At the same time, the European Parliament regrets that it is not in a position to take up more than a limited number of issues and cases of human rights violations brought to its attention and welcomes the fact that a human rights unit has been set up in the Parliament Secretariat and hopes that the number of staff working in it will be increased.

Another resolution worthy of mention is on the human rights situation in Turkey¹⁴, which was adopted together with the report by Mr BALFE (British Labour Member) on 23 October 1985.

In this resolution the European Parliament calls on the Turkish Government to move rapidly towards a restoration of human rights in the country, particularly as regards the right to life, including the abolition of the death penalty; the right to integrity of the person, including the prosecution of those responsible for torture; the right to a fair trial and the discontinuance of the mass trials of pacifists, trade-unionists and various intellectuals; the removal of restrictions on freedom of political activity, trade union rights and the expression of opinion.

The restoration of these rights is a pre-condition for the resumption of relations between the European Community and Turkey.

Other resolutions which should be mentioned are those on:

- the political situation in South America¹⁵ which was adopted together with the report by Mrs LENZ (German EPP Member, chairman of the Committee of Inquiry into the Situation of Women), in which the European Parliament expresses its satisfaction that an increasing number of countries have embarked upon the path towards democracy, including Argentina and Uruguay, Brazil, Peru and Bolivia, although it notes with concern that Chile, Surinam and Paraguay continue to remain aloof from the process of democratization;

and on the

- creation of a Sakharov Prize¹⁶, rapporteur Mr DENIAU, in which the European Parliament, recalling its resolutions on the treatment imposed on Andrei Sakharov, declared its intention to establish a prize to be called 'the European Parliament Sakharov prize for freedom of thought', to be awarded each year for study or work on the defence of human rights and respect for international law.

In conclusion to this survey, mention should be made of the public hearing on the respect for human rights in Iran, held in Brussels on 28 November 1985, which was chaired by Mrs Jen van den HEUVEL and which provoked a violent reaction on the part of the Iranian Ambassador to Belgium, who accused the European Parliament of 'supporting groups of terrorists on the run and criminals fleeing from justice'. The following subjects were dealt with during the hearing:

- the situation of ethnic and religious minorities,
- torture and use of the death penalty,
- the situation of women in Iran,
- the recruitment of young boys to fight in the Iraq/Iran war.

Finally, it should be pointed that, in addition to the instruments available to Members under the Rules of Procedure, there have been an increasing number of initiatives and positions adopted by the President of the European Parliament, the chairman of the Political Affairs Committee, the chairman of the Subcommittee on Human Rights and, in general, by individual groups and Members of Parliament, in defence of individual rights in the world.

- ¹ Resolution adopted on 12 September 1985, OJ No. C 262 of 14.10.1985
- ² Resolution adopted on 12 September 1985, OJ No. C 262 of 14.10.1985
- ³ Resolution adopted on 10 October 1985, OJ No. C 288 of 11.11.1985
- ⁴ Resolution adopted on 24 October 1985, OJ No. C 343 of 31.12.1985
- ⁵ Resolution adopted on 16 January 1986, OJ No. C 36 of 17.2.1986
- ⁶ Resolution adopted on 13 March 1986, OJ No. C 88 of 14.4.1986
- ⁷ Resolution adopted on 12 September 1985, OJ No. C 262 of 14.10.1985
- ⁸ Resolutions adopted on 11 July 1985, OJ No. C 229 of 9.9.1985
- ⁹ Resolution adopted on 12 September 1985, OJ No. C 262 of 14.10.1985
- ¹⁰ Adoption announced in Parliament on 11 December 1985, OJ No. C 352 of 31.12.1985
- ¹¹ Adoption announced in Parliament on 15 May 1986, OJ No. C 148 of 16.6.1986
- ¹² Adoption announced in Parliament on 12 December 1985, OJ No. C 352 of 31.12.1985
- ¹³ Resolution adopted on 22 October 1985, OJ No. C 343 of 31.12.1985 -
Doc. A 2-121/85
- ¹⁴ Resolution adopted on 23 October 1985, OJ No. C 343 of 31.12.1985
(Doc. A 2-117/85)
- ¹⁵ Resolution adopted on 17 January 1986, OJ No. C 36 of 17.2.1986
(Doc. A 2-187/85)
- ¹⁶ Resolution adopted on 13 December 1985, OJ No. C 352 of 31.12.1985
(Doc. A 2-137/85)

PETITIONS TO THE EUROPEAN PARLIAMENT

I. Criteria governing the admissibility of petitions

Under the provisions of the Rules of Procedure concerning petitions (Rules 108 - 110), Community citizens have the right to submit petitions to the European Parliament where the subject falls within the sphere of activities of the European Communities.

A petition may be declared admissible if its subject relates to or is mentioned in any of the following: the Treaties, the acts derived therefrom, judgments of the Court of Justice, the Community's international agreements, the texts of Community budgets, the acts or activities ensuing from European political cooperation, the acts of the European Council, the resolutions or other acts of the European Community, written or oral questions, official communications from Community institutions or the European Convention on Human Rights.

II. New petitions

Over 200 new petitions were registered during the period in question which signifies a constant increase in the number of petitions addressed to the European Parliament.

The subjects of these petitions are varied : petitioners may ask the European Parliament to intervene to resolve personal problems or they may ask the Community to legislate on specific matters or they may wish to draw attention to problems regarding society in general.

The action taken on petitions varies as a consequence. Sometimes it is possible to find a favourable solution to personal difficulties. In other cases, when a violation of Community rules by a Member State has been identified, the Commission of the European Communities will be requested to initiate an infringement procedure pursuant to Article 169 of the EEC Treaty before the Court of Justice.

The Committee on the Rules of Procedure and Petitions will sometimes submit a motion for a resolution to the European Parliament when it considers that it would be useful to adopt a political stance on a subject. Finally, it is not uncommon for the petitioner to be sent resolutions adopted previously by the Parliament on the subject of his petition.

A rather large number of petitions are declared inadmissible because their subject lies outside the Community's sphere of competence. These petitions demonstrate nonetheless what expectations ordinary people have of the parliamentary institution of the Community.

Below are some examples of petitions received and the action taken on them by the Committee on the Rules of Procedure and Petitions during the period in question:

(a) Petitions declared inadmissible as not falling within the Community's sphere of activities

- Petition No. 70/84 : Approximation of the vocational conditions of members of an ethnic minority living in the Federal Republic of Germany to the conditions prevailing in neighbouring European States.
- Petition No. 102/85: Problems at work due to alcohol addiction.
- Petition No. 109/85: 'European' nationality for immigrants from the former British Empire.
- Petition No. 135/85: Difficulties following the acquisition of a second European citizenship¹.

(b) Petitions dealt with exclusively by the Committee on the Rules of Procedure and Petitions

- Petition No. 812/85: Exclusion from employment in Germany².
- Petition No. 97/84: Arrest of a German national suspected of committing a punishable offence in France³.

- Petition No. 57/85: Wholesale destruction of food surpluses⁴.

(c) Petitions considered on the basis of an opinion delivered by another committee

- Petition No. 113/84: Release of James A.A. OTTO, a Ugandan citizen⁵.

- Petition No. 47/85: Transport of live animals⁶.

(d) Petitions dealt with on the basis of information from the Commission of the European Communities

- Petition No. 27/84: Double taxation in France of income originating in Germany⁷.

- Petition No. 15/85: Pension payments to Greek sailors living in Germany⁸.

- Petition No. 51/85: Infringement of the highway code in Italy⁹.

- Petition No. 69/85: Double taxation of a motor vehicle¹⁰.

III. Strengthening the right of pension

These examples provide a picture, if an incomplete one, of the problems raised by the citizens of the Community. Only some of them can be settled because of the fact that the Community institutions' ability to intervene is limited by the absence in the Treaties of any provision which would compel the Member States to furnish their assistance.

It was for this reason that on 14 June 1985 the European Parliament adopted a resolution on strengthening the citizen's right to petition it¹¹. In the resolution, besides calling for the adoption of Community rules on petitions, the European Parliament emphasized its need for information and cooperation from other Community institutions and national authorities in order to be able to give proper consideration to the petitions it receives - a point also made by the Ad Hoc Committee on a People's Europe whose conclusions were subsequently accepted by the European Council in Milan on 28/29 June 1985.

It should be noted finally that, at its meeting of 24/25 June 1986, the Committee on the Rules of Procedure and Petitions adopted a report which invites the Commission of the European Communities to give effect to the decisions taken by the European Council in Milan, asks for an inter-institutional agreement to be concluded (between the European Parliament, the Commission and the Council) to enable Parliament to investigate the petitions addressed to it more effectively and calls on the Council to request governments to instruct national authorities to give their full assistance to the European Parliament when it is dealing with petitions. This report will be debated in the European Parliament in the near future.

- 1 This petition was sent to the Petitions Committee of the German Bundestag and to the French 'Médiateur'.
- 2 The President of the European Parliament was asked to inform the Federal German Government and the Bundestag of the committee's conclusions on the overall question of exclusion from employment in Germany which was also the subject of very many other petitions.
- 3 Following intervention by the committee, the petitioner was able to speak to his lawyer.
- 4 This petition was forwarded for information to the committee responsible for this subject.
- 5 This petition was forwarded to the Political Affairs Committee which decided to submit the matter to the ACP-EEC Joint Assembly. Mr OTTO was released shortly before the debate took place.
- 6 The petitioner was informed of the provisions adopted at Community level on the transport of animals.
- 7 The petitioner's complaint was legally unfounded.
- 8 The Commission of the European Communities was unable to resolve this problem.
- 9 The petitioner was informed of the procedure to be followed to obtain compensation for damages.
- 10 The problem was solved.
- 11 OJ No. C 175, 15 July 1985

THE PROTECTION OF FUNDAMENTAL RIGHTS

Committee of Inquiry into the Rise of Fascism and Racism in Europe

Organization of work

The committee of inquiry began its work at the beginning of 1985 under the chairmanship of Mr Ford (S), after appointing Mr Evrigenis (EPP) rapporteur. The committee's terms of reference were to report on fascist and racist groups inside and outside the Community and in particular on their size, the links between them, the relationship between their activities and racism in the Member States and the relationship between the growth of fascism and racism and the worsening economic and social conditions (unemployment and poverty). The committee of inquiry was also given the task of looking at the means the Member States employed to deal with and combat these organizations.

The committee adopted working methods to gather information which consisted in holding hearings and public meetings to collect evidence from experts (representatives of Community institutions, historians, sociologists, philosophers, and representatives of anti-racist organizations) and ordinary public meetings. Provision was also made for the submission of written evidence.

A large number of Community, international and national organizations provided documentation on the major themes of the committee of inquiry's work.

The draft report was adopted unanimously (with one abstention) by the committee in November 1985.

Findings

In this document the committee begins by examining the situation and its causes and considers whether there is a link between an increase in fascism and racism and the economic and social situation. It points to an increase in xenophobia and to a certain intolerance towards immigrant communities from outside the Community which creates a fertile breeding ground for groups that rely openly on xenophobia.

In order to combat these tendencies, the committee of inquiry considers that almost all the Member States of the European Community have constitutional rules prohibiting discrimination and that they are clearly bound by the international agreements which they have signed.

The committee believes that, in addition to enforcing the law, a particular effort should be made in the field of education, particularly civic education in schools. Similarly, the media carry a considerable moral responsibility. Cultural action, by intellectuals in particular, along with the activities of anti-racist and humanitarian movements, also has a major role to play at this level.

The committee recommends the Member States which have not yet done so to ratify the relevant international agreements and to establish means of legal redress in this area. It suggests that a joint declaration should be adopted at Community level against racism and xenophobia.

The committee recommends specific measures in the areas of education, information and economic and social life.

Adoption of the recommendations

The report drafted by Mr Evrigenis on the committee of inquiry's findings was presented at the part-session in December 1985. The committee of inquiry's recommendations were adopted by resolution on 16 January 1986¹. In this resolution, the European Parliament notes the recommendations and calls on the Commission, the Council, the other Community institutions, the bodies of the European Parliament and the governments and parliaments of the Member States to take the necessary measures to put them into practice. It instructs the enlarged Bureau to prepare these measures and to publish the report so as to bring them to the attention of the general public in the countries of Europe.

Joint declaration against racism and xenophobia

The Commission of the European Communities took the initiative of a draft joint declaration by the three institutions following the European Parliament's work in the field.

The text was submitted to the committees concerned during the first quarter of 1986. A conciliation meeting was held on 6 May 1986 between the Council, the Commission and the European Parliament at which the other institutions accepted the European Parliament's points of view except where the inclusion of 'the Representatives of the Member States meeting within the Council' as parties to the declaration was concerned (since the initiative had been taken by one Member State).

The joint declaration was adopted in plenary on 11 June 1986 and signed at a ceremony in Strasbourg on the same day by the presidents of each of the three institutions, Mr Van den Broek, Mr Pflimlin and Mr Delors. In this joint declaration (Doc. A 2-12/86), the three institutions vigorously condemn all forms of intolerance, hostility and use of force against persons or groups of persons on the grounds of racial, religious, cultural, social or national differences. They affirm their resolve to protect the dignity of every member of society and to reject any form of segregation of foreigners.

The three institutions look upon it as indispensable that all necessary steps be taken to carry through this joint resolve and stress the importance of adequate and objective information and of making all citizens aware of the dangers of racism and xenophobia, and the need to ensure that all acts of discrimination are prevented or curbed.

The European Parliament's resolution on the declaration was adopted by 317 votes to 22, with 22 abstentions. It praises the speed with which the declaration was drawn up and calls on all the Member States to remove the remaining obstacles preventing foreigners from enjoying equal rights in political, social and cultural life. Finally, it states that the declaration will be named the Evrigenis Declaration after the committee of inquiry's rapporteur who died shortly after completing his work.

Committee of Inquiry into the Drugs Problem

The Committee of Inquiry into the Drugs Problem was created in accordance with Rule 95 of the Parliament's Rules of Procedure and was set up on 8 October 1985, when the committee referred to previously had completed its work.

The committee elected Mrs Giannakou-Koutsikou (EPP, Gr) as its chairman and gave Sir Jack Stewart-Clark (ED, UK) the task of drafting a report to be presented at the part-session in October 1986.

The committee's work which cannot, under the Rules of Procedure, exceed twelve months, was based on two main actions:

- the circulation of a questionnaire to both the governments of the Member States and a large number of public and private organizations active in the fight against drug taking and drug addiction;
- hearings of a number of people working in the field in a professional capacity at international, national or local level.

In the meantime the European Council, at its meeting at The Hague on 26 and 27 June 1986, expressed its grave concern at the serious problem of drug abuse. It recommended ad hoc consultations between the Member States and the European Commission with a view to considering the initiatives that could be taken in the field without duplicating the work being carried out elsewhere - by the Pompidou Group at the Council of Europe and the competent UN agencies.

¹OJ No. C 36, 17 February 1986, p. 142

COMMUNITY ACTION FOR WOMEN

The period under consideration was, for women's rights, one of major issues and detailed discussions.

1. Failure to act by the Council

In the June 1985 part-session, the European Parliament on the basis of several oral questions² adopted two resolutions on the Council's failure to act on directives concerning social affairs, the job market and equal treatment of men and women¹.

In these resolutions, the European Parliament urged the Council to adopt, inter alia, directives concerning parental leave and leave for family reasons, equal treatment of men and women in occupational social security schemes and equal treatment of self-employed men and women, including those engaged in agriculture. The European Parliament requested that in case unanimity within the Council on these subjects could not be reached, the governments of the Member States who were in favour, should apply these same directives and recommendations, already approved by the European Parliament, in their own countries.

2. New technologies and the employment of women

An important debate took place during the October 1985 part-session on the social aspects of technological change and its influence on the employment of women. Mrs SALISCH had drawn up an interim report on behalf of the Committee on Women's Rights on the impact of microtechnology on job opportunities for women³. The European Parliament adopted a resolution on the social aspects of technological change in which it emphasized the serious consequences which these new techniques would have for sectors employing mostly women and the need to provide for them proper vocational training offering qualifications that met the increased demands of working with the new information and communication technologies, so that women would not be confined to the simplest tasks in the technological processes.

3. Public hearing on women and the media

On 4 and 5 January 1986, the Committee on Women's Rights organized a public hearing in Brussels on the role and place of women in the media. The hearing was organized with a view to an own-initiative report to be drawn up by Mrs LENZ on behalf of the committee which she chairs.

On the basis of a questionnaire and attended by experts from the press, radio and scientific circles in the twelve Member States, the hearing centred on the following subjects :

1. The image of women in the women's press and the representation of women in the media;
2. The place of women working in the media;
3. The representation of women : advertising and equal rights.

Answering the parliamentary committee's questions, the twenty-five experts outlined the most important problems in this area, summarized by the chairman, Mrs LENZ, as follows :

- balancing press freedom and the right to information with the principle of equal opportunities for women;
- the dominance of men over the content and choice of programmes and the small number of women in management posts;
- stereotyped roles for men and women.

This discussion led the Committee on Women's Rights to draw a number of conclusions as to the work to be done :

- the image of women in the media is connected with the status of women employed by these media;
- the need to make specific proposals at Community level to improve the general situation.

4. Aid for the elderly

At the March 1986 part-session, the European Parliament adopted a resolution based on a report drawn up by Mrs PEUS, on behalf of the Committee on Women's Rights, on services for the elderly⁴. In this resolution, emphasis was laid on the great number of elderly women in the EEC and of women looking after old people at the same time as their own families and children.

The lack of home help services extended the woman's role and often made it arduous. Domestic assistance services were basically run by voluntary helpers, usually women, the percentage of professionals among assistance staff as a whole being still low in most Member States.

The European Parliament therefore asked the Commission to investigate this situation and the isolation of old people, especially women; to take account of the specific situation of elderly immigrants in Member States and the type of care which would be best for their specific situation; to help Member States to draw up framework legislation governing domestic assistance services and the work of those engaged in them. The Commission was invited to submit a proposal for a directive to the Council harmonizing legislation in the Member States on a recognized status for workers in domestic assistance services for the elderly and their families.

The Commission was also called on to draw up before January 1988 a 'European Charter for the Aged' which would legally recognize and guarantee the rights of the elderly.

5. Child-care infrastructures

Another resolution, adopted by the European Parliament at the March 1986 part-session, on child-care infrastructures⁶, stated that despite the huge increase in the number of working women in the Community over the past few years, the mothers of young children are still concentrated in part-time, temporary and low-paid jobs, particularly because of the lack of proper policies and services, including parental leave and child-care.

The European Parliament therefore called on the Member States to improve the public and private network of child-care facilities and to make the opening hours of these correspond to the working hours of parents, including shift work⁷.

6. Equal opportunity for women - Programme for 1986 - 1990

The committee proposed a new medium-term programme 1986 - 1990 dealing, in eight parts, with the main problems encountered by women : inadequate application of existing provisions, education and training, employment, new technologies, social protection and social security, family and occupational responsibilities, increasing awareness and changing attitudes and improving Community cooperation. The European Parliament delivered an opinion on this programme at the May 1986 part-session in a resolution⁸ adopted on the basis of the report by Mrs VAYSSADE, on behalf of the Committee on Women's Rights.

It decided on the following priority areas : employment, especially by means of local initiatives, education, training, the new technologies, and family and occupational responsibilities. Once again the European Parliament asked the Council to adopt directives, pending a decision, on : part-time work, temporary work, parental leave, equal treatment in occupational social security schemes and in the self-employed occupations, including agriculture.

The European Parliament asked the Commission to submit new proposals for directives and organize information campaigns to explain the interpretation of Community legislation on equal treatment aimed at all those involved in politics, the trade unions, society, the world of work and education.

The Council of Social Affairs Ministers of 5 - 6 June 1986 adopted the motion for a resolution and the new action programme in the version proposed by the Commission, without accepting the amendments which the European Parliament had made to it.

7. Report on one-parent families

This report, drawn up by Mrs CINCIARI-RODANO, on behalf of the Committee on Women's Rights, was on the agenda of the May 1986 part-session⁹.

The discussion and vote on this report were however postponed until the July 1986 part-session.

This own-initiative report on one-parent families - no common definition of this concept exists in the various Member States - is of particular importance because of the growing number within the EEC of children living with only one parent.

For the welfare of the child in this situation, the report by Mrs Cinciari-Rodano advocates a number of measures to encourage reasonable living conditions for this category of family :

- increase in child-care facilities at reasonable cost and with flexible opening hours;
- tax deductions for dependent children including those of unmarried women; tax deductions for the care of the child;
- a system of financial and social aid to be set up for the period following a death or separation; provision of insurance cover for health and accidents;
- raising the ceiling on survivors' pensions and allowing for individual pensions and survivors' pensions to be drawn concurrently up to a certain level;
- assistance from the authorities in obtaining payment of the alimony due and if necessary the assumption by the State of the financial responsibility of the parent in default;
- equal attention to be paid to one-parent families and to regular married couples in encouraging saving and investment.

8. Violence against women

At the June 1986 part-session, there was a debate on the report by Mrs d'ANCONA¹⁰, on behalf of the Committee on Women's Rights on violence against women.

This report explained how violence against women was the sexualized expression of the oppression of women, of their dependence and of the inequality between men and women.

To combat this violence, a distinction had to be made between the different forms which it took and different procedures should be applied according to the case in question (criminal or civil procedure, assistance, prevention, shelter for battered wives).

The resolution by the European Parliament¹¹ calls on Member States to adapt their legislation so as to eliminate the legal distinction between rape and indecent assault and to classify them as offences against the person (including rape by husbands). The training of police officers with responsibility for complaints about sexual violence and assistance for the victims (including accommodation) are regarded as essential if the current situation is to be improved.

As regards violence against girls and children, the European Parliament stresses not only the importance of education and assistance, but also the effectiveness of an international organization responsible for coordinating measures to combat the abduction and exploitation of minors.

9. The situation of women in developing countries

At the June 1986 part-session, the European Parliament adopted a resolution on the results of the UN Conference in Nairobi and the situation of women in developing countries.

In the report which Mrs GADIOUX drew up on behalf of the Committee on Women's Rights¹², calls were made for the following :

- a reassessment of the status and role of the European Parliament delegation within the delegation representing the European Communities;
- the holding of a world conference similar to the Nairobi Conference before the year 2000;
- more frequent regional conferences in a European country;
- yearly meetings of the UN Commission on the status of women and an improvement in its working methods.

The European Parliament stated in its resolution¹³ that it was the Community's responsibility to involve women in the process of economic and social development as both agents and beneficiaries. It pointed to the need for involvement by women in all phases of drawing up and implementing aid programmes in developing countries.

10. The Court of Justice

On the basis of cases referred to it for either a preliminary or a binding judgment, the Court handed down during the year some important decisions in respect of equal treatment :

- On 26 February 1986, in the judgment in Case 151/84 (Roberts v Tate & Lyle Industries Ltd), the Court ruled that Article 5(1) of Directive No. 76/207/EEC (on the implementation of the principle of equal treatment for men and women as regards access to employment, vocational training and promotion and working conditions) should be interpreted as meaning that a contractual provision which laid down a single age for the dismissal of men and women under a mass redundancy involving the grant of an early retirement pension, whereas the normal retirement age was different for men and women, did not constitute discrimination on the grounds of sex, contrary to Community law.
- Also on 26 February 1986, in the judgment in Case 152/84 (Marshall v Southampton and South West Hampshire Area Health Authority), the Court ruled that the same article of the same directive should be interpreted as meaning that a general policy concerning dismissal involving the dismissal of a woman solely because she had attained or passed the qualifying age for a State pension, which age was different under national legislation for men and women, constituted discrimination on grounds of sex, contrary to that directive. The same article might be relied upon as against a State authority acting in its capacity as employer, in order to avoid the application of any national provision which did not conform to Article 5(1).
- Also on 26 February 1986, in the judgment in Case 262/84 (Beets-Proper v F. Van Lanschot Bankiers N.V.), the Court ruled that the same Article 5(1) of the same Directive No. 76/207/EEC should be interpreted as meaning that it did not allow the Member States the freedom to exempt from the application of the principle of equality of treatment an express or implied condition in a contract of employment concluded on the basis of a collective wage agreement, if that condition had the effect of terminating the contract of employment on the ground of the age attained by the employee and the relevant age is determined by the age - which is different for men and women - at which the employee becomes entitled to a retirement pension.

- On 13 May 1986, in the judgment in Case 170/84 (Bilka Kaufhaus GmbH v K. Weber van Hartz) the Court, handing down a preliminary ruling on the interpretation of Article 119 of the Treaty, ruled that that article had been infringed by a department store company which excluded part-time employees from its occupational pension scheme, where that exclusion affected a far greater number of women than men unless the undertaking showed that the exclusion was based on objectively justified factors and unrelated to any discrimination on grounds of sex.

- On 15 May 1986, in the judgment in Case 222/84 (Johnston v The Chief Constable of the Royal Ulster Constabulary), the Court ruled that acts of sex discrimination done for reasons related to the protection of public safety must be examined in the light of the derogations from the principles of equal treatment for men and women which are laid down in Directive No. 76/207.

- (1) OJ No. C 175/85, p. 106
- (2) See in particular Doc. B 2-429/rev.
- (3) Doc. A 2-96/85 - Debate in OJ No. C 288/85, p. 68
- (4) Doc. A 2-219/85
- (5) OJ No. C 88/86 of 14.4.1986
- (6) Doc. A 2-220/85
- (7) OJ No. C 88/86 of 14.4.1986
- (8) OJ No. C 120/86 of 20.5.1986
- (9) Doc. A 2-230/85
- (10) Doc. A 2-44/86
- (11) OJ No. C 148/86 of 16.6.1986
- (12) Doc. A 2-47/86
- (13) OJ No. C 148/86 of 16.6.1986

BUDGETARY MATTERS

The period covered by this report, like that covered by the previous report, has been one of crisis as far as the budgetary situation of the European Community is concerned. The main concern this time was not the Community's own resources, since sufficient funds were made available initially for the financing of Community activities as a result of the raising of the VAT rate to 1.4% with effect from 1 January 1986. However, since it is now becoming apparent that financing requirements are approaching the 1.4% limit, the long-standing problem of insufficient own-resources will soon become crucial again.

During the period covered by this report, the problems which arose in connection with the budget may be summarized under the headings 'costs of enlargement' and 'cost of the past'. The 1986 budget had to take account, first of all, of the costs of the enlargement of the European Community to include Spain and Portugal. In addition, sufficient funds had to be provided to reduce the commitments outstanding from previous years as a result of the entry of large amounts in commitment appropriations. In contrast to the previous year, the European Community had, at the beginning of this year, a budget which had been approved and declared adopted. Its validity was, however, dependent on the judgment of the Court of Justice of the European Communities, handed down on 3 July 1986, since the Council and a number of Member States had brought actions against this budget.

1. 1986 Budget

The particular circumstances pertaining to the 1986 budget were reflected from the outset in the preliminary draft budget¹ submitted by the Commission since the increases of 18.8% in commitments and 23.3% in payments as compared with the 1985 budget were way over the average increase in the budgets of the individual Member States. This was necessitated by two central problems, the accession of the two new Member States and the need for a boost in payments to cover commitments entered into in the past, the so-called cost of the past. The Commission estimated the amount which had built up as a result of commitments entered into in previous financial years at approximately 12,400 million ECU on 31 December 1985. In order that this cost of the past could be paid off over a period of several years, the preliminary draft provided for special reserve funds totalling almost 1,400 million ECU in addition to the funds required to enable the three major structural funds to function normally. The Commission estimated the funds required in all sectors for Spain and Portugal after accession at almost 4,500 million ECU in commitment appropriations and almost 3,400 million ECU in payment appropriations.

On 18 September 1985 the Council established the draft budget for the 1986 financial year with expenditure totalling 31,791,094,737 ECU² (as compared with 35,050,657,005 ECU in the Commission's preliminary draft). As well as reducing substantially the non-compulsory expenditure in all sectors, the Council cut back in particular on the sum of almost 1,400 million ECU which the Commission had considered necessary to cover the cost of the past. It also revealed indirectly in a declaration that it had not, at its first reading, honoured fully the commitments it had entered into with the new Member States during the accession negotiations.

The European Parliament opted at its first reading for a constructive budgetary procedure and decided:

- to accept as correct the Commission's estimates concerning enlargement and the cost of the past,
- to make available the necessary funds to cover the cost of the past and the obligations arising from the treaties between the Community and the two new Member States, and

- to make use of Parliament's own margin for manoeuvre first and foremost for the financing of 'new policies'³.

At its first reading the European Parliament therefore adopted draft amendments totalling 1,598,500,000 ECU to provide the necessary funds to cover obligations arising from the accession treaties (438 m ECU), the shortfall in funds for 1985 (515 m ECU), the outstanding costs for years prior to 1985 (435.5 m ECU) and 200 m ECU in the reserve. In addition, an amount of almost 217 m ECU was entered for new policies as part of Parliament's margin.

At its second reading the Council increased the sums allocated for enlargement and to reduce the cost of the past and stated its willingness to deal with the problem of the remaining cost of the past by means of a supplementary budget, for which additional sums would be made available if necessary. There was still, however, a difference of about 877 m ECU by comparison with Parliament's first reading and a difference of 1,100 million ECU by comparison with the Commission's preliminary draft. In preparation for its second reading and for conciliation with the Council, Parliament decided to accept the Council's appropriation for the costs of enlargement, to allocate 10% of its margin towards covering the cost of the past (with a corresponding reduction in the funds allocated for new policies) and to take back a further sum of 175 m ECU, leaving an available amount of 475 m ECU in payment appropriations, primarily for the structural funds. The Council, on the other hand, conceded only 242 m ECU, including 92 m ECU within Parliament's margin for manoeuvre. This still left a difference of around 870 m ECU by comparison with the Commission's estimates and a difference of 630 m ECU by comparison with the appropriations entered by Parliament at its first reading. The Council did not answer Parliament's request that, in exchange for its far-reaching concessions, the Council should give an undertaking that, once the Commission had established the amount required, additional funds would be made available in 1986 by means of a supplementary budget, such that the normal operation of the structural funds would not be impeded by any shortfall in appropriations.

Since Parliament considered that the Council's concessions with regard to payment appropriations and its statements concerning a supplementary budget were not sufficient, it decided by a large majority at its second reading to reinstate the aforementioned amount of 475 m ECU in payment appropriations (207 m ECU in commitment appropriations) for the structural funds and on 13 December 1985 adopted a 1986 budget totalling 33,314.7 m ECU, which was

signed and declared adopted by the President of Parliament on 18 December 1985⁴. In its resolution on this budget⁵, Parliament stressed, inter alia, its intention to examine regularly 'in collaboration with the Commission, the conditions under which the 1986 budget is being implemented, so as to prevent the recurrence of the problem of the "cost of the past" in future years'.

On 11 February 1986 the Council brought an action against the budget as amended and adopted by Parliament before the Court of Justice of the European Communities⁶. Actions had already been brought in January by Germany, France, Luxembourg, the Netherlands and the United Kingdom⁷. At the request of the United Kingdom, the President of the Court of Justice gave an interim order on 17 March 1986 restricting the implementation of the budget to the amount resulting from the Council's second reading. In its judgment of 3 July 1986, the Court of Justice declared null and void the act of the President of the European Parliament of 18 December 1985 whereby he declared the budget for 1986 finally adopted, but did not call into question the validity of the payments made and the commitments entered into in implementation of the 1986 budget before the date of delivery of the judgment. After the judgment had been handed down, the Council declared itself willing to accept, on the basis of a letter of amendment by the Commission, a 2,400 million ECU increase in payment appropriations (+ 1,800 million by comparison with the budget adopted by Parliament in December 1985), with the result that Parliament was able to adopt the budget on 10 July 1986. There will be more to say in the next report about the content and consequences of the judgment and the new budget.

2. Supplementary and amending budget No. 1/1986

It became apparent during the normal budgetary procedure in connection with the 1986 budget that the appropriations entered in the budget for 1986 would not be sufficient, particularly because of the problem of the cost of the past. Even the Council had recognized this when it declared its willingness to submit a supplementary and amending budget if necessary. It instructed the Commission to report on the situation in the middle of 1986. Parliament asked the Commission to submit its report earlier. On 2 April 1986, therefore, the Commission submitted its report on the implementation of structural interventions in 1986⁸. It was estimated in the report that there would be a shortfall of between 930 m ECU and 1,360 m ECU in payment appropriations for

1986. It was also pointed out that if no additional funds were made available, the Social Fund would run out of money in October and the Regional Fund and the EAGGF Guidance Section would run out of money in October. On 12 May 1986, therefore, the Commission submitted preliminary draft supplementary and amending budget No. 1/86⁹. The aim was to increase the appropriations for the structural funds and the EAGGF Guarantee Section so as to cover, while taking account of the own resources available, the additional requirements resulting from the cost of the past and the changed situation on the agricultural markets. Because of the increase in appropriations, the refunds to the two new Member States in respect of their VAT payments and financial contributions also had to be adjusted. In addition, the amount for the correction of budgetary imbalances for the 1985 financial year had to be re-evaluated. The new calculation of the imbalances showed that the amount due to the United Kingdom should be increased by 700.6 m ECU. Deduction of this amount left a sum of only 1,810.8 m ECU available before the 1.4% VAT limit for own resources was entirely exhausted. The Commission proposed in its preliminary draft supplementary and amending budget that the amount be distributed as follows:

- For the structural funds: 750 m ECU, of which 100 m ECU for the EAGGF Guidance Section, 150 m ECU for the Regional Fund and 500 m ECU for the Social Fund. According to the Commission's calculations, the actual shortfall in appropriations for the structural funds would be over 1,150 m ECU.
- For the EAGGF Guarantee Section: 915.3 m ECU. The additional requirements calculated in April 1986 were estimated by the Commission at 1,394 m ECU on the basis of the Commission's price proposals and the Council's decisions on prices, the fall in the value of the dollar, adjustments in exchange rates and developments in the economic situation.
- 145.5 m ECU was entered for adjustments in the payments to Spain and Portugal.

The Commission's preliminary draft thus exhausted completely the Community's own resources within the 1.4% limit of the VAT base but covered only part of the Community's additional requirements since the existing level of own resources was not sufficient to meet all financial needs. It should be pointed out that this preliminary draft supplementary and amending budget was

drawn up on the basis of the budget which the President of the European Parliament had declared adopted. The judgment of the Court of Justice in the proceedings brought by the Council against this budget therefore had a decisive effect on the supplementary and amending budget, the content of which was taken up in the new 1986 budget adopted after the judgment had been delivered.

3. Own resources - future financing of the Community

As was pointed out in the last report¹⁰, the Council's decision of 7 May 1985 on the Communities' system of own resources¹¹ paved the way for the rate of VAT payable to the Community to be increased to 1.4% with effect from 1 January 1986. Since this decision has since been ratified by the Member States and entered into force, own resources have not presented a problem during the period covered by this report in the way that they did in previous years. However, since the VAT limit applicable to certain Member States for the 1986 budget is 1.26% and since the 1.4% ceiling has been reached once the Commission's preliminary draft amending and supplementary budget for 1986 is taken into account¹², the problem of the inadequacy of own resources is likely to arise again in the near future.

4. Budgetary balances - budgetary imbalances

As explained in the previous report¹³, the Council's decision of 7 May 1985 on the Communities' system of own resources also laid down arrangements concerning compensation for the financial imbalances arising from the difference between the economic potential of the Member States and their contribution to the financing of the Community budget. Contrary to the demands of the European Parliament, the decision specified that this correction is to be made in terms of revenue. This issue, which was the subject of great controversy in previous years, was not discussed again during the period covered by this report although the European Parliament reaffirmed in its resolution of 14 November 1985 on the draft budget for 1986¹⁴ that expenditure policy is the most appropriate means of solving the problem of budgetary imbalances.

5. Budgetary guidelines for 1987

During the April 1986 part-session, Parliament established the guidelines for the Community's budgetary policy for 1987. Emphasis was placed once again on the long-standing priorities of previous years - the fight against unemployment and hunger in the world. Priority was also given to the promotion and development of the internal market according to the timetable for the achievement of a single Community-wide market by 1992 and it was pointed out that this development must be accompanied by the promotion of greater economic convergence within the Community, notably by the resource transfer mechanisms of the structural funds but also by specific programmes, like the Integrated Mediterranean Programmes, designed to address specific structural deficiencies. In view of the problems surrounding the establishment of the 1986 budget, particular importance was also attached to the honouring of commitments legally entered into by the joint budgetary authority in the framework of the structural funds in previous years. With regard to the problem of agricultural expenditure, Parliament insisted that its rate of growth should not be permitted to pre-empt the development of existing policies or the launch of new policies in the non-compulsory sector and stressed the importance of controlling agricultural expenditure with a view to achieving a greater balance of Community expenditure between compulsory and non-compulsory sectors and ensuring observance of the principle that the growth in agricultural expenditure should be less than the growth in own resources. Reference was also made to the necessary measures to clear stocks.

In the observations addressed to the Council, Parliament referred to the need for constructive discussion between the two arms of the joint budgetary authority but warned the Council not to maintain the approach it adopted during the 1986 budgetary procedure, which effectively renders Parliament meaningless the entire first reading of the budget. Parliament emphasized that the purpose of its margin for manoeuvre is to enable it to make political choices and that the allocation of expenditure within the margin is Parliament's sole responsibility. It affirmed that it would not use its margin to reinstate appropriations which were necessary to ensure the normal functioning of established Community programmes for which the Council should make due provision.

Parliament also laid down guidelines for its own action. While observing the principle that the inclusion of appropriations in the budget constitutes by itself a legal base for expenditure, it will give priority to those initiatives which offer a realistic possibility of appropriations being spent effectively (particularly when a basic regulation already exists for these initiatives).

In view of the problem of the cost of the past, Parliament expressly recognized the need to calculate commitment appropriations in such a way as to ensure programmed increases geared to the Community's political objectives and, on this basis, to balance commitment and payment appropriations. It stressed, however, that this presupposes medium-term financial planning agreed by the Council and Parliament.

- (1) Preliminary draft general budget of the European Communities for the financial year 1986, COM(85) 175, Vol. 4
- (2) Draft general budget of the European Communities for the financial year 1986, Doc. C2-100/85
- (3) See the EP's resolution of 14 November 1985 on the draft general budget of the European Communities for the financial year 1986 (Section III - Commission), OJ No. C 345, 31.12.1985
- (4) Final adoption of the general budget of the European Communities for the financial year 1986, 85/554/ECSC/EEC/Euratom, OJ No. L 358, 31.12.1985
- (5) EP resolution of 12 December 1985 on the draft general budget of the European Communities for the financial year 1986, Section III - Commission, as modified by the Council, OJ No. C 352, 31.12.1985
- (6) Case 34/86
- (7) Cases 15/86 (Luxembourg), 17/86 (Netherlands), 18/86 (France), 19/86 (Germany), 23/86 (United Kingdom)
- (8) COM(86) 202 final
- (9) COM(86) 226
- (10) See 'Progress towards European integration, July 1984-June 1985', chapter entitled 'Budgetary matters', section 2, PE 98.500
- (11) OJ No. L 128, 14.5.1985
- (12) See COM(86) 202 final (Report on the structural funds) and COM(86) 226 (supplementary and amending budget No. 1/86)
- (13) See 'Progress towards European integration, July 1984-June 1985', chapter entitled 'Budgetary matters', section 3, PE 98.500
- (14) OJ No. C 345, 31.12.1985
- (15) OJ No. C 120, 20.5.1986

CONTROL OF THE COMMUNITY BUDGET

1. The annual cycle of the discharge procedure results in the budgetary control function of the European Parliament following, to some degree, a set pattern from year to year (1). In this respect the Committee on Budgetary Control's preparation of the discharge decision and motion for a resolution is central to the exercise of parliamentary control of the general budget of the Communities. The Committee also recommends the discharge to Parliament for a number of ancillary organisations (see paragraph 13 below).

2. Nevertheless Parliament has also sought to give appropriate attention to particular areas where the management and control of the Community's funds might be improved. The Committee on Budgetary Control's consideration of ad hoc topics referred to it in resolutions of Parliament or identified by the committee itself, should be seen as complementary to its time-consuming and detailed work in preparing the discharge decision for Parliament.

The background to the Discharge Decision for 1984

3. On 14 November 1984 (2) Parliament adopted a resolution refusing the discharge for the 1982 financial year on a recommendation from the Committee on Budgetary Control which drew attention to the inadequacies of the Commission's management, monitoring, appraisal and financial information systems, and to the unsatisfactory implementation of the budget.

4. Following the Commission's positive response to some of the criticisms embodied in the resolution refusing discharge for 1982, Parliament adopted the decision and resolution granting discharge for 1983 on 16 April 1985 (3). The 1983 discharge resolution, which amounted to 100 paragraphs in all, contained a number of detailed recommendations and suggestions for the better management of the Communities' budget. After clearly defining the terms of the discharge decision the resolution drew attention to the increasing level of outstanding

commitments; made proposals for the speedier clearance of accounts; insisted that adequate provision be made for the depreciation of stocks of agricultural produce; and called for stream-lining food aid decision-taking and administration. In an important departure from previous practice Parliament asked the Council (as well as the Commission) to report on action taken to implement its resolution.

5. At the meeting of the Committee on Budgetary Control on 17 June 1986 Vice President Christophersen presented the Commission's report on action taken in response to comments made in the resolution accompanying the 1983 discharge decision (4). The Commission responded favourably to a number of proposals put forward by the Parliament in its discharge decision for 1983 and in particular, described the steps it had taken

- to speed up the clearance of accounts;
- to discuss further the making available of documents and internal material of the Commission which would facilitate the work of the Committee on Budgetary Control;
- to present information on budget implementation in the course of the financial year in a form which would allow better monitoring and control of expenditure as well as appraisal of the degree to which Parliament's amendments have been implemented;
- to make some allowance for the depreciation of agricultural stocks, and
- to look at ways of speeding up the administration of food aid.

6. It was against this background of refusal of discharge for 1982 and a series of detailed recommendations accompanying the discharge resolution for 1983 that the Committee on Budgetary Control proceeded to consideration of discharge for 1984.

The Discharge Procedure: 1984

7. Six of the specialist committees adopted opinions in the context of the 1984 discharge, while 13 working documents on the various aspects of the budget were prepared by committee members and were amended and adopted by the Committee on Budgetary Control (5). The 1984 discharge resolution paid particular attention to the questions of

- securing the Community's own resources;
- difficulties in budgetary transparency and financial management;
- the purpose and effectiveness of the Community structural funds.

Parliament adopted the 1984 discharge decision and motion for a resolution on 18 April 1986 by 139 votes for, with none against and 24 abstentions (6).

The 1984 Discharge and Own Resources

8. In 1984 the Community was obliged because of the exhaustion of own resources to resort to repayable advances from Member States to cover required expenditure. This development was seen as likely to undermine the financial autonomy of the Community and was attributed to the lack of accuracy in forecasting of revenue and to the depreciation of resources.

The 1984 Discharge and Management

9. Errors of management, cumbersome administrative procedures, and lack of transparency in managing the structural funds were cited as areas of weakness in the Commission's implementation of the 1984 budget. Parliament also drew attention to the Council's repeated failure to adopt legislation which would allow the objectives set when the 1984 budget was laid down to be met.

The 1984 Discharge and additionality

10. The discharge resolution noted the failure to respect the principle of additionality in implementing the structural funds and proposed that the management of the funds be reorganised and that emphasis should be placed upon transnational Community measures rather than projects which would, in the normal course of events, receive support from Member States' budgets.

The 1984 Discharge and implementation of the budget

11. The accumulated total of unpaid commitments was again highlighted and Parliament asked that, in the course of the budgetary procedure, the Commission make a systematic appraisal of the potential for implementing appropriations which the budgetary authority may wish to include in the budget.

12. In general terms the 1984 discharge resolution expressed the view that responsibility for failing to implement the 1984 budget in line with the objectives laid down rests not only with the Commission and the Council but also, to some degree, with the budgetary authority itself which failed to ensure that adequate payment appropriations were available to cover the commitment appropriations it entered in the budget.

Discharge to ancillary bodies for 1984

13. Parliament granted discharge for 1984,

- (i) to the management board for the European Centre for Development of Vocational Training and to the administrative board of the European Foundation for the Improvement of Living and Working Conditions (7), and
- (ii) on the financial management of the second, third, fourth and fifth European Development Funds (8) on 18 April 1986.

14. At the same time Parliament postponed discharge in respect of the ECSC accounts (9) and for Section 1 - European Parliament - of the 1984 Budget (10).

Public Hearing on improving Community Financing and Budgetary Control Procedures; Own Resources and EAGGF - Guarantee Section

15. The Committee on Budgetary Control held a Public Hearing on 22, 23 and 24 April 1986 to examine ways of improving budgetary control in the key areas of own resources and the EAGGF - Guarantee section. A number of members of the committee as well as academic and other experts presented learned papers for the Committee's consideration. A summary of contributions will be presented to Parliament in the near future. Difficulties in the administration of the own resources system, new information on the possible extent of fraud against the EAGGF, and prospects for improved effectiveness and control of agricultural expenditure in the future were discussed.

The control of frauds

16. The Committee's quarterly consideration of frauds against the Community budget has been developed over the last year. Detailed information in a standardised form describing some of the more serious and typical frauds

against the Community's budget has been made available to the Committee by the Commission. This procedure has enabled more detailed proposals for the control of frauds to be developed. It is intended that the Committee will report its findings, based on its examination over time of these cases, accompanied by appropriate recommendations, to the Parliament.

Ad hoc topics examined

17. The Committee on Budgetary Control had the opportunity during the year to consider a number of major topics and to prepare motions for a resolution and explanatory statements on these for Parliament's consideration.

Budgetary control problems in the olive oil sector

18. Parliament adopted the Committee on Budgetary Control's interim report on budgetary control problems in the olive oil sector on 16 January 1986 (11). The report had been referred back to the Committee on 15 November 1985 (12). The substance of the motion for a resolution adopted by Parliament remained, however, unchanged and Parliament called for the strengthening and simplification of the existing olive oil assistance system. Parliament called in particular for the extension of the flat-rate system of aid to smaller producers.

Budgetary control aspects of the European Communities Press and Information Offices

19. The Committee on Budgetary Control devoted a considerable time to preparing the motion for a resolution on the budgetary control aspects of the Communities' Press and Information Offices which Parliament will consider in the near future (13). It calls for increased budgetary planning of expenditure on the Press and Information Offices, for a joint programme to be developed by the Commission and the European Parliament and, wherever possible, for the Offices of both institutions to be located in the same building.

Implementation of the Directive 77/435/EEC on scrutiny by the Member States of transactions financed by the EAGGF (Guarantee Section)

20. Parliament's Resolution prepared by the Committee on Budgetary Control called for controls of an accounting nature to be applied to complement the physical and administrative controls provided for by the Directive. It also called for both types of control to be applied to public storage operations (14).

Other Motions for a Resolution concerning budgetary control matters adopted by the Parliament

21. Parliament also adopted Resolutions -

- on the coordination of Community aid to Third countries (15)
- the Community's data processing equipment policy (16)
- the budgetary costs of the common organisation of the Market in sheepmeat (17)
- the budgetary control aspects of the management of Community Development Aid funds by the European Investment Bank (18)
- the establishment, use and amount of the ECSC reserves (19)
- the proposal to amend the regulation (EEC) No. 1468/81 on mutual systems between Member States and their cooperation with the Commission to ensure the correct application of the law on customs or agricultural matters (20)
- Parliament's accounts for 1985 (21)

European Court of Auditors

22. In addition to its regular reports on the Community accounts, the European Court of Auditors published a number of special reports, some of which dealt with topics which were the subject of a motion for a resolution adopted by Parliament:

- (i) Financial position of the ECSC as at 31 December 1984 (22)
- (ii) Special report on the common organisation of the market in fish products (23)

- (iii) Special report on certain aspects of technical cooperation and financed Community development aid (24)
- (iv) Special report on the common organisation of the market in olive oil (25)
- (v) Special report on the system of payment of Export Refunds (26)
- (vi) Special report on the contract measures, aimed at enlarging the market for milk and milk products, and financed by the co-responsibility levy (27)

- (1) Article 206(b) EEC; Article 78(g) ECSC; Article 180(b) EAEC.
- (2) OJ No. C 337 of 17.12.84, pp. 23 et ante
- (3) OJ No. C 122 of 20.5.85
- (4) COM(85) 413 final
- (5) The Committee's report incorporates three elements -

Doc. A2-15/86/A	Decision and Resolution
Doc. A2-15/86/B	Explanatory Statement and Opinions of the Specialist Committees
Doc. A2-15/86/Annex	Working documents prepared by Committee members.
- (6) Doc. A2-15/86
- (7) Doc. A2-9/86
- (8) Doc. A2-10/86
- (9) Doc. A2-14/86
- (10) Doc. A2-13/86
- (11) Doc. A2-170/85
- (12) OJ No. C 345 of 31.12.85, p. 399
- (13) Doc. A2-11/86
- (14) Doc. A2-134/85
- (15) Doc. A2-130/85
- (16) Doc A2-173/85
- (17) Doc. A2-157/85
- (18) Doc. A2-95/85
- (19) Doc. A2-155/85
- (20) Doc. A2-227/85
- (21) Doc. A2-1/86
- (22) OJ No. C 360 of 31.12.85, p. 1 et seq.
- (23) OJ No. C 339 of 31.12.85, p. 1 et seq.
- (24) OJ No. C 261 of 12.10.85, p. 5 et seq.
- (25) OJ No. C 134 of 3.6.85, p. 1 et seq.
- (26) OJ No. C 215 of 26.8.85, page 1 et seq.
- (27) OJ No. C 127 of 24.5.85, page 1 et seq.

ECONOMIC SITUATION OF THE COMMUNITYA. Figures and forecasts1. Economic growth

	<u>Growth in the volume of GDP^(*)</u>	<u>Increase in productivity per person employed in the whole economy^(*)</u>
1981	-0.2%	1.2%
1982	0.5%	1.7%
1983	1.0%	1.5%
1984	2.2%	1.9%
1985 (forecast)	2.3%	1.9%
1986 (forecast)	2.5%	1.9%

2. Employment^(**)

At the end of April 1986, the number of unemployed (including Greece, Spain and Portugal) was at 16.0 million, (the number of unemployed at the end of April 1985, 15.7 million). The unemployment rate for the EC-9 was at the end of April 1986 11.2% against 11.1% at the end of April 1985.

3. Balance of payments^(*)

The balance of payments has developed as follows:

1981:	-0.5% of GDP
1982:	-0.6% of GDP
1983:	0.1% of GDP
1984:	0.1% of GDP
1985:	0.5% of GDP
1986:	0.6% of GDP

4. Price and income changes

	<u>Consumer prices^(*)</u>	<u>Unit labour cost^(*) total economy</u>
1981	+11.7%	+11.3%
1982	+9.8%	+9.0%
1983	+7.6%	+7.1%
1984	+6.2%	+4.7%
1985	+5.2% (forecast)	+4.2% (forecast)
1986	+3.9% (forecast)	+3.4% (forecast)

(*) European Economy, No 26, 1985

(**) Unemployment, No 4, 1986, EUROSTAT

B. Economic developments

The period June 1985 to June 1986 has been one of growth in the EC, combined with falling inflation rates in all countries with the exception of Greece. Unemployment has been slightly reduced in some countries, but on the average still remains very high.

Falling oil prices will further stimulate growth in 1986 (2.5%) and 1987 (2.7%) while inflation is further expected to fall. Unemployment is also forecast to be reduced from 11% in 1985 to 10.5% in 1987.

In the international area the period was marked by two meetings, the G-5 meeting of September 1985 and the G-7 Tokyo Summit of May 1986. Both meetings inaugurated a period of increased economic cooperation, especially in the monetary field, which, however, remains of an ad hoc nature. For the first time since it took over, the US Reagan administration showed its willingness to participate in active coordinated intervention in the exchange markets in order to bring about a reduction of the exchange rate of the dollar. At the same time it was agreed to monitor a number of economic indicators for the seven countries that could presumably indicate the economic trends in each country and bring about increased cooperation and coordination, if necessary. Still, this cooperation remains on an ad hoc basis, i.e., even if the indicators point to a wide diversion of trend in one country, this would not force a change of policy (as would be the case with the divergency indicator in the EMS).

On the 20th of December 1985, the Council adopted the annual report on the Economic situation in the Community¹.

In the report the Commission suggests the outline of a cooperative growth strategy aiming at a decisive improvement in the Community's economic performance between now and 1990, that would reduce unemployment without rekindling inflation.

The strategy is designed to realise a sustainable growth rate of 3.5% over the period 1986 to 1990, making possible a 1.5% per year growth in employment. This again would reduce unemployment to 7% by 1990.

The main elements of the policy are the following:

1. Monetary policy should continue to contain inflation but also allow room for faster real growth, mainly through a reduction of interest rates.
2. Budgetary policies should favour more employment-creating growth at a micro level, while at the macro level they should aim to correct present imbalances. Tax cuts and increased infrastructural investment would be some of the principal measures envisaged.
3. A moderate increase in real wages to increase the profitability of fixed capital. Together with demand support, this will create a climate at the macro level favourable to fostering an upsurge in investments which at the same time will create more employment.
4. Initiatives designed to improve labour market adaptability, the reorganization and reduction of working time, undercost-neutral conditions, should also contribute to making growth richer in terms of employment.
5. Improved and integrated market policies designed to open up the Community's internal market, liberalize domestic financial markets, and to give a better market orientation to interventionist policies of the Community with due regard to the 'social dimension'.
6. Greater investment in Europe's economic potential in the widest sense, ranging from major transport and communication projects of Community interest, through environmental investment, to the better use of Europe's technological potential.
7. International policies whereby the Community strives to improve continually the GATT trade system and international monetary system, and, with other countries, acting so as to sustain the growth of world trade and to mitigate the LDC debt problem while inevitable adjustments occur in the US.

The EP in the Visser report² agreed in general with the Commission's proposals but underlined more certain points that are not being taken sufficiently into account by the Commission, like the necessity of social consensus for the strategy proposed, the possibility of slower US growth that would bring about a scenario with lower EC growth, the insufficient convergence within the EC in

some economic aggregates, the importance of new technologies, wage moderation coupled with some fiscal expansion in order to stabilise demand, amelioration of the labour market and a better coordination of economic policies of the EC Member States.

The EP has further shown its great interest in these matters through numerous motions for resolution and written questions on monetary stability, the G-5 meeting, international monetary concertation, economic growth, and cooperation between the USA and the EC³.

In the resolution contained in Mr. Chusiano's report⁴ on the NIC-4, the EP approved the introduction of NIC-4, stressing that it should become permanent and included in the Community budget as well as its opposition to the setting of a ceiling.

The Commission introduced also an important directive on the liberalization of capital flows for: a) long term (5 years and more) loans related to commercial transactions; b) the acquisition by residents of foreign stock and by non-residents of national stock; c) the admission of stock on the capital market⁵.

C. Convergence of the economies of the Member States

1985 was marked by a very favourable outcome in the reduction of inflation. With the exception of Greece, (where inflation rose to 25% in 1985) all Member States reduced further inflation, the inflation rate falling for the first time since many years under 10% in Italy (8.1% estimate for 1985).

There has been also convergence in unemployment which remains high in all Member States. Still, employment growth was positive in 1985, but unemployment is higher in all Member States, with the exception of Denmark, than it was in the beginning of the decade.

On the balance of payments the Community as a whole has moved from a substantial current account deficit in 1980 to a surplus in 1985, but here divergences among Member States remain considerable, Belgium and Ireland improving substantially their positions. France and Italy have also made substantial progress in reducing their deficits. The exception is Greece

whose current account deficit increased in 1985 although after the introduction of the restrictive programme of October 1985 positive signs have already appeared.

Concerning budget deficits, divergence continues to be relatively wide, Belgium, Greece, Ireland and Italy still having deficits of nearly 10% of GDP or more, while on the other hand Germany has reduced its deficit to 1.5% of GDP and Luxembourg has moved into a surplus. France, the UK and Denmark are now in an intermediary category with deficits around 3% of GDP.,

Since the beginning of the decade, all Member States have seen a substantial built up in their stock of public debt, but the levels are very different. The gross stock of public debt reaches 40% of GDP in Germany, 30% in France, 60% in the UK, 54.5% in Greece compared to 116% in Belgium, 68,6% in Denmark, 124.3% in Ireland, 120.4% in Italy, 72.3% in the Netherlands and only 15.6% in Luxembourg.

Table 1

Indicators of disequilibria and divergence, 1980 and 1985

	Unemployment in %		GDP deflator in %		Current account % of GDP		Budget deficit % of GDP		Gross public debt % of GDP	
	1980	1985	1980	1985	1980	1985	1980	1985	1980	1985
Belgium	9.1	13.8	3.9	4.7	- 4.5	0.6	- 9.9	- 8.6	76.1	116.0
Denmark	6.7	9.1	8.2	3.9	- 3.7	- 3.4	- 3.3	- 2.9	33.5	68.6
Germany	3.3	8.4	4.3	2.1	- 1.8	2.1	- 3.1	- 1.2	32.6	42.6
Greece	:	8.3	17.7	17.1	0.3	- 5.2	- 5.4	-12.5	27.7	54.5
France	6.4	10.7	12.2	5.7	- 1.4	- 0.5	0.3	- 3.2	25.0	35.9
Ireland	8.2	17.1	14.2	6.1	-12.0	- 3.3	-11.8	-11.5	85.9	124.3
Italy	7.1	12.6	20.6	8.1	- 2.5	- 1.7	- 8.4	-13.6	93.9	120.4
Luxembourg	0.7	1.7	7.8	4.2	:	:	- 0.8	2.1	13.6	15.6
Netherlands	6.2	13.2	5.7	2.3	- 1.5	4.5	- 4.0	- 5.9	45.9	72.3
United Kingdom	6.0	12.0	19.8	5.5	1.8	1.1	- 3.4	- 3.3	59.7	59.7
EUR 10	5.8	11.2	12.6	5.1	- 1.3	- 0.5	- 3.5	- 5.2	50.5	64.3

Source: Commission Services

1985: Estimates

Table 2

Changes in exchange rates within the EMS

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

Dates of realignments

	24 September 1979	30 November 1979	22 March 1981	5 October 1981	22 February 1982	14 June 1982	21 March 1983	20 July 1985	6 April 1986
BFR	-	-	-	-	-8.5	-	+1.5	+2	+3
DKR	-2.9	-4.8	-	-	-3	-	+2.5	+2	+1
DM	+2	-	-	+5.5	-	+4.25	+5.5	+2	+1
FF	-	-	-	-3	-	-5.75	-2.5	+2	-3
IRL	-	-	-	-	-	-	-3.5	+2	0
LIT	-	-	-6	-3	-	-2.75	-2.5	-6	0
HFL	-	-	-	+5.5	-	+4.25	+3.5	+2	+3

Table 3

ECU exchange rates

(national units per ECU, annual average)

	BLEU	DK	D	GR	F	IRL	I	NL	UK	US	Japan
1960	52.810	7.2953	4.4360	31.686	5.2145	0.37721	660.1	4.0136	0.37721	1.0562	380.23
1961	53.367	7.3722	4.3074	32.020	5.2695	0.38119	667.1	3.8985	0.38119	1.0673	384.24
1962	53.490	7.3893	4.2792	32.094	5.2817	0.38207	668.6	3.8727	0.38207	1.0698	385.13
1963	53.490	7.3893	4.2792	32.094	5.2817	0.38207	668.6	3.8727	0.38207	1.0698	385.13
1964	53.490	7.3893	4.2792	32.094	5.2817	0.38207	668.6	3.8727	0.38207	1.0698	385.13
1965	53.490	7.3893	4.2792	32.094	5.2817	0.38207	668.6	3.8727	0.38207	1.0698	385.13
1966	53.490	7.3893	4.2792	32.094	5.2817	0.38207	668.6	3.8727	0.38207	1.0698	385.13
1967	53.240	7.4229	4.2592	31.945	5.2570	0.38765	665.5	3.8546	0.38765	1.0648	383.33
1968	51.444	7.7166	4.1155	30.867	5.0797	0.42870	643.1	3.7246	0.42870	1.0289	370.40
1969	51.109	7.6664	4.0262	30.666	5.2903	0.42591	638.9	3.7003	0.42591	1.0222	367.99
1970	51.112	7.6668	3.7414	30.667	5.6777	0.42593	638.9	3.7005	0.42593	1.0222	368.00
1971	50.866	7.7526	3.6457	31.433	5.7721	0.42858	647.4	3.6575	0.42858	1.0478	363.83
1972	49.361	7.7891	3.5768	33.653	5.6572	0.44894	654.3	3.5999	0.44894	1.1218	339.72
1973	47.801	7.4160	3.2764	36.952	5.4677	0.50232	716.5	3.4285	0.50232	1.2317	333.17
1974	46.399	7.2593	3.0835	35.781	5.7339	0.50980	775.7	3.2022	0.50980	1.1927	347.47
1975	45.569	7.1227	3.0494	39.994	5.3192	0.56003	809.5	3.1349	0.56003	1.2408	367.68
1976	43.165	6.7618	2.8154	40.884	5.3449	0.62158	930.1	2.9551	0.62158	1.1181	331.21
1977	40.883	6.8557	2.6483	42.035	5.6061	0.65370	1 006.8	2.8001	0.65370	1.1411	305.81
1978	40.061	7.0194	2.5561	46.783	5.7398	0.66389	1 080.2	2.7541	0.66391	1.2741	267.08
1979	40.165	7.2091	2.5109	50.774	5.8295	0.66948	1 138.5	2.7486	0.64639	1.3706	300.47
1980	40.598	7.8274	2.5242	59.323	5.8690	0.67600	1 189.2	2.7603	0.59849	1.3923	315.04
1981	41.295	7.9225	2.5139	61.624	6.0399	0.69102	1 263.2	2.7751	0.55311	1.1164	245.38
1982	44.711	8.1569	2.3760	65.342	6.4312	0.68960	1 323.8	2.6139	0.56045	0.9797	243.54
1983	45.438	8.1319	2.2705	78.088	6.7708	0.71496	1 349.9	2.5372	0.58701	0.8902	211.35
1984	45.448	8.1477	2.2381	88.425	6.8750	0.72619	1 381.8	2.5233	0.59072	0.7877	187.02
1985	44.899	8.0283	2.2320	100.739	6.8158	0.71548	1 458.0	2.5192	0.58387	0.7477	181.21
1986	44.578	8.0537	2.1944	120.026	6.8216	0.71904	1 555.2	2.4723	0.58108	0.8522	190.94

Source: Eurostat and Commission departments, European Economy No 26, November 1985.

D. European Monetary System

During the period under consideration, two realignments of the central rates of the EMS have taken place. Tensions inside the system making these realignments necessary arose from diversing economic developments, like balance of payments disequilibria, but were also due in part to the falling exchange rate of the dollar. The DM being a close substitute to the dollar, falling dollar exchange rates result in capital inflows to DM denominated assets, which also puts the DM under pressure to appreciate also towards the other EMS currencies⁶.

At the first realignment of 20.7.85, the Italian lira was devalued by 6% while all other currencies participating in the EMS exchange rate system appreciated by 2%.

At the second realignment of 6.3.86, the French Franc was devalued by 3%, while the DM and the HFL appreciated by 3%, the FB, FL and DKR appreciated by 1%, the Italian lira and the Irish Pound remaining unchanged.

In October 1985, after a proposal of the Commission and the favorable opinion of the EP, the Council added a new paragraph to Article 2 of EEC Regulation No 3181/78, empowering the EMCF to grant to the monetary authorities of non member countries and international monetary institutions the status of other holders of ECU and to fix the terms and conditions under which such ECU may be acquired, held and used⁷.

The European Parliament adopted the resolution contained in the Bonaccini report⁸ on the EMS, which points out among others:

- (1) the growing importance of coordinated and effective action on world markets;
- (2) the need to strengthen the EMCF (proposing for this purpose the transfer of a specific percentage of national gold and dollar reserves from the central banks to the EMCF);
- (3) Urges all EEC Member States to participate in the exchange mechanism;
- (4) Supports the recent liberalization measures taken in some Member States in respect to capital movements and exchange matters and stresses the need to move towards the abolishment of all such controls.

- (5) Supports the development of the EMCF into a European Monetary Fund that will become in the medium term an autonomous central bank for the EC with responsibility for the money supply and interest rate policy.
- (6) Supports the strengthening of the ECU and its development in a European parallel currency.
- (7) Is in favour of making possible a 100% settlement in ECUs for central banks (actually only 50%).

The EP showed its continuing great interest in this subject through numerous motions for resolution⁹.

¹ Council Decision 85/619 EEC of 20.12.85 in JO L 377 of 31.12.85.

² Visser report Doc. A2-142/85 of 6.11.85

³ For example, motions for resolution by Mrs. Nielsen (Doc. B2-981/85 of 1.10.85), by Messrs. Bonaccini, Beazley et al. (Doc. B2-989/85 of 7.10.85), by Mr. de la Malene, Mrs. Anglade et al. (Doc. B2-1028/85 of 7.10.85), by Mr. Herman, Mr. von Wogau et al. (Doc. B2-1603/85 of 17.2.86), by Mr. Raftery (Doc. B2-1341/85 of 11.12.85) by Mr. Ulburghs, Balfe et al. (Doc. B2-1734/85 of 10.3.86) and questions No 580/85 by Mr. Taylor (JO C 317 of 9.12.85) and No 1273/85 by Mr. Roelants du Vivier (JO C 32 of 12.2.86).

⁴ Chusiano Report, Doc. A2-123/85 of 21.10.85.

⁵ COM(86) 292 final of 23.5.86.

⁶ See N. Kyriazis and N. Chryssantou "US-EC Monetary Relations", Economic Series No 8, Research and Documentation Papers of the EP, June 1986.

⁷ (COM)84 678 final of 22.1.84, EEC Regulation 3066/85 in OJ L 290 of 1.11.85 and Bonaccini Report Doc. A2-120/85 of 7.10.85.

⁸ Bonaccini Report, Doc. A2-196/85 of 13.1.86.

⁹ For example, motions for resolution by Mr. Constanzo, Mr. Starita et al. (Doc. B2-50/85), by Mr. Le Pen, D'Ornesson et al. (Doc. B2-129/85) and by Mr. Herman, Mr. Beumer et al. Doc. B2-136/86).

INDUSTRIAL POLICY

Industrial policy in the Community, as a concept, can be seen in a broad or in a narrow sense. In a broad sense, it overlaps or touches a wide range of policy areas, including competition policy, company law, the internal market, fiscal harmonization, research and innovation policy, commercial policy etc. In a narrow sense, industrial policy is taken to mean the measures and political instruments aimed at specific industrial sectors. The application of industrial policy may vary from a "minimum" industrial policy which is to create an environment within which economic actors can function more efficiently to policies which imply an overall strategy for the economy as a whole. In other words, industrial policies vary in their degree of intervention.

The European Parliament's activities reflect a two-fold concern:

- firstly what can the Community do to create general conditions for industry to improve its competitiveness;
- secondly in which specific sectors can the Community intervene more effectively because national policies do not work or market imperfections at the Community level require action from the Community?

The aim is to generate a Community industry in a genuinely European industrial zone. To take full advantage of the possibilities offered by mass production, economies of scale, innovation and investment on a Community scale, a common industrial strategy is needed.

The Parliament's Committee on Economic and Monetary Affairs and Industrial policy approaches the problem in a number of ways. It deals with

- community industrial policy instruments
- the crisis industries such as steel, textile, shipbuilding, etc.
- strategy for the "sunrise industries", e.g. information technology
- the European industrial area.

Industrial policy in a broad sense was mentioned in a number of reports accompanying the Parliament's resolutions

- a) of 13.6.1985 and 14.1.1986 on the internal market (1)
- b) of 14.11.1985 on the fourteenth report of the Commission of the European Communities on competition policy (2).

The Commission's programme for 1986, in which elements of industrial policy dealing with measures to revitalize the Community's economy are summarized, was presented by the Commission's President, Mr. Delors, to the European Parliament on 19 February 1986 in Strasbourg (3).

The Commission published a general review of the Community's role in improving competitiveness and industrial structures in February 1986 (4). This study forms part of a general process of reflection on the Community's economic and social strategy which began with the work on the completion of the internal market (5), the strengthening of the technological base (6) and the implementation of a concerted strategy for growth and employment (8).

In the week of October 7-11, 1985, the Parliament organized its plenary session around the theme of technology and its challenge to the European Community. In particular, on behalf of the Committee on Energy, Research and Technology a number of resolutions were put forward in Parliament and were adopted (7). Apart from the general themes concerning a European industrial area, the European Parliament has dealt also with specific sectors in the period July 1985-June 1986. A summary of the main events is given below.

Shipbuilding

The situation in the Community shipbuilding industry was as unfavourable in 1984 as in 1983 (9). In 1984 Community ship production stood at 2.3 million gross registered tonnes, representing a reduction of 15% in relation to 1983

and 58% in relation to 1976. The average capacity utilization rate in the Community was still only roughly 60%. The negative trend in orders from other Member States held, i.e. Community shipowners continued to give preference either to a national shipyard or a shipbuilder in a third country. The granting of various forms of aid by the Member States to the shipbuilding industry is currently regulated at Community level by the 5th Directive on shipbuilding aids which is due to expire at the end of 1986. After the Industry Council of 3.3.1986, it is unlikely that aid to shipyards will be banned as from 1987. The Commission is to draw up proposals on state aids (10) to the shipbuilding industry which the Council expects to discuss in the second half of 1986 (11). The Commission's proposals may enable the Community's shipbuilders to take fuller advantage of the Community's internal market by making it more attractive for Community shipowners to order their vessels from shipyards in the Community rather than abroad (12). The industry Council of 9.6.1986 reached agreement in principle to put stricter limits on state aids to shipbuilding after 1986. The Community also provides aid directly to the shipbuilding industry. Between 1975 and 1984, the Community has granted 4.4 million ECUs to the shipbuilding sector from the European Regional Development Fund and 47.6 million ECUs between 1981 and 1984 from the Social Fund for shipyard workers. In addition, the Commission approved two loans under article 54, paragraph 2 of the ECSC Treaty (13).

By its resolution of 12.7.1985, the Parliament supported proposals to extend three of the non-quota regulations, one of which institutes a specific Community development measure contributing to overcoming constraints on the development of new economic activities in certain zones adversely affected by restructuring of the shipbuilding industry (14). Parliament's resolution of 12.6.1986 asked the Council and Commission to keep Europe's shipbuilding capacity at a viable level and to defend Europe's shipbuilding interests in international trade negotiations, particularly with Japan and Korea.

The car industry

In June 1986, a third general report on the Community automobile industry was in preparation within the Committee on Economic and Monetary Affairs and Industrial Policy of the European Parliament. The EP pays much attention to this sector which is one of the most important European industries from both

the point of view of wealth creation and job creation. It suffers at present from overcapacity and poor profitability in the family car sector and in the truck sector. In preparation of the EP report, a questionnaire was sent to a large number of organizations and a hearing was organized on 29-30 October 1985 in which 11 organizations participated. A summary of answers given both to the questionnaire and by witnesses at the hearing was prepared (15). Community policies relating to the car industry concern the following areas:

- a) remaining barriers to a Common market, for example standardization, type approval, distribution and competition
- b) the structure of the automobile sector and external commercial relations of the sector
- c) pollution controls on a Community level.

In May 1986, the Commission submitted two draft directives limiting exhaust pollution caused by diesel engines (16). In April 1986, the Commission proposed that vehicle testing for private cars should be introduced throughout the Community. The European Parliament is particularly concerned about the distortions which still exist in the Community for a unified European car market. These distortions come from Member States in the form of taxes, type approval procedures, state aids, various technical standards, and price controls or from restrictions in the car market itself, which limit competition and consumers' choices (17).

Textiles and clothing

Textiles and clothing are still at the forefront of the European Community. They employ 2.5 million people in the Community, more than 10% of the industrial workforce. In the last 20 years, the number of jobs in this sector has been halved. The Community is involved in various aspects of restructuring the textile and clothing industry. It applies strict rules for national aids to this sector in order to prevent distortion of competition in the Community. The Community also gives financial support for a number of research projects in this sector to make it more competitive, under the BRITE programme (18). In its Commercial policy, the Community came out in favour of renewing the Multifibre Arrangement which expires in July 1986, so that current restructuring efforts can be maintained. In its resolution of 21.2.1986 (19),

the EP welcomed the Commission's proposals for the renewal of the Multifibre Arrangement. It also reaffirmed the temporary nature of the Arrangement with the ultimate objective of a return to free trade in textile products and clothing. It requested more flexible and liberal provisions for the least-developed countries and called for the completion of the Community's internal market in textiles and clothing by replacing existing national quotas by Community quotas.

The Parliament also gave its support to a draft regulation instituting a specific Community regional development measure contributing to overcoming constraints on the development of new economic activities in certain zones adversely affected by restructuring of the textile and clothing industry (20). It welcomed the extension of the non-quota regulation in the European Regional Development Fund covering the textile sector.

New Technologies

The first part-session of the European Parliament in October 1985 was largely devoted to technological change and its effects upon the European Community. The reports and motions for resolutions covered a large range of subjects, in particular the long-term consequences of new technologies and the need for the Community to immediately prepare effective instruments on a Community level for meeting this challenge (21).

ESPRIT

The Community programme on new information technologies, ESPRIT, is part of the Community's Research and Development actions attempting to reverse the decline of Europe's competitiveness, to ensure a stronger technological basis and ultimately to ensure economic and political independence of the Community. Other Community R & D programmes, particularly relevant for European industry, are: RACE (for telecommunications sector), BRITE (for traditional industries, biotechnology) and COMETT (education and training in technology).

In addition, the Community Member States and the Commission participate in the EUREKA-project; Some Member States are involved also in the Strategic Defence Initiative project. The independent high level "ESPRIT Review Board" submitted a mid-term review of ESPRIT in autumn 1985 to the Commission. The review was positive. In 1985 there were 468 bodies taking part in ESPRIT projects (283 firms, 104 universities, and 81 research establishment, involving some 2000 research workers. The Council resolution of 8.4.1986 welcomed the considerable progress achieved in the area of transnational cooperation concerning information technologies (22). It emphasized also the work relating to the harmonization of standards in the project. At the moment, proposals are being worked out for a second phase of ESPRIT (ESPRIT II), which could be initiated in 1987 and which would triple the previous effort in ESPRIT I. The Council recommendations on the future of the ESPRIT programme (23) emphasized the specific requirements of Small and Medium Sized Enterprises in ESPRIT, the improved cooperation and better exchange of information between ESPRIT and similar programmes at the national level and the possibility of access to ESPRIT of organizations in EFTA countries. Parliament is following closely developments in the ESPRIT programme as shown by various questions on EFTA country participation, ESPRIT management priorities and the type of projects within ESPRIT (24).

Specialized information market

The Commission submitted in December 1985 a communication on establishing a common information market by a series of actions (25) after Parliament had spoken in favour of a coherent Community policy in its resolution of 26.3.1984 (26) and the Council decision of November 1984 for a Community action programme for the development of the specialized information market (27).

CADDIA

On 15 November the Parliament adopted a resolution on the proposal for a decision relating to the coordinated development of computerized administrative procedures (CD project) (28), which forms part of the CADDIA programme. In the view of the EP, the introduction of dataprocessing systems as envisaged in the Commission's proposal could actually perpetuate internal

frontiers; it asked the Commission to ensure that the computerization of administrative procedures does not lead to requirements for the introduction of additional data-processing capacity at internal Community frontiers.

BRITE

The Community programme for research in the field of industrial technology (BRITE - Basic Research in Industrial Technology for Europe -) which was approved by the Council in March 1985 (29) and upon which the EP had delivered an opinion (30), with a financial contribution from the Community of 125 million ECU, got underway in 1986 with 95 selected projects, involving 432 organisations from all the Member States. The programme encompasses nearly all the main industrial sectors, e.g. motor industry, aeronautics, textiles, chemicals metalworking, shoes, clothing, furniture etc.

Telecommunications

In its resolution of 14 June 1985 the European Parliament issued a favourable opinion (31) concerning the Community RACE programme (R & D in Advanced Communications Technologies for Europe). The Parliament considers that the definition phase for the RACE programme of eighteen months should be started at once. The definition phase is a preparatory action to determine the technico-economic basic parameters for a possible RACE programme, the aim of which would be to establish a system of integrated broadband communications (IBC) in Europe.

It consists of two parts:

- the definition of a reference model for IBC;
- R. & D development projects with a long lead-time.

The cost of the definition phase is estimated at 42.9 million ECUs of which 22.2 million would be borne by the Community budget and 20.8 million ECUs by the national administrations and other national bodies.

The Council decision concerning the RACE-definition phase was subsequently adopted on 25.7.1985 (32).

Parliament attaches great importance to the sector of telecommunications as shown by the following developments:

- the Commission draft directives on standardization in the field information technology and telecommunications, and the draft directive for mutual recognition of type approval for telecommunications terminal equipment on which the EP adopted a resolution on 14.1.1986 (33).

The industry Council of 9.6.1986 reached agreement on the draft directive for mutual recognition of type approval for telecommunications terminal equipment.

- the Commission proposal for a regulation instituting a Community programme for the development of certain less-favoured regions of the Community by improving access to advanced telecommunications services (STAR-programme) (34), on which Parliament will shortly give an opinion.

- numerous Parliamentary questions on public services contracts in telecommunications, privatization and action programmes (35).

EUREKA

Several meetings of ministers and senior officials of 18 European countries (36) have taken place in 1985 and 1986 in order to establish a European Research Coordinating Agency, which is meant as a European answer to American and Japanese market oriented research. In its resolutions of 12.12.1985 (37), the EP demanded a) that smaller Member States and small businesses are to be given a greater role in EUREKA; b) that the Community's existing projects should be complementary to EUREKA projects; c) that the Community should increase its R & D share in the Community budget and the Commission should submit an extended framework programme of large scale and strategic projects.

In June 1986, the EP discussed the report on the proposal to establish a European Research Coordinating Agency (38).

- (1) Resolution on consolidating the internal market in OJ C 175/1985, report DOC A2-50/85; resolution on public supply contracts in OJ C 175/1985, report DOC A2-50/85; Resolution on the White Paper on completing the internal market, report DOC A2-180/85.
- (2) Resolution on the 14th report on Competition policy in OJ C 345/1985, report DOC A2-128/85.
- (3) Bulletin of the EC, Supplement 1/86.
- (4) COM(86) 40 final.
- (5) COM(85) 310 final.
- (6) COM(85) 84 and COM(85) 530 final.
- (7) OJ C 288/1985.
- (8) COM(85) 570 final.
- (9) Report on the state of shipbuilding industry in the Community (situation at the beginning of 1985). COM(85) 548 final.
- (10) For an inventory of national state aids given to the shipbuilding industry in 1983 and 1984 see COM(85) 728 final.
- (11) Oral question no. 94 (H-70/86) on the Community policy on shipbuilding.
- (12) Oral question no. 48, (H-757/85) on shipbuilding industry policy.
- (13) Written question no. 1882/84, OJ C 251/1985 p. 2.
- (14) Proposal COM(84) 715 final, EP report A2-72/85, resolution in OJ C 229/1985.
- (15) Economic Series no. 7 of December 1985, Directorate General Research and Documentation European Parliament.
- (16) See also written question no. 831/85 (OJ C 341/1985, p. 9) on diesel smoke emissions and oral question no. 43 (H-1040/85) on the follow-up of general agreement in the Environmental Council in June 1985 concerning the draft emission directive for petrol engines. The EP had adopted a resolution on the laying down of European standards for exhaust gases on 13.6.1985. (DOC B2-481/85).
- (17) For example written questions no. 1330/85 (OJ C 81/1986, p. 7), no. 836/85 (OJ C 32/1986, p. 2), no. 1384/84 (OJ C 193/1985, p. 4), no. 835/85 (OJ C 276/1985, p. 20), no. 1146/85 (OJ C 341/1985, p. 31), oral question H-830/85.
- (18) Council Decision of 12.3.1985 (85/196/EEC) OJ L 83 of 25.3.1985.
- (19) Report DOC A2-210/85, resolution of 21.2.1986.
- (20) Resolution of 12.7.1985, (OJ C 229/1985), DOC A2-72/85.

- (21) Resolutions published in OJ C 288/1985. Reports DOCs A2-109/85, A2-110/85, A2-89/85, A2-106/85, A2-104/85, A2-107/85, A2-97/85, A2-96/85, A2/98/85.
- (22) OJ C 102/1986, p. 1.
- (23) OJ C 102/1986, p. 2.
- (24) Written questions no. 498/85 (OJ C 304/1985, p 3), no. 558/85 (OJ C 263/1985, p. 31), no. 461/85 (OJ C 259/1985, p. 23), no. 559/85 (OJ C 259/1985, p. 33), no. 2173/84 (OJ C 203/1985, p. 1).
- (25) COM(85) 658 final.
- (26) Resolution of 26.3.1984 (OJ C 117/1984).
- (27) Council decision 84/567/EEC of 27.11.1984 (OJ L 314/1984).
- (28) EP resolution of 15.11.1985 in OJ C 345/1985, report DOC A2-144/83; Commission proposal in OJ C 167/1985.
- (29) OJ L 83/1985, Council Decision of 12.3.1985.
- (30) EP opinion in OJ C 342/1983, p. 161.
- (31) Consultation of COM(85) 113 final; EP resolution of 14.6.1985 in OJ C 175/1985 report DOC A2-58/85).
- (32) OJ L 210/1985, p. 24.
- (33) Commission proposal COM(85) 230 final; EP resolution of 14.1.1986; EP report DOC A2-176/85.
See also written question no. 1427/85 in OJ C 353/85, p. 18 on world wide standards for communications.
- (34) COM(85) 836 final.
- (35) Written questions no. 97/85 (OJ C 251/85, p. 13), no. 319/85 (OJ C 241/85, p. 19), no. 1044/85 (OJ C 291/85, p. 13), no. 1822/84 (OJ C 176/85, p. 8).
- (36) The Member States, Sweden, Finland, Switzerland, Austria, Norway, Turkey and the Commission.
- (37) Resolutions of 12.12.1985 (OJ C 352/1985), DOC B2-1337/85, DOC B2-1338/85).
- (38) DOC A2-52/86.

THE STEEL INDUSTRY

Developments in the steel industry

Progress has been made in the direction of improving the competitiveness and structure of the European steel industry through the system of monitoring and production quotas introduced in October 1980. However, the crisis which began after the "oil shock" of 1974 continues. In 1985 steel production in the Community stood at 120 million tonnes, compared with 120.3 million tonnes in 1984, 109.5 million tonnes in 1983, 111.4 million tonnes in 1982 and 156 million tonnes in 1974. The total consumption in the Community of steel fell from 123 million tonnes to 108 million tonnes in the period 1974-1985. Between 1974, when almost 795,000 people were employed in the steel industry and 1984, employment slumped to 450,000, bringing severe economic and social problems to the regions concerned. Between 1974 and 1983 capacity utilisation in the Community tumbled from 87% to 56% although, owing to the effects of restructuring measures, the figure rose to 68% and reached 72% in 1985. In some European steel enterprises it is believed that a capacity utilization rate of 80% will be necessary in order to be profitable in the long run. Even in the most favourable conditions, it is expected (1) that Community steel production in 1990 will be at its 1984-1985 level. Most enterprises have improved their financial situation by means of rigorous measures in which the Community exercises important powers in order to restructure the steel industry on a Community level.

Restructuring and crisis measures

At the end of 1985 (2) the Community introduced a new system replacing earlier Community crisis measures in the steel sector. The new system, which is to last for two years until 31.12.1987 for quotas, provides that certain products are freed from the quota system and that further measures are to be taken to liberalize the steel market from 1.1.1987. The system of minimum prices was suspended at the end of 1985, although the Commission reserves the right to reintroduce stricter controls should the need arise. The new "aids code",

which will apply until 31.12.1988, prohibits operating aid and all aid intended to finance investment. The Commission, may, however, authorize, under strict conditions, state aids for research and development projects, projects for environmental protection and, under certain conditions, aid for closing granted to undertakings which have not yet received aid for restructuring. The Parliament's Committee on Economic and Monetary Affairs is closely following the situation in the steel industry, as shown by the organization of a public hearing in Brussels on 24.4.1985, preceded by a questionnaire(3) to the Commission.

The Committee on Economic and Monetary Affairs and Industrial Policy organized a hearing on the effects of the steel crisis in four worst-hit regions, i.e. South Wales, Wallonia, Saarland and Lorraine, on September 18 and 19, 1985 in Brussels. Representatives of government, industry and trade-unions of these four regions were invited to this hearing.

On behalf of the Committee on Regional Policy and Regional Planning, a report and resolution was presented for the June 1986 plenary session of the Parliament concerning an integrated development programme for the frontier region formed by the Saarland-Lorraine-Luxembourg mining and steel area(4).

Spain and Portugal

The third enlargement of the Community and particularly the accession of Spain, the Community's fifth largest steel producer, presents further difficulties to an industry which is attempting to modernise, reduce surplus capacity and return to profitability. The Spanish steel industry is in the middle of a restructuring plan. Sudden entry into the Community's steel restructuring system would have been disastrous for the Spanish steel sector and so Spain, like Portugal, remained exempt from the Community's quota system. However, the Commission intends to propose measures to include the Spanish steel companies, as of 1987, in the quota system. Spain and Portugal will be allowed to continue providing aid to the sector, but will be covered by the monitoring system (5). On the basis of the safeguard clause foreseen in the Accession Treaty, shipments of steel products from the Ten towards Spain were limited from March 7, 1986 until the end of 1986. Also the delivery levels of ECSC products of Spanish and Portuguese origin into the rest of the Common Market were adjusted (6) in April 1986.

External Relations

In the restructuring period, external measures are essential, together with the crisis instruments taken internally, for the stabilization of imports. The Community, therefore, has extended the bilateral voluntary restraint arrangements made in 1985 with 14 leading suppliers to the Community. Imports from countries which have not entered into an arrangement with the Community, are linked to a "base price" system, which allows the Commission to initiate antidumping proceedings in the case of underpricing or when complaints are lodged by firms.

Trade relations with the United States in the steel sector, have been particularly difficult in 1986 and 1985, as they were in the preceding three years. Trade relations between the Community and the USA have been governed since October 1982 by a voluntary arrangement under which EC steel exports to the USA are restricted. This agreement has resulted in a 27% decrease in Community steel exports to the USA. Furthermore, the US authorities have on several occasions imposed unilateral restrictions on EC steel imports, contrary to GATT regulations, which have prompted retaliatory measures from the Community. At the end of 1985 (7) the Community and the USA reached agreement involving restrictions on almost all of the Community steel exports to the USA. Although in the new agreement the semi-finished products were not subjected to quantitative restrictions (they are considered consultation products), the US government announced in December 1985 and February 1986 that European exports of these products to the USA are to be limited to 600,000 tonnes per year. The Community announced retaliatory measures within the GATT framework to compensate for the damage caused by the restrictions unilaterally imposed on steel imports.

The European Parliament adopted two resolutions, one on 13.12.1985 (8) and the other on 20.2.1986 (9), protesting against the U.S. unilateral measures. The EP expressed its deep concern at the growing compartmentalization of the steel market as a result of the bilateral US-EC agreements reached under pressure from the US and it drew attention to the high economic costs of these arrangements to both the American consumer and European steelworkers and producers. It called on the US Administration to lift the unilaterally imposed import restrictions immediately and strongly supported the decision taken by the Commission and the Council concerning retaliatory measures.

- (1) COM(85) 208 final, General Objectives Steel 1990.
- (2) Commission Decisions no. 3484/85/ECSC, no. 3485/85/ECSC, no. 3486/85/ECSC of 27.11.1985 (OJ L 340/1985), no. 3699/85/ECSC of 23.12.1985 (OJ L 351/1985).
- (3) PE 95.648; Outline given by Mr. Narjes on 26.2.1985 before the Committee. See also Progress towards European Integration July 1984 - June 1985, Section 10, EP Directorate General for Research and Documentation, PE 98.500.
- (4) Doc. A2-46/86.
- (5) COM(85) 774 final, General Objectives Steel 1990. Position of the Spanish and Portuguese Authorities.
- (6) Commission Decision (86/184/ECSC) OJ L 132/1986.
- (7) OJ L 355/1985.
- (8) Resolution 13.12.1985 on Protectionism in trade relations between the European Community and the United States of America (OJ C 352/1985); Doc. A2-149/85.
- (9) Resolution 20.2.1986 on import restrictions imposed by the USA on Community exports of semi-finished steel products (OJ C 68/1986), Doc. B2-1586/85.

THE INTERNAL MARKET

In the period under consideration progress has been achieved relating to initiatives which aim to establish a genuine internal market in the Community. After the submission of a consolidation programme in June 1984 (1), identifying a series of proposals to be adopted by the Council in 1984 and 1985, in June 1985 the Commission published a White Paper (2) on the completion of the Internal Market by 1992 intended for the European Council meeting in Milan, 28-29 June 1985. The White Paper contains some 300 detailed proposals, each one accompanied by a suggested date for action by the Council. The proposals concern the removal of

- (a) physical barriers
- (b) technical barriers and
- (c) fiscal barriers

On 13 June 1985, the European Parliament adopted a 120-paragraph resolution (3) declaring its firm commitment to the target of a fully unified internal market by 1992, an objective which was declared top-priority by the Commission and by the European Council in Luxemburg, on December 2-3, 1985. The Parliament's resolution stressed that the price of failure would be colossal in terms of reduced economic growth, less employment and lower living standards, as well as continued lowering of Europe's industrial and commercial competitiveness in the world.

The Parliament's resolution on the White Paper of 14.1.1986 (4) welcomed the Paper's approach for the achievement of a barrier-free internal market by 1992; it supported the idea to approximate laws, regulations and administrative provisions in the Member States in accordance with Article 100 of the EEC Treaty to overcome technical obstacles; it supported also the undertaking of the governments of Luxembourg, the Netherlands and the United Kingdom to plan Council action within a rolling programme until the internal market programme has been completed. Parliament asked the Commission to

present an annual report to Parliament on the implementation of the White Paper and to hold bi-annual discussions on progress in the Parliament's Committee on Economic and Monetary Affairs and Industrial Policy.

The Single Act, the Internal Market and the EP

The Single European Act amending the EC Treaties (5), which is being ratified during 1986 by the national Parliaments of the Member States, contains chapters of considerable significance relating to the completion of the internal market by 1992 and to the role of the European Parliament in influencing the Council's final decisions.

Unanimity in the Council will be replaced by majority voting in articles 28, 57 par. 2, 59 subparagraph 2, 70 par. 1 and 84 in the Treaty. An article 100(a) is inserted, according to which the Council may, by a qualified majority, adopt measures on the approximation of legal provisions, regulations and functioning of the internal market. However, the majority vote does not apply to tax measures, to those concerning free movement of persons and to those concerning the rights and interests of the employed persons. The Commission's proposals for the approximation of laws on health, safety, environmental protection and consumer protection will be based on a high level of protection. During 1992, the Commission shall draw up an enumeration of national laws, regulations and administrative provisions which fall under Article 100a and which have not been harmonized pursuant to that Article. Cooperation with the European Parliament is laid down in a new Article 149. The cooperation procedure shall apply to acts based upon Articles 7, 49, 54(2), 56, 57 and 100a of the Treaty establishing the European Economic Community.

The provisions of Article 149 of the Treaty establishing the European Economic Community are replaced by the following:

1. Where, in pursuance of this Treaty, the Council acts on a proposal from the Commission, unanimity shall be required for an act constituting an amendment to that proposal.
2. Where, in pursuance of this Treaty, the Council acts in co-operation with the European Parliament, the following procedure shall apply:

(a) The Council, acting by a qualified majority under the conditions of paragraph 1 above, on a proposal from the Commission and after obtaining the Opinion of the European Parliament, shall adopt a common position.

(b) The Council's common position shall be communicated to the European Parliament. The Council and the Commission shall inform the Parliament fully of the reasons which led the Council to adopt its common position and also of the Commission's position.

If, within three months of such communication, the European Parliament approves this common position or has not taken a decision within that period, the Council shall definitively adopt the act in question in accordance with the common position.

(c) The European Parliament may within the period of three months referred to in paragraph 2(b), by an absolute majority of its component members, propose amendments to the Council's common position. The European Parliament may also, by the same majority, reject the Council's common position. The result of the proceedings shall be transmitted to the Council and the Commission.

If the Parliament has rejected the Council's common position, unanimity shall be required for the Council to act on a second reading.

In its resolution of 16.1.1986 (6), the EP concluded that the Single Act is far from constituting a genuine reform of the Community, amongst other reasons because, in the cooperation procedure, the Council will still have the last word. However, the Parliament will exploit to the very limit the possibilities offered by the Single Act, if it is ratified. Parliament will have greater extended powers in the Single Act, particularly in the domain of the internal market given future qualified majority voting procedures in the Council as provided in Article 100a and the cooperation procedure notably for Articles 57 and 100a.

In June 1986 the European Parliament debated in June 1986 the application of the Single Act, the rules of procedure of the Council and the use of majority voting. Various resolutions were adopted by the Parliament on 12.6.1986 asking for the immediate application of the Single Act into the internal decision procedures (7).

OTHER INITIATIVES

Public Procurement

In adopting the resolution of 13 June 1985 (8), contained in the report dealing with the Communication from the Commission to the Council on public supply contracts, the EP stressed the economic importance of Community-wide access to public contracting and called on the Commission to incorporate in its proposal the sectors hitherto excluded by the directive (9) on the coordination of procedures on the award of public supply contracts (in particular transport, water and energy suppliers, telecommunications and defence). Parliament therefore requested the Commission to submit a proposal for a directive of extended scope - in line with its work programme to govern public contracting.

European Economic Interest Grouping (EEIG)

The proposal for a regulation on the EEIG (10), which had been pending before the Council for more than ten years and on which the Parliament had expressed its opinion on 14 June 1977 (11), was adopted by the Council on 25 July 1985 (12).

The aim of the EEIG is to facilitate or develop the economic activity of its members, improve or increase the results of this activity, but without profit for itself. People or legal persons forming an EEIG will therefore maintain their independence, and the grouping (which must be made up of bodies from at least two different Member States) will define by contract the precise aim of cooperation, e.g. joint research, joint marketing, development. The EEIG is primarily designed to be an instrument for cooperation, in particular between small and medium sized enterprises. As such, it constitutes an important instrument in the Community's policies to strengthen the internal market and industry.

Technical harmonization

On 7 May 1985, the Internal Market Council adopted a resolution on the new approach to technical harmonization and standardization, whereby a Directive would lay down only essential safety or other requirements, leaving the task of defining detailed technical characteristics to European, and if necessary national, standard bodies. Hitherto, the requirement to set detailed technical norms at EEC level has been delaying the acceptance of standard for individual products. The European Parliament has welcomed (13) the Commission's new approach to the harmonization of technical standards. Parliament will discuss the issues of technical harmonization and standardization in the Community since an own-initiative report has been prepared on behalf of the Committee on Economic and Monetary Policy and Industrial Affairs. The harmonization of technical standards is particularly important in the information technology industries, in which the Community is also involved by its ESPRIT programme and its RACE programme. On the RACE programme the Parliament has expressed its opinion by its resolution of 14 June 1985 (14). The EP also adopted a resolution on 14.1.1986 (15) concerning a) a directive relating to standardization in the field of information technology and telecommunications b) a directive concerning the first phase of the establishment of the mutual recognition of type approval for telecommunications terminal equipment. It approved the pragmatic approach which makes use of existing European standardization bodies such as CEN/CENELEC and CEPT. The Industry Council of 9.6.1986 reached agreement on the directive for mutual recognition of telecommunications terminal equipment type approval.

Pharmaceuticals

In its resolution of 16.1.1986 (16), the EP considered that the draft directives for high-technology medicinal products, their testing, the placing on the market and the approximations of provisions in national laws, regulations or other administrative actions are starting points for the further integration of the European pharmaceuticals market.

CD Project

Parliament welcomed the Commission proposal for the coordinated development of computerized administrative procedures in intra-Community trade and also in trade with third countries (CD Project). The CD project is part of the process of completing the internal market by 1992. Parliament warned of the risk of maintaining internal frontiers through the installation of computer systems at the Community's internal frontiers. The Council adopted the CD project in its decision of 4th February 1986 (17).

In June 1986, Parliament discussed the cost of a non-United Europe and obstacles to the free movement of persons within the European Community (18). Parliament asked for enquiries and studies which will enable the cost of "non-Europe" to be quantified by its resolutions of 12.6.1986.

- (1) COM(84) 305 final.
- (2) COM(85) 310 final; completing the Internal Market, White Paper from the Commission to the European Council, 14 June 1985.
- (3) Resolution of 13.6.1985 in OJ C 175/1985 p. 229, report DOC A2-50/85.
- (4) Resolution 14.1.1986, in OJ C 36/1986; DOC A2-180/85.
- (5) - Conclusions of the European Council, Luxembourg 2.3 December 1985
- Outcome of the Conference of Representatives of the Governments of the Member States, Brussels 16.17 December 1985.
- (6) Resolution 16.1.1986, OJ C 36/1986.
- (7) Resolution of 12.6.1986, DOC A2-56/86.
- (8) Resolution of 13.6.1985 contained in report Doc. A2-38/85, OJ C 175/1985; Commission Communication COM(84) 717 final.
- (9) Council directive 77/62/EEC of 21.12.1976 (OJ No. L 13, of 15.01.1977).
- (10) COM(73) 2046 final; amended proposal COM(78) 139.
- (11) EP resolution of 14.6.1977 (OJ No. C 163 of 11.7.1977).
- (12) OJ L 199/1985.
- (13) Resolution of 13.6.1985, OJ C 175/1985, DOC A2-50/85 para 80-91.
- (14) Resolution of 13.6.1985 in OJ C 175/1985; DOC A2-58/85.
- (15) Resolution 14.1.1986, OJ C 36/1986; DOC A2-176/85.
- (16) Resolution 16.1.1986, OJ C 36/1986; DOC B2-153/85; DOC A2-150/85.
- (17) Resolution EP 15.11.1985, OJ C 345/1985; Council Decision of 4.2.1986 in OJ L 33 of 8.2.1986.
- (18) DOC B2-342/86, DOC B2-368/86 on the costs of non-Europe; DOC B2-357/86, DOC B2-359/86, DOC B2-367/86 on the free movement of persons, the Europe of the citizens.

COMPETITION POLICY

A. General

1. Article 3(f) of the EEC Treaty provides that the activities of the Community aimed at establishing a common market shall include the institution of a system ensuring that competition in the common market is not distorted. Competition policy in a broad sense refers to State monopolies (Article 37), agreements and abuses of a dominant position (Articles 85 and 86, which are also applicable to public undertakings pursuant to Article 90) and State aid (Articles 92 to 94).

2. This policy is implemented by the Commission, subject to judicial review by the Court of Justice, and by the national courts where the above-mentioned articles are directly effective. In this respect it should be pointed out that the Commission and the European Parliament have stated that they are in favour of a two-tier system of judicial review and more frequent recourse to national courts for the application of Article 85¹. As regards the introduction of a two-tier judicial procedure, the Commission has now drafted specific proposals and the representatives of the governments of the Member States have agreed to amplify Article 168 of the Treaty, which concerns the organization of the Court of Justice, to this end. As regards the role of the national courts in the application of the competition rules, the European Parliament considers that more frequent recourse to national courts will only be a Community solution to the problem of enforcing this policy if the rights, remedies and procedures available to litigants are the same in all the Member States². The problems associated with the 'decentralized' application of the competition rules have been considered in detail by the Commission. It has organized meetings with the competent authorities in the Member States with a view to coordinating existing procedures³.

3. At present, the European Parliament's control over competition policy is exercised through a single debate. Given the Commission's considerable

executive powers in this area, Parliament has requested its relevant committees to monitor more closely the way in which Directorate-General IV manages competition policy and to report back at least twice a year⁴.

B. Agreements and abuses of a dominant position

(a) Procedure

4. In the last few years the Commission has endeavoured to improve its procedures for the implementation of the rules on competition with a view, first, to safeguarding the rights of the defence of the undertakings concerned and, secondly, to simplifying and speeding up the procedures⁵.

5. With regard to the rights of defence, the Commission, in response to the fears expressed by Parliament⁶ as a result of reorganization within the Directorate-General for Competition, has stated that the objectivity of procedures is assured by the establishment of a special coordinating administrative unit. It has also stressed the key role of the Hearing Officer in this connection⁷.

6. With regard to the simplification and speeding up of procedures, the Commission has started work on other forms of cooperation between undertakings which are not covered by the current rules on exemption, such as 'knowhow' licences and franchise agreements, or for which it seems advisable to specify the way in which the competition rules apply, for example in joint ventures⁸. In response to criticism from the European Parliament the Commission has stressed that the use of simplified procedures (block exemption regulations and administrative letters) falls within the powers delegated by the Council and, apart from speeding up the decision-making process to a considerable extent, offers undertakings the benefit of increased legal certainty⁹.

7. In the resolution adopted following the debate on the FRANZ report, the European Parliament advocated the organization by the Committee on Legal Affairs and Citizens' Rights of a public hearing into the application of competition procedures by DG IV¹⁰.

(b) Substance

1. Price fixing, market sharing, quota system

8. The Commission shows great severity towards illegal horizontal agreements. In the Siemens-Fanuc case, which was a flagrant example of market sharing, the Commission imposed heavy fines in view of the very serious anti-competitive impact of the agreements in question¹¹.

2. Cooperation agreements relating to research and development

9. The competition policy pursued by the Commission has sought to ensure that Community research and development make the most effective contribution possible to growth and to employment¹². Since the entry into force, on 1 March 1985, of the regulation on the exemption of certain research and development agreements, the Commission has twice been called upon to apply the regulation, in cases concerning the National Coal Board (application of the regulation) and BP/Kellogg (individual exemption)¹³.

3. Distribution agreements

10. It should be noted that under the block exemption regulations concerning exclusive distribution and purchase agreements, in 1985 the Commission took a number of important decisions (Distillers, Siemens-Fanuc, Sperry New Holland and Ivoclar) which illustrate its policy of consolidating well-established principles¹⁴. Following the adoption of the block exemption regulation on distribution in the motor vehicle sector, the European Parliament stressed its desire to see the Commission guarantee operators the right to engage in 'parallel imports'¹⁵.

4. Abuse of a dominant position

11. The Commission has indicated its willingness to impose fines which are heavy enough to have a deterrent effect in the event of flagrant violation of the competition rules. This policy was confirmed by the Commission's decision that AKZO Chemie had abused its dominant position in the Community's peroxides market in order to eliminate a competitor¹⁶.

(c) Field of application

12. The European Parliament fully endorses Community action to ensure compliance with the competition rules in service sectors which are traditionally regulated¹⁷. For example, the Commission has taken important decisions concerning auxiliary services in the air transport sector (Olympic Airways), insurance (P & I clubs), commodity markets (London) and international courier services (Bundespost)¹⁸.

13. The opening up of hitherto closed markets to the direct effect of free and fair competition is one of the Commission's prime concerns. As regards air transport, in 1985, parallel to the discussions concerning the proposals contained in memorandum No. 2 (draft regulation), the Commission took direct action in a number of cases. In 1986 it started proceedings against seven Member States for their failure or refusal to cooperate with the Commission in its inquiries into certain agreements between airlines¹⁹.

C. State aids and public undertakings

(a) General policy guidelines

1. Transparency of aid

14. The European Parliament has urged the Commission to take more stringent and consistent action to ensure that aid is completely transparent, limited in time and degressive²⁰. The Commission has announced that it will carry out a study of the total amount of State aid in the Community so as to have an overall picture of the situation²¹.

2. Increasing the effectiveness of procedures and improving their transparency

15. The maintenance of stringent controls and the transparency of the procedures applied are the main criteria used by Parliament to evaluate the Commission's competition policy in relation to aid to undertakings.

16. With regard to the repayment of aid granted illegally, Parliament has repeated the suggestion made during the debate on the GAUTHIER report that aid granted illegally should be repaid to the Community budget. It has invited the Commission to consider appropriate procedures, possibly on the basis of Article 87(2) of the EEC Treaty²².

The Commission is currently considering the possibility of an automatic demand for reimbursement of illegal aid²³.

17. A point worth noting is the judgment recently delivered in the Boch case²⁴, which extends two previous judgments in which the Court of Justice has already recognized the aid character of an injection of public capital²⁵. In this case, the Court did not annul the Commission's decision on the grounds that the case had not been satisfactorily proved. The Commission has thus found that the position which it set out in its 14th report on competition policy has been fully upheld by the Court of Justice's judgment.

(b) Legislative developments as regards substance

18. The Commission has drawn up a legislative framework applicable to State aid for research and development²⁶. The framework regulation which has been adopted is intended to simplify and clarify the rules applicable to State aid.

19. Through the adoption of Directive 85/413/EEC the Commission has extended the scope of Directive 80/723/EEC on the transparency of financial relations between Member States and their public undertakings to cover the energy, water, posts and telecommunications and transport sectors and public credit institutions²⁷. It should also be noted that for the first time the Commission has used its executive powers in two new areas, namely State-owned insurance companies in Greece (Article 90(3)) and French inland waterway charter traffic (Decision of 10 July 1986).

FOOTNOTES

- ¹See the Commission's 14th report on competition policy (1984), paragraph 1 (viii); resolution adopted following the debate on the FRANZ report (Doc. A 2-128/85), OJ No. C 345, 31.12.1985, paragraph 48
- ²Idem, paragraph 38
- ³Commission's 15th report on competition policy (1985), paragraphs 38-43
- ⁴Resolution adopted following the debate on the FRANZ report, paragraph 31
- ⁵See 12th report, paragraphs 29-37, 13th report, paragraphs 70-73, 14th report, paragraphs 46-48 and 15th report, paragraphs 38-51
- ⁶Resolution adopted following the debate on the FRANZ report, paragraphs 46 and 47
- ⁷15th report, paragraph 1(iii) and paragraph 45
- ⁸Idem, paragraphs 23-26; as regards franchise agreements, see also the judgment of the Court of Justice of 28.1.1986 in the Pronuptia case, Case 161/84
- ⁹Resolution adopted following the debate on the FRANZ report, paragraph 33; 15th report, paragraph 1(iii)
- ¹⁰Resolution adopted following the debate on the FRANZ report, paragraph 50
- ¹¹OJ No. L 376 of 31.12.1985
- ¹²See also the results of the colloquy on this subject organized by the Commission in Brussels on 17 June 1986
- ¹³15th report, paragraphs 76 and 77
- ¹⁴Idem, paragraphs 54, 56, 58 and 59
- ¹⁵OJ No. L 15 of 18.1.1985 and explanatory notice; resolution adopted following the debate on the FRANZ report, paragraph 40; see also the resolution contained in the WELSH report, Doc. 1-192/84 (OJ No. C 172, 2.7.1984, p. 181)
- ¹⁶OJ No. L 374 of 31.12.1985
- ¹⁷Resolution adopted following the debate on the FRANZ report, paragraph 43
- ¹⁸OJ No. L 46 of 15.2.1985 (Olympic Airways, request for information): the Commission argued that Articles 85 and 86 of the EEC Treaty apply directly to all sectors of industry including air transport; the powers conferred on it by Regulation No. 17/62 apply to all sectors of industry except for those referred to in Regulation No. 141/62, under which Regulation No. 17/62 does not apply to agreements, decisions and practices concerning the direct provision of transport services; Olympic Airways has meanwhile provided the information requested;

OJ No. L 376 of 31.12.1985 (Protection and Indemnity Clubs); an exemption was granted for a ten-year period;

OJ No. L 369 of 31.12.1985 (London commodity markets); negative clearance was granted following changes in the rules and regulations;

Following objections put forward by the Commission on the basis of the competition rules, the German Government agreed to allow competition between the postal services and private international courier companies on the basis that the services provided by the latter differ from those provided by the postal authority; several other governments have followed Germany's example

¹⁹15th report, paragraphs 27-33; see also the judgment of the Court of Justice of 30.4.1986 (combined Cases 209 - 213/84 *Nouvelles frontières*) (reference for a preliminary ruling) which has strengthened the Commission's position in discussions under way with the Council, the European Parliament and the Economic and Social Committee

²⁰Resolution adopted following the debate on the FRANZ report, paragraph 56

²¹Commission's work programme for 1985; the results of this survey will be published in a white paper

²²Resolution adopted following the debate on the FRANZ report, paragraph 64

²³15th report, paragraph 171

²⁴Case 52/84, judgment of 15.1.1986

²⁵Case 323/82 (*Intermills*), judgment of 14.11.1984; Cases 296/82 and 318/82 (*Leeuwarder Papierwarenfabriek*), judgment of 13.3.1985

²⁶OJ No. C 83 of 11.4.1986

²⁷OJ No. L 229 of 28.8.1985

MULTINATIONAL UNDERTAKINGS

Social relations

- Amended proposal for a directive on procedures for informing and consulting employees (Vredeling Directive)¹.

Little progress has been made since the ad hoc working group proposed to the Council of Ministers for Social Affairs, meeting on 13 December 1984, a 'new approach' to take into account existing industrial relations practices and legislation in many Member States². This 'new approach' is based upon the idea of establishing the right of employees to receive information and to be consulted in matters affecting their interests rather than establishing the duty of an undertaking to provide information and consult employees. Virtually all the Member States endorse the 'new approach', although the United Kingdom and Denmark have expressed general reservations.

In an attempt to prevent the directive running out of steam completely, in June 1986 the Presidency of the Council (the Netherlands) proposed the tabling of a resolution in which the Council would note the impossibility of reaching agreement at present, would acknowledge the importance of the draft directive and would invite the Commission to continue its close monitoring of developments in national legislation concerning social relations. The debate could be resumed at the beginning of 1989 on the basis of reports by the Commission³.

The Commission itself, in its response to a written question from Mrs H. D'Ancona, has stated that it has no intention of changing the directive into a recommendation. Given that considerable progress has been made on the technical side, it has expressed the hope that once the work has been completed the Council will no longer stand in the way of the adoption of the directive⁴.

- In the reference period the Council has continued its consideration of the proposal for a fifth directive on the structure of limited liability companies and employee participation. As with the Vredeling Directive, some Member States are continuing to express reservations about this proposal. In its White Paper, however, the Commission has set 1988 as the date for adoption by the Council.

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- On several occasions the European Parliament has shown that it was still actively interested in these two directives⁵. In adopting the resolution contained in the MAIJ-WEGGEN report, the European Parliament called on the Council to adopt the directive on procedures for informing the employees of transnational undertakings as a matter of urgency, and invited the Council also to adopt the fifth directive as soon as possible⁶.

Industrial strategy

Faced with the challenges posed by non-European multinational undertakings, and determined to maintain the Community's competitive position in the world, over the past few years the Commission has developed a policy of promoting technological innovation and has attempted to create conditions likely to encourage industrial cooperation⁷.

The adoption by the Council of the regulation on the establishment of a European Economic Interest Grouping (EEIG) represents a first step towards creating a legal climate which will encourage industrial cooperation⁸. For the first time an instrument for cooperation, based on Community law, has been offered to Community undertakings.

The European Parliament is continuing to show its interest in the development of a framework for the introduction of European company law and in increased competitiveness for European industry⁹. In the resolution contained in the FRANZ report on competition policy the European Parliament once again calls on the Commission to analyse the practice of industrial targeting and to submit to it a detailed report on this subject. This technique has proved to be an extremely effective means of dominating world markets, and is used by the huge, vertically integrated combines which dominate Japanese industry. The

European Parliament supports the Commission's aims as regards innovation and the promotion of research and development projects, while stressing the need for strict monitoring of the competition rules. It regards the completion of the internal market as an essential requirement for the development and application of the new technologies, without which the Community could not remain internationally competitive¹⁰.

EEC Code of Conduct for companies with subsidiaries in South Africa

On the basis of the report on the mission to South Africa of the three Foreign Ministers of Luxembourg, Italy and the Netherlands and of a member of the Commission, the Member States, meeting in political cooperation, decided to harmonize their attitudes on certain measures against South Africa at their meeting in Luxembourg on 10 September 1985. The Commission took the requisite steps as regards the implementation of measures agreed under political cooperation, including the adoption and strengthening of the Code of Conduct¹¹.

NOTES

- ¹ Initial proposal COM(80) 423 final, OJ No. C 297 of 15.11.1980
Parliament's opinion of 14.12.1982, OJ No. C 13 of 17.1.1983
Amended proposal COM(83) 292 final, OJ No. C 217 of 12.8.1983
- ² See 'Progress towards European Integration', July 1983 - June 1984 and
July 1984 - June 1985
- ³ See 'Europe', 4 June 1986, No. 4331, p. 8
- ⁴ Written Question No. 587/85 (OJ No. C 279 of 30.10.1985)
- ⁵ Written Questions Nos. 1918/85 (OJ No. C 178 of 7.4.1986), 1187/85, 1184/85
(OJ No. C 123 of 3.2.1986), and 1253/85 (OJ No. C 341 of 31.12.1985)
- ⁶ Doc. B 2-429/85/rev. (OJ No. C 175 of 15.7.1985)
- ⁷ 18th and 19th Commission General Reports (COM(85) 310)
'Completing the Internal Market' - Commission White Paper to the European
Council
- ⁸ OJ No. L 199 of 31.7.1985
- ⁹ See also resolution of 13.10.1981 contained in the CABORN report on the
international economic activity of undertakings and governments (OJ No. C 287
of 9.11.1981)
- ¹⁰ Doc. A 2-128/85 (OJ No. C 345 of 31.12.1985)
- ¹¹ Written Question No. 1659/85 and the reply given by Mr DE CLERCQ, on behalf
of the Commission, 14.11.1985
Doc. A 2-197/85 and resolution (OJ C 36, 17.2.1986)
See also 'Progress towards European Integration', July 1984 - June 1985, p.
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SMALL AND MEDIUM-SIZED UNDERTAKINGS (SMU)Definition

SMUs are generally defined as independent undertakings with fewer than 500 employees; they are extremely important because they create jobs, are flexible and play their part in innovation and the diversification of the economy. SMUs are found in the manufacturing, commercial and service sectors. They have a vital role to play in the process of economic recovery, as is emphasized in the report drawn up by the Temporary Special Committee on European Economic Recovery¹.

Developments

The policy on small and medium-sized undertakings is one of the top priority activities in the programme of the Commission for 1986 which, for the first time, has given one Member of the Commission special responsibility for this sector². In its programme, the Commission stated that Community policy on SMUs must first and foremost meet three specific needs:

1. The improvement of the conditions under which they operate by the completion of the internal market on the basis of the 'White Paper' and the easing of legislative and administrative restrictions;
2. The development and improvement of the financial capacity of SMUs;
3. Help for SMUs in the fields of training, research, news about innovations, information and cooperation between undertakings.

The European Parliament continues to demonstrate its abiding interest in this sector through its proposals, set out in motions for resolutions and written questions prompted either by the specific treatment of problems connected with SMUs³ or by the work of the Commission in other fields in which these matters are raised⁴.

The creation of a favourable environment

With regard to the creation of a favourable environment for SMUs, the EP has already endorsed the measures proposed by the Commission in connection with the completion of the internal market⁵.

At the European Council in Luxembourg, the Commission undertook to draw up an 'impact study'⁶ to accompany every new proposal for a regulation or directive affecting SMUs, and it has already started to consider measures for legislative and administrative deregulation which would be of great help in improving the general environment of SMUs⁷.

Increasing financial capacity

As regards increasing the financial capacity of SMUs, Parliament approved the proposal for a decision on the continuation of the activities of the New Community Instrument (NCI IV)⁸. The Commission proposes that the Council approve a new tranche of loans of 1 500 m ECU specifically intended for the financing of technological development and innovation in SMUs. Of the loans granted to SMUs by the various financial instruments of the Community (ECSC loans, EIB), the New Community Instrument has been increasingly successful (the appropriations available under the NCI III are almost entirely committed). However, in adopting the resolution contained in the CHIUSANO report, the European Parliament reiterated the reservations it had expressed in the past⁹.

Assistance for SMUs

In order to help undertakings, and particularly SMUs, to overcome the difficulties they encounter in gaining access to vital information on markets, technologies and the management of their resources, Community Level measures have already been taken in the following areas:

- staff training (COMETT programme);
- the encouragement of and information about innovation (ESPRIT and BRITE programmes);
- cooperation between undertakings (Business Cooperation Network, an information programme on the means of dealing with offers of and requests for cooperation, destined to become the major tool of the Business Cooperation Centre);
- the revival of the local economic fabric as part of regional policy;
- information for heads of firms.

In all these areas, the European Parliament is following very closely the measures taken by the Commission, with particular regard to their effect on the competitiveness of SMUs, as demonstrated by a large number of written questions¹⁰.

In adopting the resolution contained in the FRANZ report on the fourteenth report on the Commission's competition policy, the European Parliament demonstrated its interest in medium-sized and small firms. It approves the efforts made by the Commission to provide better information for small and medium-sized undertakings and to facilitate their access to new technologies¹¹.

- 1 EP Doc. 1-1552/83, Plan for European Economic Recovery, points 8(b), 8(c).
- 2 - Bull. of the EC supplement 1/86, programme of the Commission for 1986, point 2.2, p. 25
 - Doc. 2-712/84 and proposal of 11 October 1984 on the need for one member of the new Commission to be given special responsibility for (the coordination of) policy on SMUs
 - Written Question No. 681/85 of 10 June 1985 (OJ No. C 276, 28.10.1985)
- 3 Doc. B 2-590/85, motion for a resolution of 21 June 1985 by Mr I. Friederich and others on small and medium-sized undertakings
- 4 - Resolution of 14 November 1985 on the proposal for a decision adopting the annual report on the economic situation in the Community and laying down the economic guidelines for 1985/1986 (OJ No. C 345, 31.12.1985)
 - Resolution of 8 October 1985 on Europe's response to the modern technological challenge (OJ No. C 288, 11.12.1985)
 - Resolution of 9 October 1985 on the consequences of the new technology for European society (OJ No. C 288, 11.12.1985)
 - Resolution of 13 September 1985 on a regional incentive scheme for the development of less-favoured regions of the European Community (OJ No. C 262, 14.10.1985)
 - Resolution of 10 July 1985 on International Youth Year (OJ No. C 229, 9.9.1985)
 - Resolution of 13 June 1985 on the proposal for a regulation instituting integrated Mediterranean programmes (COM(85) 180 final) (OJ No. C 175, 15.7.1985)
 - Resolution of 13 June 1985 on the communication from the Commission on public supply contracts (OJ No. C 175, 15.7.1985)
 - Resolution of 14 June 1985 on the proposal for a regulation on a programme of support for technological development in the hydrocarbons sector (COM(84) 658 final) (OJ No. C 175, 15.7.1985)
- 5 Doc. A 2-180/85 and the resolution on the Commission's 'White Paper' (COM(85) 310 final, OJ No. C 36, 17.2.1986); the resolution of 13 June 1985 on consolidating the internal market (OJ No. C 175, 15.7.1985)
- 6 Bull. of the EC 11-1985, points 1.1.1. et seq.
- 7 Written Question No. 1385/85 (OJ No. C 29, 10.2.1986)
- 8 Proposal from the Commission for a decision empowering the Commission to borrow under the New Community Instrument for the purpose of promoting investment within the Community (OJ No. C 163, 3.7.1985)
- 9 - Doc. A 2-123/85 and the resolution of 25 October 1985 (OJ No. C 343, 31.12.1985)
 - Written Questions: Nos. 1194/85 and 1195/85, No. 1034/85 (OJ No. C 324, 16.12.1985); No. 802/85 (OJ No. C 269, 21.10.1985); No. 681/85 (OJ No. C 276, 28.10.1985); No. 1786/85 (OJ No. C 87, 14.4.1986); No. 1337/84 (OJ No. C 176, 15.7.1985)
- 10 Written Questions: No. 814/85 (OJ No. C 272, 23.10.1985); No. 297/85 (OJ No. C 214, 26.8.1985); No. 58 (H-73/86); No. 35 (H-238/85); No. 6 (H-766/84)
- 11 Resolution of 14 November 1985 on the fourteenth report of the Commission on competition policy (OJ No. C 345, 31.12.1985)

FREEDOM OF ESTABLISHMENT AND FREEDOM TO PROVIDE SERVICES
FOR SELF-EMPLOYED PERSONS

Articles 52 to 66 of the EEC Treaty govern, as regards both freedom of establishment and freedom to provide services, the free movement of self-employed persons, in other words persons pursuing, without any contract of employment, an activity of an industrial or commercial character, or that of a craftsman or of a profession, these activities being described as a whole in the Treaty as 'activities of self-employed persons'. The right of establishment and of freedom to provide services was introduced in several stages laid down in the Treaty. Since 1967, the Commission has submitted to the Council many proposals for directives concerning self-employed persons and in 1974, the Council of Ministers of Education adopted a resolution on the mutual recognition of diplomas, certificates and other evidence of formal qualifications. As regards the professions of doctor, lawyer, nurse, dentist, veterinary surgeon and midwife, the Council has already adopted directives following lengthy negotiations between experts from the Member States, representatives of the Commission and representatives of occupational groups, and after consulting the European Parliament and the Economic and Social Committee.

In its judgments in the Reyners case¹ and the van Binsbergen case², the Court of Justice stated that Articles 52 and 59 of the EEC Treaty came into force immediately after the expiry of the transitional period, on 1 January 1970, which means that self-employed foreigners and self-employed nationals are put on the same footing. These judgments however concern only foreigners who have obtained their diploma in the host State. Other Community measures must be drawn up to provide for the mutual recognition of certificates of professional competence and the coordination of legal provisions so as to establish the greatest possible freedom of movement.

Since June 1985 important progress has been made and significant momentum for future development established in the field of the right of establishment and the freedom to provide services. At its meeting of 28 and 29 June 1985 the Commission submitted to the European Council a white paper on the completion of the internal market³, which contains a programme and a timetable for completion by 1992. To accelerate the establishment of freedom of movement for self-employed persons and employees, the Commission has put forward a new approach, involving a framework directive on the introduction of a general system for the mutual recognition of higher education diplomas⁴. The European Parliament gave its opinion on this without delay⁵, so that the Council can now decide on this important proposal.

On 10 June 1985 freedom of establishment was finally achieved for architects by means of Directive 85/384 on the mutual recognition of qualifications in architecture⁶. The Commission's proposal dated back to 1967⁷ and Parliament had to draw the Council's attention several times to the need for a decision⁸.

On 16 July 1985 the Council adopted a Decision on the comparability of vocational training qualifications between the Member States, thereby establishing a principle which will considerably ease the exercise of a number of professions in other Member States.

Freedom of establishment for pharmacists was finally established by means of Directives 85/432 and 85/433 of 16 September 1985 on the coordination of provisions laid down by law, regulation or administrative action in respect of certain activities in the field of pharmacy and on the mutual recognition of diplomas, certificates and other evidence of formal qualifications in pharmacy⁹. After two previous, unsuccessful, attempts - in 1969 and 1972 - the Commission had submitted new proposals in 1981 which did not affect the varying conditions of establishment from one Member State to another¹⁰. In its opinion of 16 September 1983 the European Parliament had proposed that Member States should be authorized to restrict freedom of establishment to existing pharmacies in order to avoid emigration to Member States which have no geographical allocation. This idea was incorporated by the Commission in its amended proposal and acknowledged by the Council in its Directive. The adoption of the directives on pharmacists now completes the regulation of freedom of establishment for all the medical professions.

Major tasks still await the Council in other fields, however: the Commission's proposals for directives on the activities of engineers (1969) and self-employed commercial agents (1976)¹¹, which have been before the Council for many years, have still not been adopted, nor has the important directives on a right of residence for nationals of Member States who are no longer or are not yet in employment¹².

The Commission's proposals over the past year have essentially been connected with improving cooperation between educational establishments in the Member States, with the aim of facilitating the recognition of different educational courses, pursuant to the new approach set out in the White Paper of 14 June 1985¹³. These include proposals for:

- promoting student mobility and cooperation between educational establishments in different Member States¹⁴,
- expansion of the Member States' cooperation programmes for the professional training of apprentices¹⁵,
- developing cooperation between universities and industry for advanced training in connection with the new technologies (COMETT)¹⁶.

In the field of freedom of establishment and freedom to provide services, the monitoring of compliance with Community law is of particular importance.

The infringements against freedom of movement and the freedom to provide services (Articles 52 and 59 of the EEC Treaty) mostly involve discrimination on nationality grounds in the exercise of a profession, above all in Greece, France and Italy. The number of such infringements rose in one year from 15 to 18. On the other hand, the number of infringements of directives adopted pursuant to Article 57 of the EEC Treaty on freedom of movement for persons exercising self-employed activities or those of a social service nature (doctors, nurses and general health-care staff, dentists, midwives and lawyers) fell from 65 to 53. In more than half the cases the Commission found it necessary to bring the matter before the Court of Justice.

In this specific sector most of the actions for infringements involved incomplete application of Council directives, except for Directive 77/249/EEC (lawyers), which three Member States - Germany, France and Italy - failed to apply¹⁷.

The Commission's third annual report on the monitoring of the application of Community law - 1985¹⁸ - supplies more detail on the shortcomings ascertained in this field. Following the adoption by the European Parliament on 9 February 1983 of a resolution on the responsibility of the Member States for the application of Community law¹⁹, the Commission undertook to submit to Parliament annually a detailed report on the monitoring of the application of Community law. This report reveals the instances of failure by the Member States to fulfil their obligations under the Treaty and the measures taken by the Commission in each sector of Community activities.

In the field of transport, the Court of Justice of the European Communities held, in its judgment of 22 May 1985, that the Council had, in infringement of the Treaty, failed to guarantee freedom to provide services in the field of international transport and to lay down the conditions under which non-resident carriers may operate transport services within a Member State²⁰. This judgment was delivered following an action for failure to act brought before the Court of Justice on 22 January 1983 by the European Parliament on the basis of its resolution of 16 September 1982²¹. As yet the Council has taken no notable steps towards complying with this judgment and introducing freedom to provide services in the field of transport.

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- 1 Case 2/74, Reyners, [1974] ECR 631
 - 2 Case 33/74, van Binsbergen [1974] ECR 1299
 - 3 COM(85) 310 final of 14.6.1985
 - 4 COM(85) 355 final of 22.7.1985, OJ No. C 217 of 28.8.1985, p. 3
 - 5 Opinion of 14.11.1985, OJ No. C 345 of 31.12.1985, p. 63
 - 6 OJ No. L 223 of 21.8.1985, p. 15
 - 7 OJ No. 239/1967, 15
 - 8 OJ No. C 291 of 10.10.1980, p. 96
 - 9 OJ No. L 253 of 24.9.1985, pp. 34 and 37
 - 10 OJ No. C 35 of 18.2.1981, p.3
 - 11 COM(69) 934 final, COM(76) 670 and COM(78) 773
 - 12 COM(79) 215 and COM(85) 292
 - 13 COM(85) 310 final
 - 14 COM(85) 756
 - 15 COM(86) 52
 - 16 COM(85) 431
 - 17 Case 427/85, Commission v Federal Republic of Germany
 - 18 COM(86) 204 final of 3.6.1986
 - 19 OJ No. C 68 of 14.3.1982, p. 32
 - 20 Case 13/83, European Parliament v Council, not yet officially published
 - 21 OJ No. C 267 of 11.10.1982, p. 62

TAX HARMONIZATION

A. Background

Article 99 of the EEC Treaty makes the EEC institutions responsible for harmonizing national legislation on indirect taxation. Although the Treaty does not contain any equivalent article on direct taxation, Articles 100 and 102, which lay down the general basis for approximating legislation, may also serve as a legal basis for harmonizing direct taxation.

The Court of Justice has ruled that the application of Article 99 does not constitute a precondition for applying Articles 95 and 96; whatever the disparities between national tax systems, Articles 95 and 96, which apply directly, are designed to remove, prior to any harmonization, any national tax measure liable to lead to discrimination between imported or exported products and similar national products. Article 99 is designed to reduce the barriers to free movement caused by differences between national tax systems, even if those systems are applied in a non-discriminatory way¹.

B. Indirect taxation

Until now, harmonization has been concerned with the ways in which VAT is collected and with setting up a common basis for VAT assessment.

As regards excise duties, a degree of harmonization has already been achieved in the case of tobacco. However, for alcoholic beverages and mineral oils, matters have advanced no farther than the proposal stage.

In connection with its programme to achieve a single internal market by 1992, as outlined in the white paper published in June 1985, the Commission proposes certain substantial measures to approximate VAT and excise duties².

The European Parliament will not give its opinion on the various proposals contained in the white paper until they are submitted formally³.

While pressing ahead with its programme of implementation in accordance with the scheduled timetable, the Commission has continued its efforts to approximate national legislation by a proposal for a directive imposing a standstill on VAT and excise duties, the purpose of which is to avoid increasing the differences between national laws pending their approximation in them⁴.

1. Value added tax (VAT)

- Proposal for a 16th Council Directive on a common system of VAT applicable to certain goods on which value added tax has been finally paid and which are imported by a final consumer in one Member State from another Member State⁵.

In adopting the resolution contained in the second report by Mr Rogalla⁶, the European Parliament accepted the compromise procedure proposed to it by the Commission, entailing the imposition of VAT, when goods are imported into another Member State, only on second-hand goods duly taxed on the internal market which are less than four years old (means of transport) or less than six months old (other goods)⁷.

With reference to the rulings handed down by the Court of Justice in the SCHUL case, the European Parliament stressed that the scope of the directive should be sufficiently broad to cover the various cases of double imposition of VAT on goods purchased by private persons and that the Commission proposal should be amended accordingly⁸.

- Proposal for a 21st Council Directive on the harmonization of the laws of Member States relating to turnover taxes - Deferment of the introduction of the common system of value added tax in the Hellenic Republic⁹.

The Commission has been unable to agree to the amendment, which it considers superfluous, proposed by the European Parliament in its resolution contained in the report by Mrs Van Hemeldonck¹⁰. The amendment sought to ensure mandatory cooperation between the Commission and the Greek Government in order to monitor closely the application of the programme introducing VAT.

- The Commission has adopted a proposal for a Council Directive on the VAT rules applicable to the operation of a future cross-Channel fixed link¹¹.

2. Excises

The following proposals are currently under consideration:

- Two proposals for directives¹²:
 1. A Council Directive laying down certain rules on indirect taxes which affect the consumption of alcoholic drinks¹³;
 2. A Council Directive concerning the harmonization of excise duties on fortified wine and similar products¹⁴.

With respect to these proposals, the European Parliament adopted the resolution contained in the report by Mr Besse which at the same time proposed certain amendments to the Commission text concerning indirect taxes on the consumption of alcoholic drinks. Parliament regretted that the Commission had not submitted a comprehensive programme for the harmonization of alcoholic drinks¹⁵.

- Proposal for a Council directive amending Directive 72/464/EEC on taxes other than turnover taxes which affect the consumption of manufactured tobacco: 6th extension of the second stage of harmonization¹⁶.

In adopting the resolution contained in the report by Mr Beazley, the European Parliament agreed to the proposal, but called on the Commission¹⁷:

1. to provide new proposals for the next stage of harmonization, taking into account the need for a tax structure that would be compatible with the objectives of completing the internal market;
2. to table its future proposals before the end of 1986 and to discuss these with Parliament at an early stage.

C. Direct taxation

The Commission amended the proposal for a Council directive on the harmonization of the laws of Member States relating to tax arrangements for the carry-over of losses of undertakings and forwarded it to the Council on 25 June 1985¹⁸. In adopting the resolution contained in the report by Mr ABELIN¹⁹, the European Parliament had made some amendments to the original Commission proposal²⁰.

- 1 Case No. 171/78 Commission v. Denmark of 27.2.1980, ECR 1980, 447 and Case No. 55/79 Commission v. Ireland of 27.2.1980, ECR 1980, 481
- 2 COM(85) 310 final, Completing the Internal Market, white paper from the Commission to the European Council
- 3 Doc. A 2-180/85 (OJ No. C 36, 17.2.1986)
See also resolution of 13 June 1985 on consolidating the internal market (OJ No. C 175, 15.7.1985)
- 4 Forwarded to the Council on 21 November 1985, COM(85) 606 final (OJ No. C 313, 4.12.1985)
- 5 COM(84) 318 final (OJ No. C 226, 28.8.1984)
- 6 See Doc. 2-1135/84 of 3.12.1984, first report
- 7 Doc. A 2-182/85 (OJ No. C 36, 17.2.1986)
- 8 Case No. 15/81, judgment of 5 May 1982 and Case No. 47/84, judgment of 21 May 1985. The Commission forwarded the amended proposal to the Council on 25 March 1986, COM(86) 163 final (OJ No. C 096, 24.4.1986)
- 9 COM(85) 821 final. See 15th directive (OJ No. L 360, 23.12.1983)
- 10 Doc. A 2-23/86 (OJ No. C 148, 16.6.1986). Communication from the Commission of 6.6.1986 (Minutes of sitting of Tuesday, 10 June 1986)
- 11 COM(85) 858 final, forwarded to the Council on 8 January 1986
- 12 See OJ No. C 43, 29.4.1972
- 13 COM(85) 150 final
- 14 COM(85) 151 final
- 15 Doc. A 2-179/85 (OJ No. C 36, 17.2.1986)
- 16 COM(85) 683 final (OJ No. C 349, 31.12.1985)
- 17 Doc. A 2-226/85 (OJ No. C 88, 14.4.1986)
- 18 COM(85) 319 final (OJ No. C 170, 19.7.1985)
- 19 Doc. 2-1340/84 of 4 January 1985
- 20 COM(84) 404 final of 6 September 1984

SOCIAL POLICY

The upturn in the Member States' economies which occurred during the last two years is still continuing, after leading to an improvement in employment of 0.4% in 1985 as compared with 0.2% in 1984. This last figure corresponds to the average for the years 1961-1980. The improvement is not, however, reflected in the unemployment figures owing to the fact that more people are seeking work. This can be explained by the increase in the numbers reaching working age, a growing tendency for women to look for work, the return to the market of 'disenchanted' workers (after the hopes of the early 'eighties) and, lastly, changes in the statistical methods employed in this or that Member State. Thus in 1985 the level of unemployment was 11.2% compared with 10.8% in 1984. It is not expected to diminish in 1986 despite an expected increase in jobs of 0.5%. The entry of Portugal and especially Spain into the Community pushed up the number of people out of work to 15.6 million. Unemployment remains the major problem facing the Member States.

The Commission's main initiative on employment consisted in a proposal for a cooperative growth strategy for more employment¹, which was adopted by a Council decision of 20 December 1985². The object of this strategy is to reduce the level of unemployment of 11% to about 7% by the end of the decade and to maintain a moderate rate of increase in real wages while stimulating demand. Dialogue between labour and management will be an important factor in the success of this strategy and the Commission has accordingly taken steps to intensify the social dialogue at Community level through the Val Duchesse meetings. In addition, the Commission's proposals and practical measures in areas covered by the European Parliament's Social Affairs Committee focused on the adaptation of the European Social Fund's provisions in view of Spain and Portugal's accession to the Community. Finally, the Commission submitted a proposal for a Council recommendation on the employment of the disabled.

At its meeting of 5 December 1985, the Council of Ministers for Employment and Social Affairs adopted a revision of the Social Fund's rules to take account of Spanish and Portuguese accession and decided to broaden the Social Fund's terms of reference to include unemployed youth and the long-term unemployed setting up in a self-employed capacity. At its meeting of 5 June 1986, the

Council adopted a recommendation concerning the employment of disabled persons and approved the directive on equal treatment of men and women as regards employment-related social security measures (for more details, see section 5 on Community action on behalf of women). The Council decided to resume its deliberations on the Vredeling proposal or on any other proposal that the Commission might submit on this subject in early 1989³. With the exception of the directive on equal treatment as regards employment-related social security measures, the proposals for directives which had been awaiting a decision in the Council for up to several years were not adopted during this period either, despite repeated requests from the European Parliament.

Besides delivering opinions on the Commission's proposals, the European Parliament adopted resolutions on the following topics: problems of the elderly, the social aspects of technological change and measures to promote employment.

I. EMPLOYMENT AND THE LABOUR MARKET SITUATION

1. The social aspects of technological change

The theme of the first part-session in October 1985 was Europe and the technological challenge

In this connection, Mr BROK had drawn up a report on behalf of the Committee on Social Affairs and Employment on the social aspects of technological change⁴. The motion for a resolution was adopted by a large majority on 9 October 1985⁵ with the European Parliament stressing that research and industrial innovation were important factors for economic growth, social equality and an improvement in working conditions, though if the Community was to be competitive in the technological sector, research and innovation in particular would have to take place within a European technology Community such as EUREKA. The resolution also noted that technological change was not the prime factor in determining job losses even if the new technology had resulted in unemployment in certain industries. In the short term it was difficult to predict the impact of new technologies on job creation but it was only possible to combat unemployment by encouraging technological change and accelerating industrial transformation. Since the new technologies affect the occupational qualifications required of workers, it was absolutely necessary that there should be an improvement in vocational training and further training and that basic instruction in information technology should form part

of the school curriculum. The European Parliament called on labour and management to work in close cooperation to introduce new technology at plant level, by for example concluding European and national framework agreements enabling labour and management to tackle jointly the consequences of technological change at company level in the Community. With a view to establishing a social partnership at company level, Parliament called on the Commission to draw up a directive (a European company law) on information, consultation and negotiation between labour and management on rationalization plans, working methods, production processes, health protection and safety at work when new technology is introduced. It also called on the Council to adopt the Vredeling proposal, taking into account the particular situation in each Member State.

2. Restructuring the European labour market

The Committee on Social Affairs and Employment is currently drawing up eight own-initiative reports concerning the restructuring of the European labour market. These reports are to form a basis for a major debate in the European Parliament in November 1986 which will explore the entire subject of the European labour market in depth.

II. THE EUROPEAN SOCIAL FUND

During the period under review the Committee on Social Affairs and Employment drew up three reports on the Social Fund.

1. Extending the scope of the Social Fund to include self-employed persons

In the late summer of 1985, the Commission submitted a proposal amending the tasks of the European Social Fund⁶, under which young job-seekers and long-term unemployed persons who set up as independent workers would also fall within the scope of the Social Fund. On 15 November 1985, on the basis of a report by Mr PISONI⁷, the European Parliament adopted the Commission's proposal with certain amendments⁸. Before the vote on the motion, the Commission stated that it was unable to accept the European Parliament's amendments and the report was therefore referred back to committee. After further consideration in committee, during which the Commission stated that it was able to accept all but one of Parliament's amendments, the motion for a resolution was adopted on 10 December 1985 on the basis of a second report by Mr Pisoni⁹ by a large majority of the European Parliament¹⁰.

The resolution states that given the Social Fund's already limited resources, the new expenditure that might be generated by the change would create even more pressure on the Fund and result in aid being spread more thinly instead of achieving the qualitative concentration of financial resources otherwise intended by the guidelines for 1986-1988. The European Parliament therefore took the view that adoption of the proposal should be conditional on an increase in the Fund allocation.

The Council adopted the amendment to the tasks of the Fund in December 1985¹¹. The European Parliament's amendment to the effect that the amended regulation should not enter into force until 1 January 1987 was not adopted nor was the proposal that assistance to set up in an independent capacity should be granted only where the expenditure formed part of special national measures for combating unemployment. The Council also rejected a proposal that the Fund should only participate in the initial phase of these measures.

2. Adaptation of certain rules in view of the accession of Spain and Portugal

In October 1985 the Commission submitted proposals for the necessary changes to the Social Fund enabling Portugal and Spain to receive aid from the date of their accession¹². The first measure was to include the whole of Portugal and certain Spanish regions in the list of top priority regions receiving a higher rate of assistance from the Fund (55% instead of 50%). In addition, the Commission proposed that in 1986 42.5% (1987 43.5% and 1988 44.5%) of the Social Fund allocation should be used in regions with top priority in order to maintain the financial balance between the regions concerned (before the accession of Spain and Portugal the rate had been 40%).

The European Parliament considered the proposals at its part-session in December 1985 on the basis of a report by Mr DIDO¹³. In its resolution of 12 December 1985¹⁴, the European Parliament pointed out that the percentage of appropriations earmarked for the top priority regions compared with other regions did not reflect an accurate assessment of the situation as enlargement would bring with it a rise of 77% in the active population in the top priority regions. The European Parliament therefore proposed an amendment to the effect that the proposed rate of 42.5% would be retained for 1986 but that the Council should review the whole question of the geographical concentration of

resources from the Fund by 31 December 1986. In addition, the European Parliament called for a better and more precise definition of the Fund's aims by the end of 1986 and also considered that budget appropriations for the Social Fund should be increased.

By Council decision of 20 December 1985¹⁵, the percentage of appropriations for measures in top priority regions was increased to 44.5% of available appropriations for the period 1 January 1986 to 31 December 1988 and consequently the European Parliament's proposal to review the geographical concentration of the Fund's resources in 1986 was not acted upon.

3. Guidelines for the management of the Social Fund in the financial years from 1987 to 1989

The Social Affairs Committee is of the opinion that the Social Fund does not operate in a manner compatible with its aims and to clarify the problems associated with the activities of the Fund, the committee held a hearing on the Social Fund on 30 January 1986 in the presence of the President of the Council of Ministers for Employment and Social Affairs. The hearing was addressed by representatives of various organizations implementing projects receiving aid from the Fund, who outlined their various problems and put forward proposals to improve the operation of the Fund.

The motion for a resolution drawn up on the basis of Mr RAGGIO's report¹⁶ on the guidelines for the management of the Fund in the financial years 1987 - 1989, adopted by the European Parliament on 11 March 1986¹⁷, reflected the range of problems and proposals for improvements that had emerged during the hearing. The European Parliament noted that inadequate management of the Fund resulted in widespread uncertainty, particularly among small operators because of the delay in the payment of advances and balances. Parliament considered that the guidelines should be amended with a view to guaranteeing absolutely clear criteria for the selection of applications. It called for priority for projects aimed at increasing employment opportunities for the long-term unemployed, and for the promotion of training in new technologies particularly in areas suffering from high structural unemployment. Parliament also called for consolidation of the integrated programmes receiving aid from several structural funds and for cooperation between the Commission's departments responsible for the management of the various structural funds to be

intensified in order to ensure better coordination of the Fund's operations. In addition, the European Parliament considered that there must be a greater degree of participation by women in the projects. Parliament was to be involved more in the work of the Fund, for example through annual meetings with the members of the Social Fund committee, and the Commission should draw up a handbook as soon as possible for the appraisal and interpretation of the complex rules. The Commission adopted the guidelines for 1987-1989 in a decision on 30 April 1986¹⁸.

The thrust of all three resolutions on the Social Fund adopted by the European Parliament during this period was that the Fund is not operating satisfactorily and that the 1983 revision of the Fund neither corresponds to present labour market requirements or the needs of the enlarged Community including Spain and Portugal. Bearing in mind that Council's Decision No. 83/516/EEC stipulates that a revision must take place before the end of 1988, the Social Affairs Committee believes that it would be appropriate to start deliberating in good time on how to improve the operation of the Fund. For this reason, the committee adopted an own-initiative report in June 1986 on the future of the European Social Fund which is due for consideration by the European Parliament in autumn 1986.

III. IMPROVING LIVING AND WORKING CONDITIONS

1. The elderly

The number of elderly people as a percentage of the total population is rising; on average some 14%, or not quite 50 million people, in the twelve Community Member States are over 65 years old. The European Parliament believes that special measures should be taken to improve their quality of life and on 14 May 1986 it adopted a resolution on the basis of a report by Mr CIANCAGLINI, drawn up on behalf of the Committee on Social Affairs and Employment¹⁹, on Community action to improve the position of the elderly²⁰. In a resolution in February 1982, the European Parliament had already called on the Commission and the Member States to take practical measures on behalf of the elderly²¹ and the aim of the 14 May 1986 resolution was again to draw attention to the particular problems of this age group.

The resolution states that one of the priorities of Community social policy should be to improve both the material conditions and the social integration of the elderly. To achieve this objective, the Commission is requested to draw up a directive introducing flexible retirement on a voluntary basis. The Member States should prepare elderly people for retirement by means of publicity campaigns about their social rights and the opportunities open to them in the way of leisure and educational facilities. It calls on the Member States to set an adequate pension or a minimum income enabling them to live out their old age with dignity. Workers over the age of 55 should be able to work part-time and in this connection the Council is urged to adopt the proposal for a directive on voluntary part-time working. The elderly should remain in their familiar surroundings and tax concessions, for example, should be used as a means of encouraging members of their families to look after them. In addition, a housing policy should be devised enabling elderly people to remain in their own homes through rent subsidies or tax concessions, for example, or by means of requiring approval from the authorities for the termination of leases in the case of people over 70 years old and only where alternative accommodation is provided. The resolution calls on the Commission to investigate the possibility of introducing a European pensioners' 'pass' allowing access to the facilities offered the elderly in the Community and requests that the elderly be granted reductions on all transport fares. Finally, the Commission is urged both to introduce a 'European Charter for the Aged' with the aim of securing legal protection for the elderly and to declare 1989 the year of the elderly.

2. The disabled

It is estimated that the physically and mentally handicapped make up 10% of the population (ie 32 million in the Community) and the rate of unemployment among them is much higher than for the population as a whole. The Commission therefore proposed in a draft recommendation to the Council on the employment of disabled people in the European Community²² to promote employment opportunities for the disabled by eliminating negative discrimination and taking positive action on their behalf.

In a resolution unanimously adopted by the European Parliament on 15 May 1986²³, on the basis of a report drawn up by Mr CHANTERIE on behalf of the Committee on Social Affairs and Employment²⁴, Parliament expresses its regret that the Commission had only proposed a non-binding recommendation.

Parliament insisted that if the Member States did not comply with the recommendation, that the Commission should respond by submitting proposals for directives on specific priorities. Moreover, the European Parliament considered that the recommendation had been drafted too vaguely and unambitiously. What particularly frustrated the European Parliament was that the draft recommendation did not contain provisions to introduce a quota system for the employment of disabled people in the private and public sector. Parliament amended the Commission's text to the effect that private and public enterprises with more than 25 employees would be required by national law or other appropriate measures to reserve at least 5% of their vacancies for disabled people.

On 5 June 1986 the Council of Ministers for Employment and Social Affairs approved the basic principles for a recommendation on the employment of disabled persons²⁵. The European Parliament's proposal for a 5% quota for the disabled was not incorporated in the Council's recommendation nor did the Member States undertake to urge the Commission to draw up a directive if the Member States did not comply with the recommendation.

The European Parliament had already called for the introduction of a quota system in a resolution of 10 March 1981 (a resolution which to some extent paved the way for Council resolution of 21 December 1981 on the social integration of the disabled²⁶) but had had no success on that occasion either.

IV. THE COURT OF JUSTICE

1. Social security for migrant workers

The Court delivered an important judgment on 15 January 1986²⁷. Article 73 of Regulation No 1408/71 provides for different rules for migrant workers employed in France and workers employed in other Member States in regard to family allowances and child benefit. Migrant workers resident in a Member State other than France are entitled to family allowances under the laws of the state in which they are resident even if the members of the family are resident in another Member State (Article 73(1)). Conversely, workers resident in France are entitled to child benefit under the laws of the state in which those members of the family are resident (Article 73(2)). The court ruled that Article 73(2) is invalid insofar as it precludes the granting of French family allowances to workers subject to French law for those members of their family residing in the territory of another Member State.

2. Migration policies in relation to non-member countries

By virtue of its decision of 8 July 1985²⁸, the Commission introduced a procedure for prior communication and consultation on migration policies in relation to non-member countries. The decision is binding and addressed to all Member States which must ensure that the Commission and the other Member States receive prior notification of:

- (a) draft measures concerning third-country workers in regard to entry, residence and employment, voluntary exit, social integration and voluntary repatriation;
- (b) draft cooperation agreements with third countries on the above-mentioned matters and
- (c) draft agreements relating to their own nationals and their residence and employment in third countries.

In September 1985, Germany, France, The Netherlands, Denmark and the United Kingdom brought five separate cases against the Commission before the Court in an attempt to have the Commission's decision annulled. The appellant Member States are primarily contesting the Commission's power to use Article 118 of the EEC Treaty as a basis for a binding decision on the Member States. In their view, the Commission has only cooperative and consultative powers under Article 118. The division of responsibilities in regard to the Community's social policy does not confer any legal authority on the Commission. In addition, they submit that, in principle, social policy should be the preserve of the Member States unless the Treaty stipulates otherwise by way of exception.

On 27 January 1986, the European Parliament entered the dispute in support of the Commission.

References

- 1 COM(85) 570 final
- 2 OJ No L 377/85
- 3 Press release : Council 7350/86
- 4 Doc. A 2-97/85
- 5 OJ No C 288/85
- 6 COM(85) 451 - OJ No C 237/85
- 7 Doc. A 2-124/85
- 8 OJ No C 345/85
- 9 Doc. A 2-163/85
- 10 OJ No C 352/85, p. 31
- 11 OJ No L 370/85
- 12 COM(85) 579 final
- 13 Doc. A 2-161/85
- 14 OJ No C 352/85, p. 96
- 15 OJ No L 370/85
- 16 Doc. A 2-225/85
- 17 OJ No C 88/86
- 18 OJ No L 153/86
- 19 Doc. A 2-7/86
- 20 PV 12 II - PE 105.963 - not yet published in OJ
- 21 OJ No C 66/82
- 22 COM(86) 9 final
- 23 PV 13 II - PE 105.964 - not yet published in OJ
- 24 Doc. A 2-42/86
- 25 Press release : Council 7350/86
- 26 OJ No C 347/81
- 27 Court of Justice : Case No. 41/84 - OJ No C 39/86
- 28 OJ No L 217/85

CONSUMER PROTECTION AND PUBLIC HEALTH

In the period covered by this document, the Community's legislative activities made considerable advances in consumer protection and public health. The European Parliament delivered its opinions on eight texts relating to the former field, while public health matters were the subject of 14 resolutions. The Council of Ministers held two sessions specifically to consider these areas: on 6 May 1986 in respect of consumer protection; and on 29 May 1986 in respect of public health.

(A) Consumer protection

On 12 July 1985, the Parliament considered animal welfare policy¹, since intensive farming had changed considerably. In addition to ratification by the Community of Conventions Nos. 65 and 87 of the Council of Europe on animal welfare during international transport and on reared-animal welfare respectively, Parliament called for Community legislation to be drawn up in the form of directives based on the definition of 'welfare' adopted by the Council of Europe. Such measures should be accompanied by an information and guidance campaign for farmers in order to convince them of the benefit of such action, which would indirectly favour small-scale holdings. Likewise, there should be increased consumer awareness of such issues, the public to be induced to accept price increases directly resulting from increases in product quality.

On 10 December 1985, Parliament considered a proposal for a directive on the approximation of the laws of the Member States relating to cocoa and chocolate products intended for human consumption². The problem is that there is a difference between the British, Irish and Danish markets, where the use of cocoa butter substitutes is authorized, and those of the other Member States. In plenary, Parliament did not oppose the use of vegetable fats; but it insisted that the Commission make a specific commitment to include raw materials originating in the ACP States among the vegetable fats authorized.

It did oppose the use of certain additives. Lastly, clashing with the Commission, Parliament insisted that the presence of vegetable fats should be clearly indicated on chocolate-based products. Since the Commission refused to accept Parliament's amendments, the text was referred back to the committee responsible for reconsideration. Contrary to the provisions of Rule 36 of Parliament's Rules of Procedure, the committee did not report to Parliament within one month. In the meantime, the Commission has withdrawn its proposal.

At the sitting of 15 January 1986, the European Parliament delivered its definitive opinion on the proposal for a recommendation on fire safety in hotels³. Parliament's first amendment was to modify the scope of the text and designate it a regulation; Parliament regretted that the requirements in the code on fire safety were often inconsistent and that the code would not apply to hotels with fewer than ten beds.

The Commission stated that, in the short term, only a recommendation was feasible, though this did not exclude, in 1987, a draft directive on safety in public buildings, including hotels.

On 20 February 1986, Parliament considered the question of genetic diversity of cultivated plants and trees⁴. The genetic pool was being impoverished, much to the detriment of consumers and producers, by the concentration of seed trade in ever fewer hands and the use of genetic engineering in agriculture with a view to greater profitability. Consequently, Parliament called on the Member States to collaborate in the drafting of an international convention on plant genetic resources. The Commission was called on to report, by January 1987, on the extent to which genetic erosion has affected cultivated plant varieties in the Community and to draw up remedial action.

On 21 February 1986, Parliament gave its opinion on a proposal for a directive on the approximation of the laws of the Member States relating to detergents⁵. Recalling the objective to improve the environment and living and working conditions in each of the Member States, which the Commission had set itself in its work programme for 1985⁶, it took the view that separate deadlines should be established for exemptions in respect of dish-washing products and cleaning agents used in the food, beverage and metal-working industries. The Commission agreed to bring forward from 1990 to 1989 the deadline for exemptions in respect of certain dish-washing products. The

Council endorsed the Commission's position and immediately adopted the proposal for a directive amending for the second time Directive 73/404/EEC⁷.

On 17 April 1986, Parliament adopted a resolution on cases of adulterated wine in Italy, which had led to many deaths⁸. It again advocated⁹ the establishment of a genuine Community fraud investigation service and a system for the rapid withdrawal from the market of harmful products. Lastly, it expressed its concern at the possible use of Community funding by the perpetrators of these criminal acts.

On 18 April 1986, Parliament delivered its opinion on a draft Council resolution concerning consumer education in primary and secondary schools¹⁰. Noting that education was not subject to any Treaty obligation, it commended the Commission's proposal for a consumer-education action programme for the period 1985-1987. Furthermore, Parliament called upon the Council to encourage consumer education in curricula in the Member States, including higher education, where it would welcome the introduction of a degree in consumer studies.

On 18 April 1986, Parliament delivered its opinion on a proposal for a directive on modified starches intended for human consumption¹¹. Endorsing the arguments advanced by the Committee on the Environment, Public Health and Consumer Protection¹², it explicitly stated that this text referred not only to chemically modified starches, which were included in infant food, but also to natural, or 'native', starches, which were the most important category of the product and formed the raw material for other types of edible starch. In its initial proposal, the Commission only wished to take chemically modified starches into account. Lastly, Parliament called for the labelling of such products to be worded in a language which the purchaser would understand.

B. Public health

On 10 September 1985, Parliament considered the unusually high incidence of cancer in the vicinity of the reprocessing plant at Sellafield in the United Kingdom¹³. It pointed out that while the causal connection between the discharge of radioactive waste from Windscale and the very high rate of cancers in Cumbria had not been formally established, the increase in leukaemias in the Fife area was obvious.

Consequently, it called not only for a reduction in liquid-effluent discharges by British Nuclear Fuels Ltd (BNFL), but also the installation of state-of-the-art air filters to prevent radioactive emissions. Lastly, Parliament called on the Commission to open discussions immediately with the Member States with a view to drawing up Community safety standards for the operation of nuclear plants and to establishing a Community Inspection Force.

On 20 February 1986, four consecutive resolutions were adopted on the problem of leaks of radioactive effluent at the Sellafield (UK) reprocessing plant¹⁴. After noting Windscale's bad technical record and recalling the £10 000 fine on BNFL in July 1985 as a result of a radioactive leak in November 1983, in addition to the various recent incidents, Parliament expressed its concern at the discharges into the Irish Sea of radioactive waste. Noting the intense concern of the Irish authorities and both the British and Irish public, Parliament called on the UK Government to provide the fullest possible information on the extent and causes of these incidents. It subsequently called on the Commission to exercise to the full the powers it enjoyed under the EURATOM Treaty and to request that the Sellafield installation be closed until it complied with safety and health protection standards. Lastly, after deeply regretting that the Community Inspection Force promised by the Commission under the EURATOM Treaty had still not been established, Parliament opposed the possible siting of the ERPD in Dounreay.

On 15 May 1986, Parliament adopted two resolutions¹⁵ on the accident of 26 April 1986 at the Chernobyl nuclear power station. In the first resolution - on the issue of the accident itself - Parliament, after deeply regretting the USSR's attitude on withholding information, requested the Commission and the Member States to harmonize their nuclear safety legislation and to organize in cooperation with the International Atomic Energy Agency (IAEA), by the end of the year, an international conference on nuclear safety and protection with regard to the public.

In the second resolution, Parliament deeply regretted the inconsistency and lack of uniformity of national measures taken at random to tackle the problem of agricultural produce and called upon the Member States to adopt joint and unambiguous codes on preventive action. Lastly, it requested the Member States to ensure that compensation be paid to those who had had produce withdrawn from the market because it was unfit for human consumption.

On 11 October 1985, Parliament delivered its opinion on a proposal for a directive concerning the prohibition of certain substances having a hormonal action and of any substance having a thyrostatic action¹⁶. Firstly, it redesignated the text a regulation in order to ensure its application. According to the Commission text, the use of three natural hormones would be authorized for fattening purposes; in Parliament's text, however, they would only be authorized for therapeutic purposes. The Commission finally agreed to prohibit certain substances having a hormonal action for fattening purposes on 30 October 1985. This unquestionable success on Parliament's part should be seen in the context of its efforts to combat artificial production and rearing methods. On 31 December 1985, the Council adopted a directive incorporating Parliament's arguments¹⁷. This act must be implemented by 1 January 1988.

In its resolution 13 November 1985 on A People's Europe¹⁸, Parliament advocated Community cooperation on health matters and the introduction of an emergency health card at Community level. On 29 May 1986, the Council of Ministers of Health recommended to the Member States that any person resident on their territory, if he or she so desires, should be given the opportunity to obtain an emergency health card, which would be issued by a doctor and based on the model contained in the annex to its resolution¹⁹.

On 16 January 1986, Parliament delivered its opinion on five proposals for directives and recommendations on pharmaceutical preparations²⁰. Aware of the importance of research in this field, it acknowledged that the Commission's aim in proposing a package of standards on high-technology products was to establish the conditions for a resurgence in European innovation in this area. Parliament stressed that the best method of easing the procedures for extending periods of authorization for pharmaceutical preparations remained, in a Community context, the application of the principle of mutual recognition. It furthermore called on the Commission to draft a number of directives with a view to implementing a coordinated policy on the following topics related to medicinal products: authorization, research, abuse and testing

Parliament approved en bloc the proposals for directives Nos. II, III and IV, which, moreover, the Commission modified to remove certain ambiguities concerning the analytical requirements applicable to medicinal products to be administered to humans or animals and to add two new annexes to the proposal

for a Council recommendation. In line with Parliament's wishes, the first proposal was modified to reaffirm that the prime objective of Community pharmaceutical legislation was public health protection: according to the Commission itself, it is particularly necessary to ensure that patients are administered the safest and most effective medicinal products available.

On 16 January 1986, Parliament considered a proposal for a directive on specific training in general medicine²¹. The objective of Parliament's amendments, some of which were accepted by the Commission, was to define more precisely the role of the general practitioner and the framework for specific training in general medicine. In particular, Parliament was anxious to specify expressly that hospitals offering practical training in general medicine had to be authorized to do so and provide the requisite services in general, preventive, community and social medicine and in applied epidemiology.

In its resolution of 20 February 1986 on a European employment strategy and the European social area²², Parliament repeated its call on the Commission to submit specific proposals on this social area. Parliament called inter alia for the general establishment of health and safety committees, the withdrawal and restriction of dangerous and noxious products, and the laying down of limit values and standards.

On 16 April 1986, Parliament delivered its opinion on a proposal for a directive on the approximation of the laws of the Member States relating to infant formulae and follow-up milk²³. Noting that this text did not refer to the International Code of Marketing of Breast-Milk Substitutes adopted in May 1981 by the World Health Organization (WHO) at its 34th Assembly, it called upon the Commission to modify its proposal, in line with Parliament's previous recommendations²⁴, to bring it into line with this Code. In one of the amendments, it rejected all publicity for such products, since breast-feeding was an unequalled way of providing infants with the ideal food for proper development. Twenty-three of the 36 amendments adopted by Parliament were accepted by the Commission, which, however, took the view that a total ban on publicity was legally impossible.

On 18 April 1986, Parliament delivered its opinion on a proposal for a directive on the harmonization of the laws, regulations and administrative provisions relating to the application of the principles of good laboratory practice and the verification of their application for tests on chemical substances²⁵. Under this proposal, which was submitted in order to bring the Community into line with agreements concluded in the context of the Organization for Economic Cooperation and Development (OECD), Member States would be obliged to apply the principles of good laboratory practice (OECD decision of May 1981) for the conduct of tests provided for by Directive 67/548/EEC and the necessary control measures (OECD recommendation of 26 June 1983). The consumer could only benefit from the standardization, at OECD level, of requirements applicable to the marketing of chemical substances. In view of Parliament's call for the imposition, under this directive, of a ban on unnecessary experiments on animals, the Commission has drafted a proposal for a directive specifically on this topic.

On 18 April 1986, Parliament delivered its opinion on a proposal for a directive concerning the examination of animals and fresh meat for the presence of residues²⁶. It commended the practical nature of the projected inspection system, but noted that the cost of implementing the directive would be substantial and that, inevitably, this would be passed on to the consumer. Parliament took the view that special measures would have to be provided for in respect of carcasses intended for purposes other than human consumption and called on the Commission to reconsider the question of detention of carcasses for control purposes. The Commission accepted the four amendments to its proposal, which had been tabled by the Committee on the Environment.

On 21 February 1986, Parliament delivered its opinion on a Commission proposal for a system of information on accidents in which consumer products are involved²⁷. In view of the economic and social cost of such accidents, it called for the establishment of a Community information system in this field as soon as possible. The Commission dissociated itself from the European Parliament's amendments, particularly with regard to narrowing the scope of the system to accidents in the home alone; however, it agreed to restrict the scope of data collection to such accidents during the initial period of application of the system.

On 13 March 1986 Parliament adopted a resolution²⁸ repeating its call²⁹ on the Commission to take measures to combat the latter-day scourge of Acquired Immune Deficiency Syndrome (AIDS), including, in addition to giving priority to AIDS-related research in the new medical research programme for 1987-1989,

- the establishment of a European Foundation to provide information and support for carriers and high-risk groups,
- the establishment of a permanent European Centre to coordinate research in this field,
- the introduction throughout the Community of free AIDS tests, with cases to be reported without stating names.

On 29 May 1986, the Council of Ministers of Health called on the Commission to examine possible joint action to combat this illness. It also called upon the Commission to organize an exchange of information and findings and, where necessary, submit to it suitable proposals³⁰.

On 12 May 1986, Parliament delivered its opinion on a proposal for a Council resolution concerning a programme of action of the European Communities on cancer prevention³¹. A million people in the Community are affected by this illness every year. The Commission had earlier submitted to the Council a communication³² entitled 'Action against cancer'. In addition to the development of existing Community programmes, Parliament called for all directives limiting or prohibiting the use of noxious substances to be revised so that they are more restrictive, the most restrictive legislation in this field being the model to be used. It furthermore insisted on the need for an anti-smoking strategy and expressed its concern at the effects of secondary smoking, particularly in public places, on children and foetuses. Lastly, it expressed its displeasure at the low level of appropriations allocated to this programme in the previous year.

The Commission stated that it could broadly accept the Parliament's amendments, including the financial consequences thereof. On 22 April 1986, the Council of Ministers of Health agreed to the proposed action programme, the benefits of which had been underlined by the European Council in Milan on 28 and 29 June 1985. Furthermore, supplementary research activities will be included in the proposal for a fourteenth programme of medical research into public health (1987-89), which will be submitted by the end of the year.

On 29 May 1986, the Council adopted a resolution providing for the implementation of a twin-facet programme - national-policy coordination and Community action - without prejudice to future financial consequences.

On 12 May 1986, the Council of Ministers adopted a directive on the protection of workers from the risks relating to exposure to noise at work³³, the predecessor for which is Council Directive 80/1107/EEC of 27 November 1980³⁴ the aim of which is to protect workers exposed to chemical, physical and biological agents at work. Pursuant to the 1986 directive, on which the European Parliament delivered its opinion a number of years ago³⁵, the most effective way of reducing noise levels at work is to incorporate noise prevention measures into the design of installations and to choose materials, procedures and working methods which produce less noise.

- ¹ OJ No. C 229, 9.9.1985, p.147
- ² OJ No. C 352, 31.12.1985, p.46
- ³ OJ No. C 36, 17.2.1986, p.155
- ⁴ OJ No. C 68, 24.3.1986, p.119
- ⁵ OJ No. C 68, 24.3.1986, p.190
- ⁶ Bulletin of the European Communities, Supplement 4/85, p.45
- ⁷ Council Directive in OJ No. L 80, 25.3.1986, p.51
- ⁸ OJ No. C 120, 20.5.1986, p. 95
- ⁹ OJ No. C 334, 20.12.1982, p.63
- ¹⁰ OJ No. C 120, 20.5.1986, p. 159
- ¹¹ OJ No. C 120, 20.5.1986, p. 179
- ¹² Doc. A 2-3/86 of 18.3.1986, p.11
- ¹³ OJ No. C 262, 14.10.1985, p.36
- ¹⁴ OJ No. C 68, 24.3.1986, pp.109-112
- ¹⁵ OJ No. C 148, 16.6.1986, p. 88
- ¹⁶ OJ No. C 288, 11.10.1985, p.158
- ¹⁷ OJ No. L 382, 31.12.1985, p.228
- ¹⁸ OJ No. C 345, 31.12.1985, p.27
- ¹⁹ Council press release of 29.5.1986, p.6
- ²⁰ OJ No. C 36, 17.2.1986, pp. 150-155
- ²¹ OJ No. C 36, 17.2.1986, p.147
- ²² OJ No. C 68, 24.3.1986, p.124
- ²³ OJ No. C 120, 20.5.1986, p. 42-52
- ²⁴ OJ No. C 287, 9.11.1981, p.75 and OJ No. C 128, 16.5.1983, p.13
- ²⁵ OJ No. C 120, 20.5.1986, p. 177
- ²⁶ OJ No. C 120, 20.5.1986, p. 176
- ²⁷ OJ No. C 68, 24.3.1986, p.188
- ²⁸ OJ No. C 88, 14.4.1986, p. 83
- ²⁹ The previous occasion was on 20 January 1984 (OJ No. C 46, 20.2.1984, p.112). The Commission was requested to submit an emergency AIDS research programme as part of existing Community research programmes
- ³⁰ Council press release of 29.3.1985, p.4
- ³¹ OJ No. C 148, 16.6.1986, p. 21
- ³² COM(85) 799 final of 13 December 1985
- ³³ OJ No. L 137, 24.5.1986, p.28
- ³⁴ OJ No. L 327, 3.12.1980, p.8
- ³⁵ OJ No. C 46, 20.2.1984, p.130 and OJ No. C 117, 30.4.1984, p.5

ENVIRONMENTAL POLICY1. GENERAL

During the period under consideration (July 1985 - June 1986) the general public became increasingly aware of environmental problems, not least as a result of the nuclear accident at Chernobyl in the Soviet Union on 26 April 1986. Since then large sectors of the population in most Member States have become sceptical - to say the least - about the use of nuclear energy in electricity production (for details see Parliament's resolutions in paragraph 8 below).

A modest amount of progress has been made towards a European Environmental policy. After many years of discussion the Council of Ministers adopted the extremely important directive on environmental impact assessments for certain public and private projects¹ which, if implemented properly could have a beneficial effect on the environment. The 'Single Act' also represents progress as it contains the first specific reference to environmental protection as a Community policy, thus finally providing it with a legal basis (see also paragraph 8 below).

However, in the moves towards a Community environmental policy, it is disturbing that the directive on the limitation of emissions of pollutants into the air from large combustion plants has still not been adopted. Despite repeated calls by Parliament, for example in its resolution of 13 June 1986², and a conciliation meeting between the Council and Parliament on 27 November 1985, national ministers have as yet been unable to agree at European level on a significant reduction in emissions of pollutants.

The proposal on air pollution caused by motor vehicle exhaust gases has also still not been adopted as the Danish Government does not consider that it is far-reaching enough.

However, as regards general environmental policy, the Commission work programme concerning an experimental project for gathering, coordinating and ensuring the consistency of information on the state of the environment and natural resources in the Community³ was adopted.

2. Pollution of water

On a proposal from the Commission⁴ and after Parliament had delivered its opinion,⁵ the Council, at its meeting of 27/28 June 1985, adopted the decision concerning a supplement, in respect of cadmium, to Annex IV to the Convention for the protection of the Rhine against chemical pollution. This measure supplements the Council Directive of 26 September 1983⁶ on limit values and quality objectives for the discharge of cadmium into the aquatic environment of the Community.

The Council decided at its meeting of 28/29 November 1985 to extend the information system which was set up in 1981 to monitor and reduce marine pollution by oil,⁷ to other dangerous substances⁸. Parliament had already called for this move in earlier resolutions⁹ and it should ensure that the discharge into the sea of dangerous substances or groups of substances other than oil comes under the Member States' information system and that the information is forwarded to the Commission so that a register can be drawn up.

At its meeting of 12/13 June 1986 the Council adopted the directive concerning the discharge of dangerous substances into the aquatic environment¹⁰ which lays down the framework and basic principles for the establishment of limit values and quality objectives for List I (highly toxic substances) in Directive 76/464/EEC¹¹. It also lays down specific limit values and quality objectives for carbon tetrachloride, DDT and pentachlorophenol.

3. Air pollution

As already noted in paragraph 1 the Council has thus far been unable to agree on such important issues as the limitation of emissions of pollutants into the air from large combustion plants and air pollution by emissions of exhaust gases from motor vehicles.

During the period under consideration Parliament had only one Commission proposal on air pollution to consider. This concerned a decision on the conclusion of the Protocol to the 1979 Geneva Convention on long-range transboundary air pollution on which Parliament delivered its opinion on 14 March 1986¹².

4. Chemicals

At its meeting of 1 October 1985 the Council adopted the second directive on PCBs (polychlorinated biphenyls) and PCTs (polychlorinated terphenyls)¹³. These are substances which can have particularly adverse effects on health and the environment. PCBs which are used, for example as the cooling medium in transformers, as plasticizers for plastics and as insulating material, break down very slowly in the environment; it is also suspected that PCBs have carcinogenic effects. By comparison with the first directive,¹⁴ conditions for the use of PCBs/PCTs in the Community have been made much more stringent; thus from 30 June 1986, for example, these substances may no longer be used in closed systems such as electrical equipment.

5. Noise

On 12/13 May 1986 the Council adopted a directive on the protection of workers from the risks related to exposure to noise at work. This directive obliges undertakings to draw up a programme to reduce noise where it exceeds 90 dB (A) and, in individual cases, to take protective measures when exposure is likely to exceed 85 dB (A)¹⁵.

6. Wastes

After the European Parliament had delivered its opinion,¹⁶ the Council adopted, at its meeting of 6/7 March 1986, a directive amending Directive 84/631/EEC¹⁷ on the supervision and control within the European Community of the transfrontier shipment of hazardous waste¹⁸.

The changes relate in particular to the export of wastes to third countries; the third country must signify its consent to the proposed shipment of waste and the consignee in the third country must have the necessary capacity for appropriate disposal of the waste.

After long negotiations the Council adopted the directive on the use of sewage sludge in agriculture¹⁹. At its meeting of 12/13 June 1986 the Commission proposal (COM(84)240), amended in response to Parliament's resolution²⁰, provided for the establishment of limit values for trace-element concentrations in soil and in the sludge and determined the cumulative quantities of trace elements that can be permitted in the soil.

7. Flora and fauna

At its meeting of 27/28 June 1985 the Council adopted a regulation amending Regulation (EEC) No. 3626/82 on the implementation in the Community of the Convention on international trade in endangered species of wild fauna and flora²¹.

8. Parliament's initiatives

As already indicated in paragraph 1, the European Parliament turned its attention to the nuclear accident at Chernobyl in several resolutions.

In an attempt to minimize damage from such accidents in the future, the European Parliament, during its sitting of 15 May 1986, called on the Member States to adopt common standards in respect of the design, operation and safety of nuclear power stations, to examine the provisions of the EURATOM Treaty with a view to adapting it in respect of cooperation between all countries and to introduce effective inspection mechanisms at international level²².

However Parliament also turned its attention to a nuclear plant in the Community, the nuclear reprocessing plant at Sellafield (United Kingdom), both in an own-initiative report²³ and in response to current events such as the illness of several workers at this plant and the discharge of radioactive materials from it into the Irish Sea²⁴.

Parliament's moves to ensure that environmental protection is incorporated into the EEC Treaty²⁵ are less spectacular. The shortcomings of Community environmental policy are often apparent where important proposals are concerned - for example the projects to limit emissions of pollutants from large combustion plants and to limit motor vehicle exhaust gases. The lack of a legal basis for a Community environmental policy in the EEC

Treaty results in recourse to Articles 100 and 235 of the EEC Treaty, which require a unanimous vote by ministers. The aim of the parliamentary initiative is to remedy this situation and to help ensure that the principle of majority voting also applies to environmental policy.

During the period under consideration the European Parliament organized two hearings - one on the difficult inter-relationship between the environment and agriculture and the other on the gaps in Community legislation on foodstuffs.

The hearing on the problem of the environment and agriculture, which was held from 16 to 18 September 1985 in Brussels and was attended by 48 experts²⁶, also provided an opportunity to discuss the Green Paper on perspectives for the common agricultural policy (COM(85)333 final) submitted by the Commission. The resolution adopted in February²⁷ by 298 votes to 2 with 13 abstentions called for the application of environmental impact assessments to all major agricultural schemes and infrastructure schemes with possible repercussions on agriculture. It also called for measures to be taken against the misuse of pesticides and to discourage the intensive husbandry which is practised in some parts of the Community. Members of Parliament also took the view that farmers should be separately recompensed for special contributions made by agriculture to the environment and that income aids for environmental purposes should be considered.

The hearing on the gaps in Community legislation on foodstuffs, held on 25 and 26 June 1986 was preparatory to the debate on the completion of the internal market, with particular reference to community legislation on foodstuffs (Commission communication COM(85) 603 final). During this hearing it became apparent that existing provisions, in particular on additives and labelling of foodstuffs, were inadequate and that uniform health checks at European level were essential.

- (1) OJ No. L 175, 5.7.1985
- (2) OJ No. C 176, 14.7.1986
- (3) OJ No. L 176, 6.7.1985
- (4) OJ No. C 16, 17.1.1985
- (5) OJ No. C 94, 15.4.1985
- (6) OJ No. L 291, 24.10.1983
- (7) OJ No. L 162, 19.6.1981
- (8) Council press release 10709/85, p. 7
- (9) OJ No. C 172, 2.7.1984 and C 274, 15.10.1984
- (10) OJ No. L 181, 4.7.1986
- (11) OJ No. L 129, 18.5.1976
- (12) OJ No. C 88, 14.4.1986
- (13) OJ No. L 269, 11.10.1985
- (14) OJ No. L 108, 26.4.1976
- (15) OJ No. L 137, 24.5.1986
- (16) OJ No. C 36, 17.2.1986
- (17) OJ No. L 326, 13.12.1984
- (18) OJ No. L 181, 4.7.1986
- (19) OJ No. L 181, 4.7.1986
- (20) OJ No. C 77, 19.3.1984
- (21) OJ No. L 173, 3.7.1985
- (22) OJ No. C 148, 16.6.1986
- (23) OJ No. C 262, 14.10.1985
- (24) OJ No. C 68, 24.3.1986
- (25) OJ No. C 68, 24.3.1986
- (26) See the report on the hearing, published as No. 8 of the Environment, Health and Consumer Policy series in the Research and Documentation papers of the European Parliament's Secretariat, Directorate-General IV
- (27) OJ No. C 68, 24.3.1986

Regional Policy

1. Following adoption of the regulation instituting Integrated Mediterranean Programmes, on which the European Parliament gave its opinion in June 1985,¹ the work of the Parliament in the year to June 1986 has been very varied. The major concerns have been the impact of budgetary restraint and the incorporation of Spain and Portugal, both of whom can expect to be major beneficiaries, into the provisions of the regulation governing the European Regional Development Fund. The first two allocations in 1986 from the fund were devoted exclusively to the new Member States.

2. The Parliament adopted two resolutions in November 1985 concerning amendment of the ERDF regulation for Spain and Portugal and the consequences of enlargement for regional policy.² On the first of these, the Parliament supported the Commission's proposal concerning the indicative ranges for the shares of the new Member States in the resources of the Regional Fund and approved the exceptional maximum rate of 70% for the Community's part cooperation in projects in Portugal. The proposal was adopted by the Council on 20 December 1985.³ In the second it drew attention to the increased gap between rich and poor regions of the Community resulting from enlargement and noted with satisfaction the advanced preparations in the acceding Member States for submitting ERDF applications. It urged in particular that proposals be drawn up for effective transfrontier cooperation between Spain and Portugal and that appropriate increases be made in ERDF appropriations.

3. Another major report by the Committee concerning specific Community regional development measures was the subject of a resolution on 12 July 1985.⁴ Formerly known as non-quota measures, these extensions to existing support for regions affected by restructuring of the shipbuilding, textile

and clothing industries and border areas in Ireland and Northern Ireland, and a new measure for regions affected by implementation of the common fisheries policy, were strongly supported by the Parliament which praised the catalytic role of the Community in stimulating new and effective measures of support for such areas. The Council regulations concerned were adopted under a special extension of the 1975 ERDF regulation (Council Regulation No 724/75): henceforth similar measures will be known as "Community programmes" under the terms of Council Regulation No 1787/84 of 19 June 1984.⁵

4. The Committee also examined second-generation regional development programmes and the importance of water resources for the development of certain regions. The reports concerned were the subject of resolutions by the Parliament on 12 July 1985.⁶ Other resolutions passed by the Parliament in the field of regional policy called on the Commission to study a regional incentive scheme based on reductions in employers' social security contributions⁷ and drew attention to the potential for developing less-favoured regions by attracting new residents, especially from amongst the elderly, and long-term visitors on health cures.⁸ Parliament also adopted a resolution in April⁹ on the effects of the CAP on the socio-economic situation of the regions, in which it emphasised the importance of changing the form of agricultural support in a way which would contribute to the narrowing of regional disparities in the Community.

5. In the last session of the period under review Parliament adopted four resolutions concerning, firstly, the Second Periodic Report of the Commission on the regions of the Community and, secondly, a proposal for an integrated development programme for the Saar-Lor-Lux region. In the first of these the Parliament called in particular for improved statistics to be submitted by the Member States to permit more satisfactory comparison of the situations in the Community's regions.¹⁰ The last two reports concerned proposals from the Commission for Community programmes to facilitate access of less-favoured regions to advanced telecommunications (STAR) and to develop local energy resources in such regions (VALOREN). Both proposals were supported by Parliament but with amendments.¹¹

6. The first meeting between Parliament, Commission and Council to discuss implementation of the new regional fund regulation was held on 24 April 1986 in accordance with the commitment expressed in the Joint Declaration of 19 June 1984 (see previous survey). A report was presented by the Commission¹² and discussion centred on the problems of financing the ERDF in the context of present budgetary constraints.

7. In regard to the overall budget for 1986 the situation remains unclear because of the Council's attack on the Parliament's last additions to the budget and the evident need for a supplementary budget if past commitments are to be met. A large increase in appropriations for commitment was necessary to meet the needs of Spain and Portugal, and a similarly large increase in appropriations for payment was also necessary to meet the "burden of the past". However the existing budget's appropriations for 1986 of ECU 3,176.5 million (commitments) and ECU 2,223 million (payments), although representing major increases, are insufficient to cope with both these requirements. In the medium term a slight fall in real terms in the assistance afforded by the ERDF to projects in the EC(10) seems inevitable.

Supplement following the July session

8. It is now known that the budget for 1986 was finally adopted on 10 July 1986, the Council and the Parliament having reached agreement on a new draft budget (cf Chapter 6: Budgetary Questions).

In regard to the ERDF, the appropriations for commitments in the 1986 budget amount to ECU 3,098 million and the appropriations for payment to ECU 2,373 million.

- 1 EP resolution of 13 June 1985, OJ C 175/85. Council regulation No 2088/85 was adopted on 23 July 1985, OJ L 197/85. The conciliation procedure of this date was the subject of a further report (Doc A2-166/85) by Mr de Pasquale for the EP's Regional Committee and of a resolution of 13 December 1985, OJ C 352/85
- 2 EP resolution of 15 November 1985, OJ C 345/85; Docs A2-138/85 and A2-143/85 (Hutton and Vandemeulebroucke reports)
- 3 Council regulation No 3641/85; OJ L350/85
- 4 OJ C 229/85; Doc A2-72/85 (Hutton report)
- 5 OJ L 350 of 27.12.85; OJ L 73 of 21.3.75; OJ L 169 of 28.6.84
- 6 Docs A2-63/85 and A2-69/85 (Poetschki and Vandemeulebroucke reports); OJ C 229/85
- 7 EP resolution of 13 September 1985, OJ C 262/85; Doc A2-79/85 (Barrett report)
- 8 EP resolution of 17 January 1986, OJ C 36/86; Doc A2-184/85 (Lambrias report)
- 9 EP resolution of 18 April 1986, OJ C 120/86; Doc A2-229/85 (O'Donnell report)
- 10 EP resolutions of 13 June 1986, OJ C 176/86; Docs A2-6/86 and A2-46/86 (de Pasquale and Schreiber reports)
- 11 Docs A2-60/86 and 62/86 (Newman and Gerontopoulos reports)
- 12 COM(86)203 final

THE COMMON AGRICULTURAL POLICY

New perspectives - the Green Paper

The European Parliament is constantly encountering the consequences of the market and price policy in the agricultural sector - and these consequences are increasingly difficult to deal with. Virtually everyone is convinced that the CAP is a serious problem and that stringent measures must be taken in order to give European agriculture new perspectives. Even before the Commission published the Green Paper¹, first mentioned some months previously, Parliament had decided to draw up its own guidelines for salvaging the CAP.

However, the Committee on Agriculture's own-initiative report and the corresponding resolution were not adopted by Parliament, demonstrating that Members were unable to agree on perspectives for the CAP. Parliament is in fact very divided on how to deal with the problem of surpluses which are a heavy burden on the budget and on tax-payers and which place pressure on European and world market prices. Structural surpluses mainly affect cereals, butter, skimmed milk powder, beef, veal, wine and olive oil; the stocks which cannot be sold are worth almost 10 billion ECU and a further 4 billion ECU is required to dispose of them. Whilst Parliament was debating, the Commission adopted the Green Paper and submitted proposals on the sensitive cereals and beef/veal sectors.

The Green Paper, to which Parliament had wanted to make its own contribution, was presented to the Assembly by the President of the Council as an inevitable measure. Almost all members of the Council admit, like the Commission, that the policy followed in the past cannot be continued.

Virtually the only alternatives are a comprehensive, market-oriented price policy, in other words a large reduction in guaranteed prices, or a socially-oriented policy on prices and markets with production quotas and other measures. A price policy geared towards balancing the markets will have far-reaching repercussions on incomes, whilst a socially-oriented price policy will keep agricultural structures static and will increase bureaucracy.

In order to avoid these two pitfalls the Commission has chosen a middle way, rejecting production quotas for products other than milk (and sugar) whilst reorienting the price policy by means of a greater diversity in the levels and methods of intervention. Nevertheless, this last point is still much disputed within the Council. In general terms the Commission hopes that intervention will once again be able to serve its original purpose, i.e. as a last resort when the market slumps and not an easy way out which relieves producers of their responsibility to find purchasers for their products.

In the Green Paper the Commission has also taken up an idea, contained in the first Mansholt plan and raised since then, that farmers should participate financially in the (subsidized) disposal of their production. On the serious problem of income disparities, which has always been central to Parliament's concerns, the Commission advocates a diversification of the CAP's instruments to benefit the poorest regions. A restrictive price policy combined with a fairer distribution of EAGGF expenditure between the Guidance and Guarantee Sections could, in the Commission's view, be a good way of reducing the imbalance between the Community's regions. The lack of balance, which must be seen in the context of historic rural structures and natural handicaps, is a very good reason for remodelling the agricultural policy. However, the situation which actually exists must be taken into account insofar as it is linked to rural social structures. The Commission therefore considers that it is neither possible nor desirable to encourage more rapid departure from the land and to establish large-scale agriculture as in the US, where the average agricultural holding is ten times larger than in the Community. A deliberate choice has been made in favour of the family farm. To deal with the first aspect, the financial burden of disposal when the market is saturated, a restrictive price policy must be followed, involving a sharp drop in prices for certain products. To deal with the second aspect, the rural social structure, selective income support should be given which, as in the United States, is generally accepted in the Community as the counterbalance to the restrictive price policy which would be followed.

The Commission has also submitted proposals for the cereals and beef/veal sectors where the situation is most serious (cereals surpluses amount to 25 m tonnes in 1986, with a possibility of 80 m tonnes in 1991/92 and 700 000 tonnes of beef and veal).

A co-responsibility levy of 3% has been requested for cereals, which would make it possible to avoid a sharp reduction in prices. However, a restrictive price policy cannot be avoided, insofar as cereals are a raw material for animal feed, in particular in pork, poultrymeat and egg production. A more stringent quality policy will also have to be followed.

There is a restrictive price policy for beef and veal, with the adverse effect on incomes being somewhat alleviated by a system of premiums for certain types of cattle.

In general the Green Paper reestablishes the position of Article 39 of the EEC Treaty. Until now common agricultural prices have been used to guarantee producers' incomes, whilst the article referred to above in fact implies that improved incomes for producers are the result of increased productivity.

Some of the other measures intended to improve European agriculture are:

- cessation of farming through a pre-pension scheme;
- leaving agricultural land fallow, coupled with support measures for forestry;
- rotation of crops;
- restrictions on the use of fertilizers harmful to the environment.

Withdrawal of agricultural land from production, which was mentioned in the Mansholt plan, has so far been rejected by the Council and Parliament; however, it has been implemented successfully in the United States, although the cost is very high.

Whilst the Green Paper was received rather cautiously by the agricultural organizations, the consumer associations, trade unions, purchasing cooperatives and family organizations grouped in an advisory committee at European level, expressed very favourable views on it.

Fixing of guaranteed prices for 1986/87

It is not surprising that the Commission's price proposals are in line with the Green Paper. They involve a price freeze, at least in ECU, for most products and lower prices for those products with the largest surpluses and which cost the EAGGF most, the setting of more stringent requirements - for buying into intervention of agricultural products and a reduction of aid to Member States for the financial management of intervention stocks.

The memorandum on cereals of November 1985², the memorandum on beef/veal of December 1985³, intended to restrict intervention, and the proposal, aimed at reducing milk quotas by 3% by means of a voluntary Community buying-up scheme were designed to test reactions prior to the price proposals themselves.

As might have been expected, Parliament's response to the Commission proposals was very mixed. Opinions on the means that should be used to rescue the CAP varied depending on the group, the parliamentary committee or the Members' origins. Even the motion for a resolution drawn up by the Committee on Agriculture and Fisheries encountered difficulties because of the hundreds of amendments tabled. This process continued in plenary sitting where the text, amended by the Committee on Agriculture and Fisheries, was once again amended on crucial points⁴. Parliament took the view that, in order to be able to give a considered assessment of the proposal on prices, the proposal on the accompanying socio-structural measures⁵ should be examined alongside it. Parliament therefore regretted that this proposal was still not available and took the view that it was not in a position to make a valid assessment of the prices package. The socio-structural measures were in fact forwarded to the Council and Parliament on the very day when Parliament's resolution was adopted. The resolution adopted deals with virtually all aspects of agricultural policy, which is to the good since Parliament was not able to deliver an opinion on the Green Paper. Parliament supported the Commission's proposal on adjustments to guaranteed prices, but rejected as a whole the proposals on associated market policy measures. It agreed with the freezing of most prices. However it criticised the inadequate coordination of the price proposals with the Commission's socio-structural ideas and with the need to eliminate foodstuffs surpluses. Parliament deplored the Commission's negligence in applying the principle of budgetary discipline that agricultural expenditure must increase at a slower rate than own resources.

In the past Parliament has not given much support to the concept of income supplements, except for those already granted in mountain and hill and less-favoured regions, nevertheless it advocated direct income aids whilst the Commission continues to hesitate, clearly for budgetary reasons. Parliament would like to see a comprehensive policy to deal with actual production, as opposed to the proposed ad hoc solutions which are simply intended to eliminate the consequences of surplus production. In order to deal more effectively with the CAP's budgetary effects, Parliament advocates a pluriannual price policy, with greater emphasis on income support.

Such an initiative would allow the trend in which prices were geared to the needs of the large units of production to be reversed and this would benefit the small undertakings. It is a reversal of Parliament's position when it demands that in future prices should no longer be fixed on the basis of production costs but should be geared towards production trends. As regards producers' incomes, the Assembly approves the idea of a disaster relief fund, compensation for badly affected crops and a Community agricultural loan guarantee scheme. Parliament no longer considers price policy as the most important means of supporting producers' incomes. Common agricultural prices no longer play an essential role in farmers' incomes and should increasingly make way for associated socio-structural measures and integrated structural programmes.

As regards the organization of the market in cereals, Parliament supports a prudent price policy and improved quality standards and accepts the introduction of a coresponsibility levy, however with a large exemption for certain categories of producers. In a resolution on the common organization of the market in cereals⁶ Parliament had already advocated adjusting Community cereals prices to those of its major competitors on the world market.

Although this resolution was adopted by a heterogeneous majority and a different result cannot be ruled out in future, nonetheless there are new approaches.

The socio-structural package mainly concerns measures relating to early retirement schemes, start-up and investment aid for young farmers who take over a holding or inherit one, a larger allowance to compensate for the lack of earnings in less-favoured areas, aid for reafforestation of agricultural land, aid for environmental protection in the agricultural sector, aid for technical and economic modernization and the establishment of cooperatives, a reforestation programme and aid for agricultural research. During the period under consideration Parliament has not yet delivered its opinion on these proposals which cannot be divorced from the price proposals.

Of Parliament's other opinions on the agricultural sector, the one on agriculture and the environment⁷ is important in that it deals with nature conservation and the future of European agriculture. Parliament stresses that the reform of the CAP provides the opportunity to establish a coherent agricultural policy. A reformed agricultural policy should take greater account of regional diversity and vital ecological factors.

The unsatisfactory situation with regard to producers' incomes in the Community and in particular the considerable regional disparities prompted the European Parliament to draw up an own-initiative report⁸ in which, on the basis of an analysis of incomes and inadequate structures, it recognizes the need to grant direct income support to certain categories of farmers. Parliament also proposes compensation for lower incomes which result from the application of measures to restrict production.

Parliament has been active in monitoring the effects of dairy quotas. In a resolution on the implementation of dairy quota arrangements⁹, the basic principles of which it accepts, it states that the quota arrangements have made a considerable contribution to the reduction of milk production even if it has brought about a decline in incomes, mainly in problem areas. Parliament advocates a policy to ensure that the disparities between the regions do not increase. It welcomed the reduction of the coresponsibility levy from 3 to 2% and wondered whether the principle of coresponsibility and the reduction of production were compatible. Finally, the Commission submitted, in the framework of the dairy policy, a proposal which provides for voluntary cessation of milk production through the grant of a premium in respect of the quantity of milk released.

FOOTNOTES

- 1 Green Paper: Perspectives for the CAP, COM(85) 333 final
- 2 Memorandum on the adjustment of the market organization for cereals
COM(85) 700 final
- 3 Memorandum on adjustments to the market organization for beef/veal
COM(85) 834 final
- 4 Resolution of 17 April 1986, OJ No. C 120, 20.5.1986
- 5 COM(86) 199 final
- 6 Resolution of 17 January 1986, OJ No. C 36, 17.2.1986
- 7 Resolution of 19 February 1986, OJ No. C 68, 24.3.1986
- 8 Resolution of 24 October 1985, OJ No. C 343, 31.12.1985
- 9 Resolution of 11 October 1985, OJ No. C 288, 11.11.85

FISHERIES POLICY

In the field of fisheries policy, July 1985 to June 1986 was a normal management year and a period of adaptation. After completion of the negotiations on the accession of Spain and Portugal¹, the main feature of the year was a series of technical adaptations to existing Community legislation to take into account the new situation of the Europe of the Twelve. Some 30 regulations concerning the fisheries sector were amended because of accession.

This, together with the administration of fisheries policy, dominated the work of the Community's bodies, in particular the Council and the Commission, since the European Parliament was not consulted on these regulations.

Even if accession did not bring about major changes during the first few months, significant amendments are expected, particularly in the negotiations on future fisheries agreements. It should be borne in mind that, from 1 January 1986, the Community will have to take responsibility for all Spain and Portugal's bilateral agreements with third countries as these expire.

Over the year the European Parliament has again been faced with the problem of the Council's failure to consult it even on important aspects of fisheries policy management. The European Parliament was only consulted on two of the 50 regulations, all important, adopted by the Council during the period in question. One concerned amendments to the structures regulation No. 3733/85 and the other the conclusion of the agreement with the Seychelles.

Following steps taken during its previous electoral term the European Parliament has once again instructed its Subcommittee on Fisheries to submit a report on this problem.

Whilst the European Parliament's involvement in legislative activities was only slight, it participated to a considerable degree in the political monitoring of the management instruments and the guidelines for fisheries policy. This was possible because of the increasingly close dialogue between the European Parliament's Subcommittee on Fisheries, the Commissioner with responsibility for Fisheries and the appropriate Commission departments. The Subcommittee on Fisheries was thus able to keep a close watch on the Commission's work and Members were able, through informal channels, to have some influence on the Commission, which often takes their opinions into account.

In order to carry out these monitoring activities more effectively the Subcommittee on Fisheries has launched a series of own-initiative reports, mostly still in preparation, covering all aspects of fisheries policy. Members can thus monitor the Commission's policy on a day-to-day basis. A list of the reports in progress follows this section and references are given for the working documents where available.

Nonetheless, the position with regard to consultation of the European Parliament remains totally unsatisfactory and new steps are clearly needed to improve the situation.

On the legislative front, 1985 saw the extension of the essential aspects of the fisheries structures policy until 1986. The European Parliament expects more significant changes to be made during 1986.

¹ For a summary of the conclusions of the negotiations, see Progress towards European Integration, 1984-1985 (PE 98.500)

REPORTS IN PROGRESS IN THE SUBCOMMITTEE ON FISHERIES

Mediterranean fisheries	STAVROU	PE 97.821/rev.
Fisheries agreements with third countries	DE PASQUALE	PE 100.134
COM in the fisheries sector	BORGO	PE 101.906/rev.
Structures	BATTERSBY	PE 101.937/rev.
Salmon fisheries	QUIN	PE 103.554
Social aspects	MORRIS	PE 105.758
Estimation and management of fish stocks	GAUTIER	PE 106.548
Budget opinion on fisheries	NIELSEN	PE 106.941
Aquaculture	EWING	PE 107.249
Consultation on fisheries proposals	VAZQUEZ-FOUZ	Doc. A 2-61/86

TRANSPORT POLICY

The period under review (July 1985 - June 1986) was dominated by discussions on the inferences to be drawn from the Court's judgment of 22 May 1985 (in Case 13/83). It unfortunately transpired that the Commission was seeking to do only the minimum required by this judgment, i.e., establish freedom to provide services, instead of drawing on all the possibilities it offered. As a result, the sterile debate as to 'which should come first, liberalization or harmonization' was revived at all levels, continuing what has been a recurrent theme of transport policy ever since the EEC was established. Yet because there is a factual connection between them, freedom to provide services and harmonization of state-regulated cost factors are mutually contingent. These factual connections are explained in a European Parliament own-initiative report on the implications of the judgment (rapporteur: Mr Anastassopoulos)¹.

The other four own-initiative reports and the eight reports on the basis of consultation dealt with the following subjects:

Mr van der Waal drew up a report on the conditions for access to the arrangements under the Revised Convention for the Navigation of the Rhine².

In the air transport sector, Mr Klinkenborg, after extensive hearings with the circles concerned, drew up a richly documented report containing numerous proposals in response to the Commission's memorandum³. The problem of security at airports was discussed in an own-initiative report by Mr Roux⁴.

Mr Wijsenbeek submitted an own-initiative report on the applications of new technologies to transport⁵.

In response to a long-standing request of Parliament's, the Commission submitted proposals on certain aspects of Community seaports policy, which were considered in reports by Mr EBEL. The complexity of the subject can be gauged from the fact that the House referred the first of these reports back to committee⁶.

As far as road transport was concerned, the problem of frontier checks was discussed in a report by Mr Patterson⁷, while Mr Klinkenberg drew up two reports examining the problems of firstly the Community quota⁸ and secondly combined transport⁹. Parliament's suggestions for 'European Road Safety Year' were set out in a comprehensive report by Mrs Faith¹⁰.

Also noteworthy in connection with transport policy is the report by Mr Seeler for the Committee on External Economic Relations on free zones and warehouses¹¹. Parliament's suggestions on the creation of integrated transport centres were set out in an own-initiative report by Mr Carossino¹².

Parliament's response to the Commission's maritime transport memorandum was documented in a report by Mr Anastassopoulos¹³.

Members of Parliament continued in the period under review to table numerous oral and written questions and motions for resolutions drawing attention to individual transport policy problems.

During this period (July 1985 - June 1986) the Council of Ministers met five times:

- on 24 June 1985 under the presidency of the Italian Ministers Claudio Signorile and Gianuario Carta,
- on 14 November 1985 under the presidency of the Luxembourg Minister Marcel Schlechter,
- on 14 March 1986 under the presidency of the Netherlands Minister Mrs N. Smit-Kroes,
- a meeting planned for 5 May was cancelled for lack of an agenda and eventually held on 19 June 1986, again under the presidency of Mrs Smit-Kroes
- and on 30 June 1986, President: Mrs Smit-Kroes.

Most of the practical points were referred back to the Permanent Representatives Committee. The Council discussed the implications of the judgment of 22 May 1985 but reached no conclusions.

On 14 November 1985 the Council issued its conclusions on a Master Plan for a common transport policy; these were not, however, published in the Official Journal, see press release of 14 November 1985¹⁴. The common transport policy, is, under this plan, to comprise four major 'project areas': infrastructure axes, frontier checks, the transport market and road safety.

With regard to infrastructure axes, the Commission has submitted proposals several times before, yet these came to nothing because of the inadequate budget funding. By order of the European Council, the Council of Transport Ministers has set the year 1992 as the red-letter date for the simplification of frontier checks, which means that little is likely to happen in the meantime. The organization of the market in transport actually embraces the entire common transport policy. Yet the Master Plan contains no practical guidelines on that point. As far as road safety was concerned, the Council adopted the European Parliament's proposal to declare 1986 'European Road Safety Year' and issued a statement to the effect that it would give the go-ahead to specific public education campaigns, research projects and new statutory provisions.

The Council's legislative activity in the period under review (July 1985 - June 1986) produced the following:

- A Council regulation laying down the conditions for access to the arrangements under the Revised Convention for the Navigation of the Rhine relating to vessels belonging to the Rhine Navigation¹⁵. This provides implementing rules at Community level to complete the Additional Protocol to the 1865 Mannheim Act, concluded in the Central Commission for the Navigation of the Rhine. The measures are designed by and large to prevent possible dumping by East European countries after the opening of the Main-Danube Canal, which is scheduled for the early 1990's.
- The annual regulation adjusting the Community quotas for the carriage of goods by road between Member States¹⁶ and, more importantly, setting the number of authorizations for Portugal (233) and Spain (673). A number of details relating to Community quotas and authorizations were reorganized under two amending regulations¹⁷.

- However, at the meeting of 30 June, the last day of the period under review, it was decided to raise the Community quota by 40% each year from 1987 up to 1992, after which time the market in road transport would be free of quantitative restrictions. Only in cases of severe disruption on the market will common corrective action be admissible. It will be for the common system of market observation to determine whether such action might be necessary. To safeguard the free market, vehicle and fuel taxes are to be harmonized by 1992. Likewise from 1 January 1992 the maximum permitted axle weight per driving axle will be not more than 11.5 tonnes. As a temporary derogation, a lower weight (10.5 tonnes) will continue to apply in Ireland and the United Kingdom. It appears that one of the biggest and most persistent stumbling blocks will accordingly have been removed as from 1992¹⁸.

- Owing to the numerous changes that had been occasioned by the harmonization of social provisions, it became necessary to republish these provisions in a single new text, as well as to issue a regulation on recording equipment in road transport¹⁹ following the Council's adoption in December 1985 of a resolution to improve the implementation of the social regulations in road transport²⁰.

- Under a directive on summer time arrangements²¹, applicable to the years 1986 - 1988, summer time will end on the last Sunday in September for the continental countries and on the fourth Sunday in October for Ireland and the United Kingdom.

- Lastly, the accession of Spain and Portugal necessitated the adoption of certain directives adapting earlier provisions²².

To sum up, it can be said that while the period under review yielded little in the way of practical legislation, other than a handful of routine measures, it has introduced the prospect of significant progress by 1992 towards a common transport policy in the road transport sector.

- 1 Doc. A2-84/85
- 2 Doc. A 2-83/85
- 3 Doc. A 2-86/85
- 4 Doc. A 2-208/85
- 5 Doc. A 2-104/85
- 6 Doc. A 2-136/85 and A 2-204/85
- 7 Doc. A 2-181/85
- 8 Doc. A 2-186/85
- 9 Doc. A 2-193/85
- 10 Doc. A 2-202/85
- 11 Doc. A 2-231/85
- 12 Doc. A 2-17/86
- 13 Doc. A 2-53/86
- 14 Document published by the General Secretariat of the Council -
No. 10361/85 (Presse 172)
- 15 OJ No. L 280, 22.10.1985
- 16 OJ No. L 354, 30.12.1985
- 17 OJ No. L 309, 21.11.1985
- 18 Document published by the General Secretariat of the Council - No. 7883/86
(Presse 104)
- 19 OJ No. L 370, 31.12.1985
- 20 OJ No. C 348, 31.12.1985
- 21 OJ No. L 372, 31.12.1985
- 22 OJ No. L 372, 31.12.1985

COMMUNITY ENERGY POLICY(1)

The dramatic increases in the price of crude oil in 1979-80 and the serious repercussions they had on the economies of all the Member States of the Community gave a new impetus to the development of a Community energy policy. However, the tangible progress made between July 1985 and June 1986 can only be described as modest. As has already been pointed out in the preceding number of this publication, this is not - contrary to widespread public opinion - due to any lack of will or initiative on the part of the Commission or the Parliament, but simply to the fact that the limits set by Member States in the Council for their acceptance of a common energy policy had largely been reached. Moreover, the glut on the oil markets and sharply reduced prices recently had furthered the impression that a common energy policy was less urgently needed.

The Community's energy objectives, energy saving and the rational use of energy

Energy saving and the rational use of energy are two of the priority objectives of the Community's energy policy, as was stressed in the Council resolution of 9 June 1980(2) concerning Community energy policy objectives for 1990 and convergence of the policies of the Member States. Parliament has emphasized these objectives on several occasions in the past. An assessment of the Community's progress in these areas reveals undeniable success in controlling the growth in energy consumption and particularly in reducing dependence on oil by making more rational use of energy and broadening the sources of supply. In 1985, for instance, the Community of Ten's total primary energy production rose to 560.7 m tonnes oil equivalent (toe), as against 368.1 m toe in 1975 (for the Community plus Spain and Portugal (EUR 12) the figure for 1985 was 588.6 m toe). Over the whole of the Community (EUR 10) energy dependence (the relationship between total net energy imports and total gross domestic consumption of energy), was reduced from 61.4% in 1975 to 41.3% in 1985. The Community (EUR 10) was even more successful in reducing oil

dependence (relationship between total oil imports and total gross domestic consumption of oil) from 55.2% in 1975 to 29.5% in 1985; (by comparison energy and oil dependence for EUR 12 were 43.1% and 31.5% respectively for 1985). However, it must be admitted that these notable successes in reducing energy and oil dependence have been achieved largely thanks to the increase in energy prices and the low level of economic growth in the Member States. At the moment there is a risk that energy saving and the rational use of energy will be regarded as less urgent objectives; for current price indications and the general softening of the oil and energy markets are often wrongly interpreted as a long-term phenomenon and are deluding people into slackening their efforts to save energy and find substitute energy sources.

The above-mentioned energy policy objectives for 1990 have served as a guideline for the Community's energy policy. At present it looks as if these objectives can be met. The Commission is now proposing new qualitative and quantitative energy policy objectives(3), with particular reference to security of supply and substitution of energy sources (further reduction of the share held by oil in favour of the increased use of solid fuels and nuclear energy), energy saving and the rational use of energy and the reduction of environmental pollution. In its report(4) and the resolution contained therein(5) the EP calls upon the Commission to be more ambitious in formulating the Council draft in respect of the 1995 Community energy proposals and to include various specific measures in the list of objectives. At the most recent meeting of the Council of energy ministers (June 1986) it proved impossible to reach agreement on the energy objectives for 1995, particularly because the prominence given to nuclear power had become controversial after the Chernobyl accident.

Community policy on solid fuels

The above-mentioned Community energy policy objectives for 1990 and 1995 include, in addition to energy saving objectives and a reduction in energy dependence, a clear priority for the use of coal as a substitute for oil. In its report(6) on new Community rules for state aids to the coal industry and the related resolution(7) the European Parliament stresses the importance of coal. It emphasises that an efficient coal industry in the Community has an important part to play in the security of supply. It proposes that the current aid arrangements for coke and coal be extended until the end of 1987, and that the new rules, to run for 10 years, should come into force only then. It calls for these new rules to be accompanied by an active and

coordinated long term policy for promoting coal (promoting coal consumption; encouraging a switch from other energy sources to coal under competitive conditions; the substitution of imported oil, gas and coal; intensified research and technology; and conservation of the environment). It also calls specifically for greater efforts to be made in coal policy both by the coal-producing Member States and the others to counteract any future international energy crisis by means of the reliable energy source of indigenous coal.

Furthermore, the Community grants aid to the coal sector via the ECSC's operating budget (used primary to mitigate the social consequences of restructuring measures in the coal sector) and technological research programmes (demonstration projects).

Hydrocarbons

The European Parliament has many times in the past advocated a reduction in the Community's energy dependence, in particular on oil, and called for increased exploration and exploitation of the Community's own oil and gas resources. In December 1985 the Council adopted a regulation(8) on a programme of support for technological development in the hydrocarbons sector, setting aside 140 m ECU for the four-year period 1986-1989. This programme is intended to make the Community less dependent on imports of oil and natural gas and at the same time to promote technological innovation (marine prospecting techniques etc.) in the Community.

The role of nuclear energy

In the development of a Community energy strategy aimed largely at reducing dependence on oil, nuclear energy, alongside coal, is of particular importance, especially for those countries which, like the Member States of the Community, have a high energy consumption but do not have adequate hydrocarbon resources. The European Parliament has never opposed the development of nuclear energy, but it has constantly stressed the safety aspect and the protection of human health and the environment. These aspects were given prominence in a number of European Parliament resolutions(9) which, while primarily dealing with incidents at the UK reprocessing plant at Sellafield, also voiced general demands for further increased safety of nuclear plant and improved health protection measures.

After the Chernobyl accident in late April 1986 a fresh debate has begun in the European Parliament on the future role of nuclear energy; at present the question whether nuclear energy is to retain the important role in achieving future energy objectives (as indicated above) is being hotly disputed. In its initial reaction to the Chernobyl accident, in two resolutions(10) adopted in May 1986, the European Parliament insisted that further efforts be made to raise safety levels of nuclear plant, that the provisions of the Euratom Treaty be examined, and effective inspection mechanisms be implemented at international levels (by agreement with the IAEA, the International Atomic Energy Authority, in Vienna).

Energy pricing policy and specific taxes

Pricing policy is one of the main means of achieving the Community's objectives for both supply and demand objectives in a coherent and rational way. In the past the European Parliament has frequently stressed the importance of an energy pricing policy to the implementation of a Community energy policy. Recently, in connection with the above-mentioned energy objectives for 1985, it stressed the importance of not misinterpreting the present slack energy market and low oil prices as a long term trend. The possibility of Community proposals for an energy tax has also been discussed recently(11), which would offset the recent falls in oil prices and thus keep them constant to the consumer, thereby counteracting the tendency for efforts to save energy and find substitutes for oil to slacken. However, at present there is as yet no majority at Community level for such proposals for an energy tax.

Research, development and demonstration

The Community's role in this field is universally recognized; Community-wide action is justified on grounds both of economies of scale (e.g. the JET programme) and of industrial policy interests.

It is true that the Community accounts for barely 2% of total public research expenditure in Member States at present, but this modest figure gives a false idea of the real importance of the Community, which, in the period under consideration, made increased specific efforts in the fields of energy saving, alternative energy sources and new energy technologies - mainly the

gasification and liquefaction of coal - fields of significance for the future in which the activities launched or encouraged by the Community occupy a prime position. (For further details see Chapter 25 on developments in Community research and technology policy.)

The role of the European Parliament

Despite the efforts which have been made to develop a common energy policy, actual progress has been very modest. A common policy worthy of the name is something which is not likely to be achieved in the very near future - in large measure because national energy concerns resist the implementation of a common policy.

In view of this situation, the European Parliament has always considered one of its main tasks to be to persuade the Member States that long-term common interests are more important than short-term national interests that give priority to different solutions. Parliament has several times expressed its concern at the lack of a real common energy policy and has called on the Council finally to achieve tangible progress in this field. During the period under consideration Parliament has clearly placed emphasis in its resolutions and opinions (some of which have been mentioned above) on its concern that new impetus be given to the important matter of energy policy.

It is clear that some progress was made during the July 1985-June 1986 period. This should not, however, obscure the fact there is no real common energy policy because of the disparities in the situations of the Member States and the reluctance of some to relinquish national powers, nor indeed the fact that it will be difficult to implement a common policy in the near future. It is clear that much still stands in the way of any progress, beyond the minimal consensus so far achieved on the need for energy saving and the replacement of oil, towards a coherent overall strategy for the Community involving the transfer of resources between Member States and the partial abandonment of national jurisdiction.

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- (1) A number of Community projects in the field of research and technology are concerned with energy. See also the next chapter (No.25) 'Research and Technology'
 - (2) Council Resolution of 9 June 1980, OJ No. C 149/80
 - (3) See COM(85) 245 final; this Commission communication is based on a detailed review of the energy policies of the Member States (see COM(84) 87 final, COM(84) 88 final, COM(84) 693 final), the Commission Energy 2000 study (SEC(85) 324 final) and the findings of the illustrative nuclear programme (COM(84) 653 final)
 - (4) Doc. A2-223/85 (ADAM report)
 - (5) Resolution of 14 March 1986, OJ C 88, 14.4.1986
 - (6) Doc. A2-224/85 (CROUX Report); see also Commission communication COM(85) 525 final
 - (7) Resolution of 13 March 1986, OJ C 88, 14.4.1986; the present aid arrangements for the coal industry date from 1976 (Commission Decision No. 528/76 ECSC, 25.2.1976). The coking coal aid arrangements which should have expired at the end of 1985 were extended until 30 June 1986; see EP Doc. A2-132/85 and resolution of 15.11.1985 (OJ C 345, 31.12.1985); see also the decision on coking coal and coke for the Community iron and steel industry (A2-131/85) and EP Resolution of 15.11.1985, OJ C 345, 31.12.1985. At the last meeting of the Council of energy ministers held in June 1986, no agreement could be reached on an extension of the aid rules for the coal industry
 - (8) Council Regulation (EEC) No. 3639/85 of 20 December 1985, OJ L 350, 27.12.1985
 - (9) Resolution of 10 September 1985 (OJ No C 262, 14.10.1985) and four resolutions of 20 February 1986 (OJ No. C 68, 24.3.1986)
 - (10) Resolutions of 15 May 1986, OJ C 148, 16.6.1986
 - (11) These very recent proposals are based primarily on the Commission's views expressed in 1983; see COM(83) 315 final; and EP resolution of 18 May 1983, OJ C 161/83

COMMUNITY RESEARCH AND TECHNOLOGY POLICY

A formal basis for a Community research policy, based on Article 235 of the EEC Treaty and transcending the areas covered by the ECSC and EURATOM Treaties, was created only in 1974, in a Council resolution¹ on the coordination of national policies and the definition of projects of interest to the Community in the field of science and technology. This research policy was introduced in 1974 and evolved further during the period covered by this report (July 1985 - June 1986).

Implementation of the Community's research and development programmes

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

The science and technology community and the Community framework programme for research and technological development (1984-1987 and 1987-1991)

In June 1985 the Milan European Council endorsed the guidelines leading 'towards a technology community'². In addition to that, eighteen European countries meeting in Hanover in November 1985 (including all the Community Member States), together with the Commission of the European Communities, adopted the draft EUREKA charter. Although the advanced-technology R & D projects comprising the EUREKA initiative are not Community projects, the Community, through the Commission, will be playing a decisive part in their planning and implementation.

The European Community's increased interest in research and technological development was also reflected in the Single European Act, which explicitly endorses these activities.

Present research and technology projects are summarized first and foremost in the current framework research programme³ (1984 - 1987). Adoption of this framework programme has provided a basis for agreement at Community level to increase expenditure on research and development and demonstration activities in absolute and relative terms. This framework programme represents the first step in a continuous process of examination and global decision-taking which should make for greater qualitative and quantitative accuracy over the next few years. The period 1984 - 1987 should thus lay the foundations for a strategy of action to be taken in the '90s. This requires, first of all, the gradual development of an adaptation strategy under which the Community's activities, currently based on the three Treaties, will be reorientated, expanded and complemented. With these objectives this framework programme answers the European Parliament's repeated demand for an independent Community research policy which will enable Europe to meet the economic, industrial and technological challenges of our time.

The current framework programme (1984 - 1987) is to be revised. The Commission's guidelines⁴ for a new five-year framework programme (1987 - 1991) were explicitly welcomed by the European Parliament a short time ago⁵. This new framework programme proposes seven major topics which are geared to the new imperatives of the 1990s and basically intended to help strengthen Europe's international competitiveness, enhance the quality of life and create a 'researchers' Europe'. These seven topics are

- resources management (especially agricultural resources);
- the energy economy;
- competitiveness of industry and services (information technologies, telecommunications, etc.);
- quality of life ('Europe against cancer', control of AIDS, safety, environmental protection, etc.);
- science and technology for development;
- Europe's scientific and technical potential;
- general support for scientific and technical development (innovation, scientific networks, machine translation, etc.).

Whereas 3 750 m ECU (at the 1982 value) was allocated to the current 1984 - 1987 framework research programme, 9 bn ECU at current prices is to be set aside for the future new 1987 - 1991 framework programme (which is expected to start promptly in January 1987); allowing for an additional 15% reserve (intended as a contingency reserve for new projects), this would produce a total of 10.35 bn ECU for the new framework programme.

Although the topics covered in the current and future framework research programmes are not directly comparable, the table below gives some idea of the relative priorities that were or will be accorded in the two programmes (the 1982 figures are shown for comparison).

Topics December 1985	Position in 1982 Programme	1984-87 Framework	Execution of 84-87 Framework Programme	1987-91 Framework Programme
- Agricultural and fisheries resources	3.3%	5.6%	2.6%	2.0%
- Energy	65.4%	47.2%	47.3%	21.0%
- Industrial competitiveness	16.9%	28.2%	35.7%	60.0%
- Quality of life	9.7%	10.3%	10.5%	7.5%
- S/T for development	0.7%	4.0%	1.7%	1.5%
- Europe's S/T potential	0.0%	2.3%	1.6%	5.0%
- General support for S/T develop- ment	4.0%	2.4%	0.6%	3.0%
	100%	100%	100%	100%

Source : COM(86) 129 final

This planned breakdown of resources clearly shows where the emphasis has been or will be laid in Community research policy, which gives marked priority to two sectors, 'energy' and 'industrial competitiveness', for which 21% and 60% respectively of the total funding have been set aside in the future 1987 - 1991 framework programme. Compared with the 1984 - 1987 programme, the future programme, as can be plainly seen from the table, has sharply cut back the energy sector to release more resources for 'industrial competitiveness'. This concentration of resources on two particular high-priority areas is

perhaps the best way to achieve significant results rather than spreading the resources over a large number of relatively insignificant programmes - even though they would then cover almost all areas in which Community research activity could prove useful.

Europe 2000 - The technological challenge

The European Parliament has repeatedly called in the past for efforts to be stepped up in the common research and technology policy, in particular to halt the declining competitiveness of European industry - most palpably apparent in the case of high-technology products - and respond to the increasingly fiercer challenge from Japan and the USA in the advanced technology sector. These urgings of Parliament's for a more vigorous Community research and technology policy were made especially plain at the symposium on the theme of 'Europe 2000 - The technological challenge', which was organized by Parliament to coincide with its October 1985 part-session in Strasbourg (5 - 10 October 1985). This much-publicized symposium, which was attended by numerous experts from the worlds of science, politics, industry and communications, was held in conjunction with an exhibition devoted to 'Space and the new technologies'. As Pierre Pflimlin, President of Parliament, pointed out in his opening address, the symposium had been prompted by the realization that despite undeniable European successes, the bulk of technological innovation was emanating from non-European countries, above all the USA, Japan and the 'new' industrial nations; Europe had been outstripped, largely because it had failed to form a proper Community, witness the lack of a coherent research strategy, the fragmented efforts of industry, the watertight markets, the varying norms, etc. It was stressed again and again at the symposium that Europe would have to act immediately if it wished its future role among the developed nations to be more than just that of 'subcontractor' for foreign combines. What is really at stake for Europe in the year 2000 is its technological independence and, more than that, its independence pure and simple.

Following on from the symposium, the European Parliament held an extensive debate on the new technologies and the associated opportunities and risks. The Committee on Energy, Research and Technology had drawn up seven reports for the debate:

- The Poniatowski report⁶ on Europe's response to the modern technological challenge; this plots the course of a European strategy and points in particular to the relationship between research and technology policy on the one hand and industrial policy on the other; above all, it describes what must be done in the immediate, medium and short term to guarantee a successful research and technology policy.
- The Münch report⁷ on the creation of a European research area; the main conclusion here is that despite their scale, the current research efforts of the European countries are not nearly as efficient as those of the USA and Japan. The report calls for an end to fragmented research efforts and instead for the creation of a European research area (with more extensive budget funding at Community level, new Community research projects, exchanges of scientists and removal of the many barriers).
- The Linkohr report⁸ on the establishment of a European Parliament Office for Scientific and Technological Option Assessment; this calls for the creation of a body to evaluate the social and economic consequences of new technologies for the purposes of parliamentary decision-making, i.e. along the lines of the well-known OTA (Office of Technology Assessment) in the United States.
- The Metten report⁹ on technology transfer; which points in particular to the restrictions that US law is liable to place on freedom to produce and export.
- The Longuet report¹⁰ on the differences in technological development between the Member States of the European Community; this measures the status of research in the individual Community Member States; here too a call is made for more intense research efforts at Community level to offset these differences.
- The Toksvig report¹¹ on European space policy; this argues that efforts in the space sector should be stepped up, primarily because significant impetus would probably be generated for industry as a whole.
- The Ciancaglini report¹² on the consequences of the new technologies for European society; this investigates in depth the diverse consequences of the new technologies (for production systems, in terms of social habits and ethical problems and for relations with the Third World) and stresses the need for common European action.

During the major debate in October 1985 on technology, Parliament adopted two other reports dealing with the various implications of the new technologies, one in relation to social change and vocational training¹³, the other specifically in relation to women's employment¹⁴.

Running closely parallel to its unceasing advocacy of an intensified Community research and technology effort is the work which the European Parliament¹⁵ proper or its Committee on Energy, Research and Technology have recently been repeatedly called upon to undertake in response to the EUREKA initiative (EUREKA = European Research Coordination Agency). This EUREKA project was launched in effect at the first EUREKA conference on 17 July 1985 in Paris (which was attended by Finland, Norway, Austria, Sweden, Switzerland and Turkey, as well as by the twelve Member States and Commission of the European Communities). The risk with this project is that it will be positioned outside the Community's established R & D policy. Yet what has been most severely criticized by the European Parliament is the fact that to judge from its organization planning to date, the EUREKA project could only be described as an unreservedly intergovernmental venture, and this would rule out ongoing parliamentary and political control by either the national parliaments or the European Parliament. The future implementation of the EUREKA initiative will show how far these points of criticism have been heeded.

Research and development in the field of information technologies (ESPRIT) and telecommunications (RACE)

During recent years increasing difficulties have beset the international competitiveness of industry in the rapidly expanding information technology and telecommunications sector which now occupies a position comparable to that of the car industry or the steel industry. The Community has recognized that the information technology sector is of vital importance for the economic recovery and needs to receive greater support for its development if it is not to be overwhelmed by the massive pressure from the United States and Japan. In addition, the substantial funds required for research and development in this field can only be met by trans-national cooperation with a greater concentration of public and private capital which will also help to prevent possible losses due to duplication of effort. It was due in large measure to the pressure brought to bear by the European Parliament that the Council finally decided, in February 1984¹⁶, to adopt the Community ESPRIT programme (European Strategic Programme for Research and Development in Information

Technology), covering a ten-year period. This ESPRIT programme is part of the framework R & D programme discussed above. The 1986 work programme was adopted by a Council decision¹⁷ of 10 December 1985. The ESPRIT programme, which covers five sectors (advanced microelectronics, advanced information processing, software technology, office systems and computer-integrated manufacture) is basically designed to create an information system accessible to all interested parties and to ensure the widest possible dissemination of research findings. The Commission¹⁸ has now submitted proposals for the second phase of ESPRIT.

Closely related in substance to the information technologies discussed above is the Community research in the field of telecommunications and advanced communications technologies. The Council decision¹⁹ of 25 July 1985 launched the definition phase of the 'RACE' programme (RACE = Research and development programme in the field of telecommunications technologies - Communications technologies for Europe). This RACE programme, which is also part of the above-mentioned framework programme, is designed to promote the competitiveness of European industry; it will lay down a general framework for the development of advanced communications systems of the future and for industrial cooperation. There are two components to the definition phase of RACE: part I covers the analytical work required for the development of an integrated broadband communication reference model; part II comprises technology evaluation and exploratory projects.

Other major current research programmes:

Industrial technologies (BRITE), biotechnology, materials, mineral resources and the environment

There are other current (or imminent) research programmes in the Community, again related to the framework R & D programme, which in many cases may also be classed under the broad heading of new technologies and above all are designed to consolidate Europe's industrial competitiveness for the future. The following list covers only the most important programmes:

- Industrial technologies (BRITE)

This BRITE programme²⁰ seeks to encourage the application and/or development of new technologies in the 'traditional' industries, which still absorb approximately three quarters of all industrial employment. The programme covers basic technological research and development, laser technology, new testing methods, new materials, e.g. polymers, membrane technology, catalysis and particle technology.

- Biotechnology action programme (1985 - 1989)

The multiannual research action programme in the field of biotechnology (1985 - 1989)²¹ is currently under way. This programme comprises two actions, 'research and training' and 'concertation'. It covers a vitally important market that is, in all probability, destined to be one of the biggest growth areas of the future (even today 40% of all finished products are of biological nature and origin). Addressing itself to this important and complex area of biotechnology, the Committee on Energy, Research and Technology organized a symposium²² in Brussels in November 1985 which attracted much publicity and was attended by many experts.

- Research programme on materials (raw materials and advanced materials) (1986 - 1989)

In addition to raw materials proper, advanced materials will in future play an important part in economic development; with the information technologies and biotechnology, they form part and parcel of the new technologies. The European Parliament has drawn up a report on the research programme (1986 - 1989) in this area and adopted the corresponding resolution on 21 February 1986²³.

- Exploitation of the Community's mineral resources

To make the exploitation of the Community's own mineral resources more efficient and secure supplies of imported minerals, a Community (basic) research programme is to be launched. The European Parliament has adopted a report on this subject, with the corresponding resolution²⁴.

- Research and development programmes in the field of the environment (1986 - 1990)

The European Parliament has always attached special importance to environmental protection and the preservation of the natural environment. To help fill remaining grey areas between economic and environmental policy and promote international cooperation in this field, the European Community is launching a research and development programme in the field of the environment (1986 - 1990) covering the three subjects of environmental protection, climatology and major technological hazards. Parliament has adopted a report and resolution²⁵ on this programme.

Joint research centre (JRC)

In the past, the European Parliament has always campaigned for an expansion of the JRC, even if it has not always managed to persuade the Council of Ministers to continue certain programmes. The most important topics covered in the JRC's current multiannual research programme (1984 - 1987)²⁶ are industrial technologies, nuclear fusion, nuclear fission, non-nuclear energy sources and the environment. Under the Community's new research strategy, as charted in the new framework research programme discussed above, two essential tasks are assigned to the JRC: to pool a fund of independent knowledge prior to the definition of the common norms and standards to be used on the large single market and to guarantee that technological development in sensitive sectors (e.g. nuclear energy) proceeds under uniform conditions of safety²⁷.

JET project and nuclear fusion

A major part of the Community-directed research and framework research programme concerns nuclear fusion. The European research effort in the area of fusion is currently concentrated on the JET (Joint European Torus) project at the nuclear fusion research centre at Culham, in the United Kingdom. The importance of this fusion research facility of the Community's can also be seen from the fact that third countries too (Switzerland and Sweden) have taken part in the project.

Energy research

Energy research is a further major component of the Community's framework research programme, second only to the promotion of industrial competitiveness. In addition to the nuclear fusion research described above, the bulk of the Community's current energy research (see also the preceding chapter on Community energy policy) is covered in two coordinated research programmes for the period 1985 - 1988²⁸. One programme deals with renewable sources of energy and their development: solar energy in buildings, photovoltaic power generation, development and recovery of biomass for energy purposes, assessment of wind energy resources and feasible technologies and technical improvements in the use of geothermal energy. Grouped together in the second programme, whose main theme is the rational use of energy, are projects relating to energy conservation in buildings, industry and transport, the utilization of solid fuels (improving efficiency, elimination of noxious substances, etc.), the development of new energy vectors (coal liquefaction and gasification, synthetic fuels, etc.) and energy supply and demand management.

These research programmes will be supplemented by grants for pilot and demonstration projects. In the period covered by this report the European Parliament adopted a report and resolution²⁹ on financial support for various demonstration projects (exploitation of alternative energy sources, energy saving, substitution of hydrocarbons and liquefaction and gasification of solid fuels).

Role of the European Parliament

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

As it has already demonstrated, especially with last October's major symposium and plenary debate on new technologies, the European Parliament has always considered one of its most important tasks to be that of ensuring an increase in Community research policy activities, knowing them to be vital for the Community's future place in the world, and of bringing home to the Member States the fact that Community research activities are, in the long term, of more use to them than isolated national research programmes.

- ¹Council resolution of 14 January 1974, OJ No. C 7/74
- ²See the corresponding Commission proposal COM(85) 350 final and Commission communication COM(85) 530 final
- ³Adopted by Council resolution of 25 July 1983, OJ No. C 208/83
- ⁴COM(86) 129 final
- ⁵Doc. A 2-49/86 (SALZER report) and resolution of 9 June 1986, OJ No. C 176/86
- ⁶Doc. A 2-109/85 (PONIATOWSKI report), resolution of 8 October 1985, OJ No. C 288/85
- ⁷Doc. A 2-89/85 (MUNCH report), resolution of 8 October 1985, OJ No. C 288/85
- ⁸Doc. A 2-94/85 (LINKOHR report), resolution of 10 October 1985, OJ No. C 288/85
- ⁹Doc. A 2-99/85 (METTEN report), resolution of 21 February 1986, OJ No. C 68/86
- ¹⁰Doc. A 2-106/85 (LONGUET report), resolution of 9 October 1985, OJ No. C 288/85
- ¹¹Doc. A 2-108/85 (TOKSVIG report) (still pending before Parliament)
- ¹²Doc. A 2-110/85 (CIANCAGLINI report), resolution of 8 October 1985, OJ No. C 288/85
- ¹³Doc. A 2-97/85 (BROK report), resolution of 9 October 1985, OJ No. C 288/85
- ¹⁴Doc. A 2-96/85 (SALISCH report), resolution of 9 October 1985, OJ No. C 288/85
- ¹⁵See for instance the European Parliament resolution of 12 December 1985 on the EUREKA project and the European technological community (OJ No. C 352/85) and the report on EUREKA (Doc. A 2-52/86), still pending before Parliament
- ¹⁶OJ No. L 67/84
- ¹⁷Council Decision 85/558/EEC, OJ No. L 365/85
- ¹⁸See COM(86) 269 final
- ¹⁹Council Decision 85/372/EEC, OJ No. L 210/85
- ²⁰Council Decision (85/196/EEC) of 25 March 1985, OJ No. L 83/85
- ²¹Council Decision (85/195/EEC) of 25 March 1985, OJ No. L 83/85
- ²²A synopsis of this symposium has been compiled by and is available from the European Parliament's DG IV. The symposium was part of the preparations for an EP own-initiative report on biotechnology which is still pending before Parliament

- ²³Doc. A 2-206/85 (ROUX report) and resolution of 21 February 1986,
OJ No. C 68/86
- ²⁴Doc. A 2-32/86 (IPPOLITO report) and resolution of 9 June 1986,
OJ No. C 176/86
- ²⁵Doc. A 2-216/85 (ESTGEN report) and resolution of 19 February 1986,
OJ No. C 68/86
- ²⁶Council Decision (84/1/EURATOM/EEC) of 22 December 1983, OJ No. L 3/84
- ²⁷On future developments for the JRC see COM(86) 145 final
- ²⁸Adopted by Council Decision (85/198/EEC) of 12 March 1985, OJ No. L 83/85
- ²⁹Doc. A 2-82/85 (STARITA report) and resolution of 13 September 1985,
OJ No. C 262/85

EDUCATION AND CULTURAL POLICYI. Education policy

Cooperation between the Community countries in the field of education is an integral part of the process of European integration, contributing to greater mutual understanding between them and the improvement of living and working conditions.

The problems inherent in education affect millions of Europeans, whether students, parents or teachers. Despite a slight fall in numbers in the early 1980's, the Community countries' educational systems currently encompass 58 million young people and approximately 3.5 million teachers. This type of cooperation has now become essential as a result of the economic crisis and the high unemployment level. The Community institutions are actively involved in this development even though the Community Treaties do not refer specifically to the education or cultural sectors. However, the spirit as well as the letter of these Treaties, is to be honoured, Community action in this area is amply justified since the Community is responsible for the economic and social development of its Member States. Specific Community action is therefore justified under Article 57 of the EEC Treaty concerning the recognition of diplomas, certificates and other qualifications. Progress in this sector has been very slow, and recognition of diplomas have only been achieved in certain occupations. For this reason the European Parliament adopted a resolution¹ under urgent procedure on 18 April 1985, calling on the Commission to deal with the following points:

- (a) analyse the procedures for assessing the equivalence of academic qualifications and
- (b) draw up a proposal for the establishment of a Community system for the recognition of the equivalence of diplomas, periods of study and professional qualifications so as ultimately to remove the technical and administrative barriers to wider access to economic activities and to greater mobility for students, teachers and researchers.

During the period in question, the European Parliament's steady efforts began to produce tangible results, opening up new prospects.

At its last meeting held in Luxembourg on 9 June 1986², the Council of Education Ministers endorsed the Presidency's proposal to earmark 45 million ECU for the COMETT programme³ 1986-1989. The Ministers also agreed to review this amount by 31 December 1988 and to hold discussions by 31 October 1989 on a proposal from the Commission, on how to pursue the programme beyond 1989.

As regards the Commission proposal on the ERASMUS programme⁴, all the delegations agreed on its objective of promoting student mobility in the European Community.

The Council instructed the Education Committee in considering the proposal to concentrate on effective ways of extending agreements between universities involved in student exchanges within a European network and on ways of avoiding further top-heavy structures in this sector, and to refer back to it by 1 December 1986.

The Ministers also adopted a resolution concerning consumer education at primary and secondary level, calling on the Member States, as far as is possible within their constitutions and national laws and regulations, to include this subject in the school curriculum.

The resolutions adopted by the European Parliament in the period in question include:

- the resolution of 10 October 1985 on the work programme proposed by the Commission of the European Communities on new information technologies and school systems⁵. In this resolution the European Parliament endorses the work programme designed to promote the training of students and teachers in the new technologies at all levels of teaching, and cooperation between the Member States in this sector.

- The resolution of 13 November 1985 on a Peoples' Europe⁶ in which the European Parliament calls for more frequent pupil exchanges between the schools of Member States, cooperation between European universities and foreign language teaching at primary level.
- The resolution of 14 November 1985 embodying the opinion of the European Parliament on the proposal for a directive on a general system for the recognition of higher education diplomas⁷.
- The resolution of 15 November 1985 embodying the opinion of the European Parliament on the proposal for a decision adopting an action programme of the Community in education and training for technology - COMETT (1986-1992)⁸.
- The resolution of 16 May 1986 embodying the opinion of the European Parliament on the proposal for a decision adopting an action programme of the Community in student mobility - ERASMUS⁹.

II. Cultural policy

The European Parliament has not neglected, indeed it has been actively and consistently involved in, the cultural sector which, more than any other, unites the people of the Community. In response to Parliament's promptings, the Commission set up an administrative unit in 1973 responsible for cultural affairs. The Community's Heads of State and Government have also recognized, on various occasions, the need for joint action in the cultural sector.

This united approach has been productive and promising developments are now under way particularly in four areas: movement of cultural goods (radio-television programmes, films, works of art, artists' working instruments and books); improvement of artists' living and working conditions (freedom of movement and right of establishment, social security, protection of copyright, taxes, training of cultural workers, artist exchanges and support for artistic and cultural events); strengthening of means of communication (radio, television, cinema, concerts, theatre performances) in order to widen the circle of persons interested in cultural activities; conservation of the architectural heritage.

However, it is obviously not sufficient merely to initiate practical measures. For this reason, the European Parliament adopted a number of important positions in the period in question including:

- the resolution of 10 July 1985 on International Youth Year¹⁰, in which the European Parliament calls on the Commission to draw up a strategy to give young people the means to express themselves, based on aid to youth bodies and youth events, aid to young authors, composers, musicians and artists and the promotion of the cultures of ethnic minorities.

- The resolution of 8 October 1985 embodying the opinion of the European Parliament on the proposal for a regulation on a Community aid scheme for non-documentary cinema and co-productions¹¹.

- The aforementioned resolution of 13 November 1985 on a citizen's Europe, in which the European Parliament reiterates the need for closer cultural cooperation to encourage greater mutual understanding and a growing sense of European cultural identity.

- The resolution of 12 December 1985 on the European Foundation¹², in which, after recalling that the main aim of the Foundation is to study the best way in which the Community countries can preserve and develop their cultural heritage and encourage the dissemination of European culture inside and outside the Community's borders, the European Parliament calls on the Member States to ratify the agreement establishing the European Foundation.

¹OJ No. C 122, 20.5.1985

²Council Press Release, No. 7481/86

³Community programme in education and training for technology (1986-1992)

⁴Student exchange programme

⁵OJ No. C 288, 11.11.1985

⁶OJ No. C 345, 31.12.1985

⁷OJ No. C 345, 31.12.1985

⁸OJ No. C 345, 31.12.1985

⁹OJ No. C 148, 16.6.1986

¹⁰OJ No. C 229, 9.9.1985

¹¹OJ No. C 288, 11.11.1985

¹²OJ No. C 352, 31.12.1985

