

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



**1 January  
31 December 1979**

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



**Twenty-seventh review**  
**of the**  
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## Introduction

*During 1979 the Community passed three milestones, events which will shape it during the 1980s: direct elections to the Parliament, the inauguration of the European Monetary System and Greece's signing of the acts of accession to the European Communities. These achievements must none the less be considered in the wider context of a rapidly deteriorating world political situation and an economic climate which remains poor, both of which underline the need for the greatest possible solidarity at Community level.*

*For the Community as a whole 1979 will be remembered as the year of the election of parliamentary representatives by direct universal suffrage. In their report to the European Council on the European union in 1979 the Ministers of Foreign Affairs were able to write: 'By their participation in this election the people of the Member States have expressed their hope and their resolve to advance, effectively and logically, the construction of Europe'.*

*Since the inauguration of the new parliament, the Council has taken pains to stress its determination to continue the fruitful cooperation which had been established between the Council and the old Assembly. It became clear that it would not be easy to establish a new balance and in December 1979, for example, the Parliament rejected the Communities' budget for 1980, but the two bodies will have to work in close cooperation to turn the electors' wishes for further steps in the building of Europe into reality.*

*The main characteristics of the European Monetary System were decided in December 1978, and it was brought into effect in March 1979. Since then the system has contributed to a great solidarity between the participating currencies, and has thus added an element of stability to the international monetary system.*

*The third major achievement of the year was the signature in Athens on 28 May 1979 of the Acts relating to the accession of the*

*Hellenic Republic to the European Communities: it is expected that Greece will enter the Community on 1 January 1981, after the completion of the various procedures for parliamentary approval. Negotiations with Spain were formally opened in February 1979. The negotiations with Portugal which were opened in October 1978 continued. Both procedures are at the stage of identifying the basic problems which will have to be solved by negotiation later. In connection with this second enlargement of the Community, the Turkish Government submitted proposals to relaunch the associations, indicating at the same time that its ultimate objective was still accession to the European Communities.*

*Another major achievement was the signature at Lomé (Togo) in October 1979 of the second ACP-EEC Convention, after a series of meetings between the Community and the 58 African, Caribbean and Pacific States. This Convention consolidates the attainments of the first Convention and introduces a number of new, indeed innovative, elements brought in as a result both of previous experience and of the specific needs of the ACP States.*

*In the area of world trade the Community played an important role in the GATT multilateral negotiations, which were successfully concluded in December 1979. These negotiations were the most important to have taken place since the end of the Second World War, and quite apart from the agreed reductions in tariffs, one of the principal points of the negotiations, if not the most important point, concerned the new rules which had been introduced covering non-tariff barriers to trade. These results, all the more significant since they were obtained during an economic recession, will make a major contribution to the campaign against protectionism.*

*Events in Iran again had repercussions throughout the world oil market, and the Community made considerable efforts to take up the challenge resulting from dependence on imported energy; the European Council, at its meeting held in June 1979, set a target of maintaining oil imports at their 1978 level until 1985, through the reduction of consumption either by more economic use of oil or by replacing it with alternative energy sources. In addition the Council announced a five-year programme which includes financial support for alternative energy projects and for energy-saving projects.*



*The critical world economic situation has brought about a need to restructure European industry, which will be met over a fairly long period, allowing some industries to shrink to a stable production level and others to expand. Of the first group of industries, the Council took particular steps to help steel and textiles. Internal and external measures to deal with the crisis in the steel industry were renewed by the Council for 1980. On instructions from the Council, the Commission negotiated 17 arrangements with third countries which supply approximately 80% of the Community's steel imports, thus helping to stabilize Community price levels and, during the first half of 1979, to keep Community imports at approximately the same level as in 1978.*

*In December 1979 the Council adopted a Regulation on Community aid for restructuring and conversion operations in the man-made fibres sector, thus giving support to the effort already made by that industry to rationalize itself.*

*With regard to growth industries, the Council adopted decisions relating to computers. In September 1979 a four-year programme to develop the computer industry from 1979 to 1983 was adopted, together with a substantial budget for research and development. At the same session a resolution was adopted on Community action for the promotion of electronics.*

*The Council continued to attach great importance to the unemployment problems of the Community, particularly the reorganization of working hours. Following the outcome of two meetings of the Standing Committee on Employment, in December 1979 the Council approved a resolution on the subject. Guidelines to facilitate and encourage further work between representatives of employers and workers and with the Community bodies lay down six areas for action: overtime and time off in lieu, flexible retirement, part-time work, temporary work, shift work and annual working time. In addition the Council approved a resolution concerning sandwich courses for young people, providing for periods of training and work experience during the transition to working life. The Council also adopted a directive relating to the protection of employees in the event of the employer's insolvency.*

*Common prices for the 1979/80 marketing year in the agricultural sector were subject to the very small increase of 1.5% on*

average. In view of the surpluses in the milk sector, the Council allowed no increase and fixed the rate of the co-responsibility levy at 0.5% of the target price, and also adopted associated measures intended to bring the market back into balance. The agri-monetary machinery was adapted to the European monetary system and perceptible progress was made in the elimination of monetary compensatory amounts. In February 1979 the Council adopted a second series of measures concerning the structure of agriculture in the Mediterranean regions and Ireland; the European Council recommended that a fresh impetus should be given to the common structural policy, and the question is currently being examined.

Amongst many other Council activities, attention should be drawn to ten new directives relating to the removal of technical barriers to trade in industrial products; Directive on access to and pursuit of the activity of life insurance, several Regulations, Directives or Decisions concerning land, air and sea transport including, in particular, a Regulation on ratification by the Member States of the United Nations Convention on a Code of Conduct for Liner Conferences, several Directives relating to the environment and a Directive on consumer protection and the price-labelling of foodstuffs.

With the enlargement of the Community, the direct election by universal suffrage of the members of Parliament and the institutional implications of the European Monetary System in mind, in December 1978 the European Council set up a Committee of 'three wise men' to study the changes which would have to be made to Community mechanisms and procedures. This Committee met, amongst others, the Spierenburg Committee, which is studying the functioning of the Commission, and presented its report in October 1979, the recommendations of which are being studied.

\*

*This Review, like its predecessors, has been prepared by the General Secretariat of the Council and is intended purely as a work of reference for public use.*

## CHAPTER 1

### The work of the Institutions

#### A – The Council

1. The Presidency of the Council was held by the French Republic in the first half of 1979, and by Ireland in the second half.

The meetings in the first half of the year were chaired successively by

Mr R. Boulin <sup>1</sup>	Minister for Labour and for Worker Participation
Mr L. de la Barre de Nanteuil	Ambassador Extraordinary and Plenipotentiary
Mr M. D'Ornano	Minister for the Environment and the Quality of Life
Mr J. François-Poncet	Minister for Foreign Affairs
Mr A. Giraud	Minister for Industry
Mr J. Le Theule	Minister for Transport
Mr P. Mehaignerie	Minister for Agriculture
Mr R. Monory	Minister for Economic Affairs
Mr M. Papon	Minister for the Budget

The meetings in the second half of the year were chaired successively by

Mr S. Barret	Minister for the Environment
Mr R. Burke	Minister of State, Ministry of Industry, Commerce and Energy
Mr G. Colley	Deputy Prime Minister and Minister for Finance
Mr G. Fitzgerald	Minister for Labour

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<sup>1</sup> Deceased.

Mr Jim Gibbons	Minister for Agriculture
Mr P. Lenihan	Minister for Fisheries
Mr R. MacSharry	Minister of State at the Department of Public Services
Mr M. O'Donoghue	Minister for Economic Planning and Development
Mr M. O'Kennedy	Minister for Foreign Affairs
Mr D. O'Malley	Minister for Industry, Commerce and Energy
Mr J. Tunney	Minister of State at the Ministry of Education and
Mr L. Preti	Minister for Transport of the Italian Republic (replacing Mr P. Faulkner, Irish Minister for Tourism and Transport)

The 59 meetings held during 1979 were devoted to the following topics:

- 12 External relations
  - 1 External relations and financial problems jointly
- 12 Agriculture
  - 9 Economic and financial problems
  - 6 Energy
  - 4 Budget
  - 4 Fisheries
  - 3 Environment
  - 2 Research
  - 2 Transport
  - 2 Labour and social matters
  - 1 Development cooperation
  - 1 Tax matters.

#### *Council Rules of Procedure*

2. Pursuant to Article 5 of the Treaty establishing a single Council and a single Commission of the European Communities, the Council adopted its Rules of Procedure on 24 July 1979.

#### **B – Parliamentary affairs**

3. 1979 will remain for the Community the year in which the members of the European Parliament were elected by direct universal

suffrage. Speaking during the opening sitting of this Parliament, on 18 July 1979, the President-in-Office of the European Council, Mr Lynch, Prime Minister of Ireland, stated: 'This Assembly is a beginning in that for the first time the people have been given a direct voice in the building of Europe. This step marks the initiation of the new dimension in the process of European integration of which the long-term implications must be a matter for surmise.' It is clear that this event has already marked and will continue to make its mark on the relationship between Parliament and the Council. The latter is convinced that the newly-elected Parliament will serve the hopes and ambitions of Europe in the place amongst the Community Institutions which is its rightful one. This is why the Council wished, as soon as this new Parliament was installed, to emphasize the importance it attached to the continuance of the fruitful cooperation which has existed hitherto between the Council and Parliament. This cooperation was demonstrated during 1979 by the regular presence of the President-in-Office of the Council at the various part-sessions of Parliament and by its participation in the work of the various committees or parliamentary bodies.

#### **1. PARTICIPATION OF THE COUNCIL IN THE PLENARY SITTINGS OF PARLIAMENT**

##### *(a) Budgetary procedure*

4. On 2 April 1979 a joint Council of Ministers for Foreign Affairs and Ministers for Finance made an overall assessment of the Community's budgetary problems.

On 26 April 1979, Mr Bernard-Reymond, Secretary of State at the French Ministry of Foreign Affairs, President-in-Office of the Council, reported on this meeting of the Council.

After hearing a Parliamentary Delegation led by President Veil, the Council drew up the draft budget on 11 September 1979. Mr MacSharry, Irish Secretary of State for Public Services, President-in-Office of the Council, presented this draft budget on 27 October 1979 to Parliament and took part in the budget debate held by the Parliament on 5 November 1979.

Before proceeding to a second reading of the draft budget, as amended or modified by Parliament, the Council received in audience a delegation of Parliament on 23 November.

Mr MacSharry attended the debate which Parliament devoted to the draft budget as modified by the Council at its sitting of 11 December 1979.

Within the framework of the budgetary procedure, the Council, presided over by Mr Lenihan, received a delegation from Parliament in Strasbourg on 12 and 13 December.

Mr Lenihan made a statement during the budget debate which Parliament held during its sitting of 13 December.

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

5. Presenting the work programme of the French Presidency for the first half of the year at the sitting of 17 January 1979, Mr François-Poncet, Minister for Foreign Affairs and President-in-Office of the Council, stated that harmonizing did not necessarily mean establishing a common policy.

Reiterating his devotion to 'an open dialogue, nurtured and marked by the frankness which is an expression of mutual respect and guarantees the solidity of work jointly done', Mr François-Poncet emphasized the need for observance of the Treaties. In particular he pointed out that 'to refer to the Treaties, is not to take a narrow view or to reject development; it is to endeavour to preserve the real interests of the construction of Europe and maintain confidence in the task begun. Twenty years of European construction have proved that, far from acting as a damper, the Treaties are the source of both the strength and the significance of the enterprise'.

He also emphasized that the European Community should attach special importance to the social aspects of its work.

6. On 19 July 1979, Mr O'Kennedy, Irish Minister for Foreign Affairs and President-in-Office of the Council, presented the programme of the Irish Presidency. Recalling the historic task of the directly-elected European Parliament, to give a new European dimension to the aspirations of its citizens, he emphasized 'the need to establish and maintain cooperation between the Council of Ministers and this Parliament', which 'through its opinions and advice and through the exercise of its powers' made 'a major contribution to the flow of European policy'. Mr O'Kennedy, who stressed the need to

achieve progress in eliminating the regional imbalances within the European Community, pointed out how much solidarity and unity the latter was able to demonstrate.

(c) *Statement on the conclusions reached by the European Council*

7. On 15 March, Mr François-Poncet reported on the conclusions reached by the European Council which met in Paris on 12 and 13 March 1979. The President-in-Office of the Council concentrated on the creation of the EMS which 'is no more than a first step in a process which will include others'. On the subject of employment, he emphasized the importance of the European Community's social work in improving the situation of sectors in difficulty, as well as the need to supplement efforts made towards economic reorganization by specific measures.

Mr François-Poncet reported that the European Council had agreed, on the one hand, with regard to the CAP, to seek measures tailored to each product and to improve structures in the Mediterranean regions, and, on the other hand, on the question of energy, to adopt guidelines setting out the broad lines of a common energy policy.

8. In his speech to Parliament on 19 July 1979, Mr O'Kennedy made a statement on the conclusions reached by the European Council which met in Strasbourg on 21 and 22 June 1979. He stated that, given its vulnerability in the energy field, the European Community should reduce its consumption of oil and rapidly increase development of alternative energy sources. In addition, Mr O'Kennedy said that, on the one hand, 'it was necessary to establish closer intra-Community economic coordination to offset inflationary trends and the serious implications for growth and employment' and that, on the other hand, and as a result of these problems, an increase in incomes would probably prove more nominal than real.

Mr O'Kennedy also stated that the Community should seek a non-protectionist type of solution to the imbalance in trade relations with Japan.

9. On 12 December 1979, Mr Lenihan reported on the conclusions reached by the European Council which met in Dublin on 29 and 30 November 1979. Whilst noting some differences between the Member States on the question of economic convergence he stressed that progress had been made and that a solution to the budgetary aspects

of the problem could be found taking the Commission proposals as a basis. Mr Lenihan also stated that the European Council had agreed to pursue a more effective energy policy, in particular with regard to developing own energy sources and cooperation with oil-producing countries.

The speaker pointed out that the problem of unemployment, the improvement of growth and the fight against inflation had been closely scrutinized by the European Council.

Lastly, Mr Lenihan said that the European Council had decided to forward the report on European Union and that of the Three Wise Men to Parliament.

(d) *Other debates*

(i) Political and institutional aspects of enlargement

10. At the sitting of 17 January, Mr Bernard-Reymond, French Secretary of State for Foreign Affairs and President-in-Office of the Council, stated that there would be no overall policy in negotiations with the three applicant countries.

(ii) Transport

11. On 14 February 1979, Mr Bernard-Reymond took part in a debate on the Community quota for the carriage of goods by road between the Member States.

(iii) Prices for agricultural products 1979-80

12. During the debate on prices for agricultural products during the 1979-80 marketing year, Mr Mehaignerie, French Minister for Agriculture and President-in-Office of the Council, endorsed a prudent prices policy aimed at preventing any increase in the gap between world prices and Community prices.

(iv) Restructuring of industry

13. On 25 April 1979, during a debate on the restructuring of industry in the iron and steel sector, Mr Bernard-Reymond stressed the need to maintain a single market, to achieve monetary stability and to pursue an overall strategy of growth recovery.



(v) Employment policy

14. At the sitting of 9 May 1979, Mr Bernard-Reymond restated the various measures on employment which were being examined by the Council.

(vi) South-East Asian refugees

15. On 19 July 1979, Mr O'Kennedy made a statement on the situation of refugees and other displaced persons in South-East Asia.

(vii) Energy policy

16. At the sitting of 26 September 1979, Mr Andrews, Irish Minister of State for Foreign Affairs and President-in-Office of the Council, took part in a debate on energy problems.

(viii) Convergence

17. During the debate on convergence between economic achievements at the sitting of 14 November 1979, Mr Andrews said that the development of the economies of the Member States and the reduction of disparities between the regions remained one of the essential aims of the European Community.

**2. PARTICIPATION IN THE PRECEEDINGS OF THE COMMITTEES AND OTHER PARLIAMENTARY BODIES**

(a) *Parliamentary Committees*

(i) Transport

18. On 3 April 1979, Mr Le Theule, French Minister for Transport and President-in-Office of the Council took part in a meeting of the Committee on Regional Policy, Regional Planning and Transport in Rome. On 26 November 1979, Mr Faulkner, Irish Minister for Tourism, Transport, Posts and Telegraphs and President-in-Office of the Council, took part in a meeting of the Committee on Transport.

(ii) Energy

19. On 20 March 1979, Mr Giraud, French Minister for Industry and President-in-Office of the Council, took part in a meeting of the Committee on Energy and Research.

On 17 December 1979, Mr O'Malley, Irish Minister for Industry, Commerce and Energy and President-in-Office of the Council, also took part in a meeting of this Committee.

(iii) Agriculture

20. On 19 November 1979, Mr Gibbons, Irish Minister for Agriculture and President-in-Office of the Council, took part in a meeting of the Committee on Agriculture in Dublin.

(b) *Interparliamentary Conference*

21. Mr Bernard-Reymond took part in the Fourth Interparliamentary Conference between the European Parliament and the Latin-American Parliaments which was held from 19 to 21 February 1979 in Rome.

(c) *Parliamentary association bodies*

(i) ACP-EEC Consultative Assembly

22. Mr Bernard-Reymond represented the Council at the meeting of the Joint Committee of the ACP-EEC Consultative Assembly which was held from 29 January to 1 February 1979 in Bordeaux.

Mr Andrews represented the Council at a meeting of the ACP-EEC Consultative Assembly which was held from 10 to 12 October 1979 in Luxembourg.

(ii) Joint EEC-Turkey Parliamentary Committee

23. Mr Bernard-Reymond represented the Council at the 24th meeting of this Committee which was held on 9 and 10 April in Ankara.

**3. QUESTIONS ADDRESSED TO THE COUNCIL BY MEMBERS OF THE EUROPEAN PARLIAMENT**

24. During 1979 the Members of the European Parliament addressed to the Council

185 written questions,

26 oral questions with or without debate,

134 oral questions at Question Time.

It is worth noting besides that during the period dating from the election of Members of Parliament by direct universal suffrage up to the end of 1979, the Council received approximately three times as many written questions as during the corresponding period in 1978 (135 compared with 48), while the number of oral questions asked at Question Time increased by some 35 %.

## **C – Institutional affairs**

### **1. PREPARATION OF MEMBERS OF PARLIAMENT FOR ELECTION BY DIRECT UNIVERSAL SUFFRAGE**

25. The Council examined the question of the remuneration of members of the elected Parliament and took note of the fact that it was a matter for the competent authorities in the Member States to draw up regulations concerning allowances to be paid to the future members of Parliament elected by direct universal suffrage, as well as their tax arrangements.

An exchange of views took place within the Council with the aim of coordinating the time for beginning to count the votes during these elections.

### **2. SPECIAL RIGHTS**

26. The *ad hoc* Working Party on Special Rights of Citizens continued its work, in particular by examining the question of the right to petition and that of access to the European civil service. The Council also received a proposal for a directive concerning the right of abode of nationals of the Member States on the territory of another Member State.

## **D – Court of Justice**

### **1. THE COURT'S RULES OF PROCEDURE**

27. On 26 July 1979, pursuant to the second paragraph of Article 188 of the EEC Treaty, the Council approved some amendments to the Court's rules of procedure, in particular those pertaining to the composition of the chambers of the Court and the allocating of specific cases, and also to the arrangements for taking action.

## **2. CASES BROUGHT BEFORE THE COURT OF JUSTICE**

28. During 1979, the Council appeared before the Court in 220 cases. In two cases, private firms with registered offices in the Member States brought proceedings for the annulment of an Act of the Council, and in four cases, private firms or individuals having their domicile in the Member States, brought proceedings against the Council under Article 215 of the EEC Treaty and claimed damages.

Seven cases were brought by officials against the Council. 205 cases on the same subject were brought by officials against the Council *and* the Commission, and two cases were brought against the Council *and* the Commission by temporary staff.

In addition, the Council was involved in six cases concerning requests for a preliminary ruling within the meaning of Article 177 of the EEC Treaty and in three cases brought against other Institutions in which the validity of an Act of the Council was called into question.

## **E – Economic and Social Committee**

29. Following the election of Parliament by direct universal suffrage on 7-10 June 1979, the President of the Committee, Mrs Baduel-Glorioso and Committee members Mr de Ferranti, Mr Hoffman, Mr Jonker, Mr Dido and Mr Bonaccini were elected Members of Parliament. As a result, they tendered their resignations from the Economic and Social Committee.

Having taken formal note of its President's resignation, the Committee proceeded to elect its new President, Mr Vanni, at its 169th plenary meeting held on 27-28 June 1979.

30. During 1979, the Council was twice represented by its President at a meeting of the Committee. On 27-28 June 1979, Mr Boulin, French Minister for Labour and Worker Participation made a speech.

On 12 December 1979, Mr Fitzgerald, Irish Minister for Labour, addressed the Committee.

31. Mr Roger Louet took up his duties as Secretary-General of the Economic and Social Committee as from 1 January 1979.

## CHAPTER II

### **Freedom of movement and common rules**

#### **A – Customs union and industrial matters**

##### **1. CUSTOMS UNION**

###### *(a) Common Customs Tariff*

32. On 20 December 1979, the Council adopted a regulation amending Regulation No 950/68 relating to the Common Customs Tariff.<sup>1</sup> The main amendments made by this Regulation to the tariff which was formerly in force arise from the application of agreements concluded in the context of the GATT multilateral trade negotiations, taking account of tariff concessions granted in the agricultural and industrial sectors, and in the civil aviation industry.

During the year, the Council adopted 11 Regulations temporarily suspending the autonomous duties applied under the Common Customs Tariff for a large number of products, or amending Regulations relating to such products, and 29 Regulations either opening, allocating and administering Community tariff quotas for certain products or increasing quotas already decided upon by the Council.

###### *(b) International customs conventions*

33. On 8 May 1979, the Council adopted a Decision<sup>2</sup> on the conclusion of the additional Protocol to the Agreement on the importation of educational, scientific and cultural materials adopted by

<sup>1</sup> OJ L 352 of 31. 12. 1979.

<sup>2</sup> OJ L 134 of 31. 5. 1979.

the General Conference of UNESCO held in Nairobi in November 1976, with the aim of extending the duty-free arrangements provided for in the basic Agreement (Florence Agreement).

On 25 June 1979, the Council adopted three Decisions on the negotiation of protocols enabling the European Economic Community to become a Contracting Party to the following agreements within the context of the Council of Europe: the European Agreement on the exchange of therapeutic substances of human origin, the European Agreement on the temporary importation, free of duty, of medical, surgical and laboratory equipment for use on free loan in hospitals and other medical institutions for purposes of diagnosis or treatment, and the European Agreement on the exchange of blood-grouping reagents.

In order to ensure that the new GATT agreement on valuation for customs purposes might come into effect on 1 July 1980, the Council adopted on 25 June 1979, a Recommendation requesting the Member States to notify no later than 30 June 1979, their withdrawal from the Convention on the valuation of goods for customs purposes of 15 December 1950, to which they were Contracting Parties. Withdrawal would take effect at the end of one year.

On 12 November 1979, the Council adopted a Decision authorizing the Commission to take part on behalf of the Community in the negotiations aimed at concluding a Convention on international multimodal transport.<sup>1</sup> The text of this Convention drafted under the auspices of UNCTAD, includes provisions relating to the guiding principles of customs transit. The negotiating instructions given to the Commission seek to ensure that the above Convention is in line with Community provisions relating to customs transit.

During the year, the Member States and the Commission worked together to establish a common position regarding various amendments it is planned to make to Annex 9, relating to customs formalities and other measures of the Chicago Convention on international civil aviation.

In other areas governed by Council Decisions on international customs conventions, coordination work regularly took place within the

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<sup>1</sup> See paragraph 168 *et seq.* of this Review.

Council with a view to establishing the common position to be adopted by the Community and its Member States at negotiations in the relevant international contexts. In particular, as regards the establishment of a harmonized system for describing and codifying goods which has been undertaken under the auspices of the Customs Cooperation Council, and for which a negotiating Decision was adopted by the Council on 4 June 1974, work has progressed so rapidly that by the end of 1979 approximately two thirds of the system had been drawn up.

(c) *Harmonization of customs legislation*

34. Substantial new progress was made in 1979 towards harmonizing customs legislation within the Community with the adoption by the Council of four Regulations and Directives relating to customs arrangements of major importance.

35. The Directive concerning the harmonization of provisions laid down by law, regulation or administrative action relating to customs debt which the Council adopted on 25 June 1979<sup>1</sup> determines the cases where a customs debt is incurred on importation or exportation of goods in the Community together with the moment at which a debt of this kind arises and conditions for calculating certain factors in the taxation of such goods such as their type, quantity and value.

36. The Regulation of 2 July 1979 relates to the repayment or remission of import or export duties<sup>2</sup> and the Regulation of 24 July 1979 relates to the post-clearance recovery of import or export duties which have not been required of the person liable for payment on goods entered for a customs procedure involving the obligation to pay such duties.<sup>3</sup> Both aim at eliminating variations in treatment accorded to importers and exporters in the Community, and also at defining the conditions which govern the right of Member States to modify their establishment of Community own resources pursuant to the Community provisions in force.

37. The Directive of 24 July 1979 relating to the harmonization of procedures for the release of goods for free circulation<sup>4</sup> lays down

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<sup>1</sup> OJ L 179 of 17. 7. 1979.

<sup>2</sup> OJ L 175 of 12. 7. 1979.

<sup>3</sup> OJ L 197 of 2. 8. 1979.

<sup>4</sup> OJ L 205 of 30. 8. 1979.

common rules for customs clearance of goods imported into the Community, in order to ensure that all Community importers are treated equally by correct and uniform application of import duties; these rules however remain sufficiently flexible to be adaptable to the circumstances and to take account of developments in administrative techniques, in particular as far as data processing is concerned.

On 14 May 1979, the Council also adopted a Regulation<sup>1</sup> amending its Regulation of 13 December 1976 relating to Community transit procedure which aims to incorporate the European unit of account into the all-in guarantee system which operates in the case of Community transit.

The Council also adopted on 8 May 1979 two Regulations amending the Regulation of 10 July 1975 relating to the importation free of customs duties as laid down under the Common Customs Tariff for educational, scientific and cultural materials,<sup>2</sup> and relating to the importation free of customs duties as laid down under the Common Customs Tariff for materials aimed at handicapped persons.<sup>2</sup> These two Regulations are intended to incorporate into Community law from 1 January 1980 onwards the provisions of the additional Protocol of 26 November 1976 to the Agreement on the Importation of Educational, Scientific and Cultural Materials adopted by the General Conference of Unesco in November 1976.

## 2. INDUSTRIAL AFFAIRS

### (a) *Elimination of technical barriers to trade*

38. Pursuing the application of its General Programme on the elimination of technical barriers to trade,<sup>3</sup> the Council adopted during 1979 ten new Directives relating to industry, which brought to 119 the number of Directives adopted by the Council in this field.

Four Directives were adopted on measuring instruments. The Directive of 11 September 1979 relating to hot water meters<sup>4</sup> which is aimed at ensuring free movement of such appliances, is in line with a general policy for the rational use of energy and should give the consumer a better idea of the amount of hot water used.

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<sup>1</sup> OJ L 38 of 9. 2. 1977.

<sup>2</sup> OJ L 134 of 31. 5. 1979.

<sup>3</sup> OJ C 117 of 31. 12. 1973.

<sup>4</sup> OJ L 259 of 15. 10. 1979.



The Directive of 23 November 1979<sup>1</sup> amending the Directive of 19 December 1974 on the making-up by volume of certain prepackaged liquids is intended to reduce the number of volumes previously allowed in the making-up of certain liquid products, to make the market conditions clearer in the interest of both producers and consumers. The Directive of 20 December 1979<sup>2</sup> on units of measurement, which repeals the Directive of 18 October 1971, combines all the Community rules for measuring units, with the main aim of facilitating the use of a single system of units throughout the Community and thus helping consumers, firms and public authorities. Provision is made for an additional transition period in the case of certain units of measurement which are to be abolished; for certain particularly important Imperial units, the decision will be taken before the end of 1989.

39. The Council adopted four Directives in the sector of wheeled agricultural or forestry tractors. Two, on coupling devices and reverse<sup>3</sup> and on lighting and light-signalling devices were adopted on 17 May 1979. The Directive of 25 June 1979<sup>4</sup> related to static tests of the roll-over protection structures, the purpose of these tests being to check the strength of the safety frames and cabs, particularly on heavy tractors. The Directive of 24 July 1979<sup>5</sup> amending the Directive of 4 March 1974 on the type approval of wheeled agricultural or forestry tractors is aimed at making possible the issuing of EEC type approval also for features or parts of tractors which form a complete technical unit.

40. In the field of dangerous substances, the Council adopted on 24 July 1979 a Directive<sup>6</sup> supplementing the Annex to the Directive of 27 July 1976 relating to restrictions on the marketing and use of certain dangerous substances and preparations. This Directive adds to the list of banned products, the use of tris (2,3 dibromopropyl) phosphate to fireproof certain textile articles and the use in ornamental objects of certain liquids which, should the containers be broken, give off dangerous gases.

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<sup>1</sup> OJ L 308 of 4. 12. 1979.

<sup>2</sup> OJ L 39 of 15. 2. 1980.

<sup>3</sup> OJ L 145 of 30. 6. 1979.

<sup>4</sup> OJ L 179 of 17. 7. 1979.

<sup>5</sup> OJ L 205 of 13. 8. 1979.

<sup>6</sup> OJ L 197 of 3. 8. 1979.

On 18 September 1979, the Council adopted a Directive<sup>1</sup> amending for the sixth time the Directive of 27 June 1967 on the classification, packaging and labelling of dangerous substances. In order to control the effects on man and the environment, the Directive lays down that when any new chemical substance is placed on the market, notification must be made to the competent authority in the Member State where the substance is manufactured or into which it is imported for the first time, and that a file containing its specification and the results of tests carried out on the substance must accompany this notification. In order to watch the development of new substances placed on the market, the Directive provides that a classification be published of all substances thus notified. The provisions relating to the classification and labelling of dangerous substances which are at present on the market were also reinforced.

41. In the electrical equipment sector, the Council adopted on 6 February 1979<sup>2</sup> a Directive relating to electrical equipment for use in potentially explosive atmospheres employing certain types of protection. This Directive supplements the Directive of 18 December 1975, making reference to harmonized European standards and specifying the obligations of the certifying bodies and the distinctive marks to be affixed to the equipment concerned.

*(b) Standards and technical regulations*

42. In the context of the GATT multilateral trade negotiations, the Community signed the Agreement relating to technical barriers to trade which is aimed at preventing the restrictive effects on trade of technical regulations and standards by means of an international disciplinary system based on consultation and on commitments to reciprocate in the matter of access to markets and to the certification systems.

In order to ensure that this agreement was implemented, the Commission addressed to the Council a proposal for a decision laying down measures for the establishment and application of technical specifications and standards. The Council reached agreement on the basic points of this proposal on 20 November 1979. At this time, the Commission reminded the Council that there remained a general problem with regard to the right of access of products from third

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<sup>1</sup> OJ L 259 of 15. 10. 1979.

<sup>2</sup> OJ L 43 of 20. 2. 1979.

countries to the Community system of certification. The Commission urged the Council to find suitable solutions to this problem and to organize its work with a view to concluding it by 30 June 1980.

### **3. SECTORAL ACTIVITIES**

#### **(a) *Steel industry***

##### **(i) Restructuring and converting industry**

43. On 9 November 1979, the Commission addressed a communication to the Council concerning measures to be taken to combat the crisis in the Community steel industry in 1980.

After a preliminary discussion to establish the basic direction, held on 20 November 1979, the Council agreed on 18 December 1979 to a series of measures which were basically aimed at maintaining certain features of the arrangements adopted in 1977, to combat the crisis. Thus, in the consultation and in the assents which the Council delivered for the internal market, it decided, in the matter of prices, to maintain minimum prices and certificates of conformity for hot wide strip and to apply the obligation to adhere to price rules for the purpose of trading in these products. On the other hand, for concrete reinforcing rods and merchant bars, the Council decided to suspend the application of minimum prices for a period of six months and to reintroduce them in the following six months, if the conditions obtaining so required.

The Council also studied the criteria which the Commission intended to apply to its Decisions on the restructuring of the steel industry. In the social field, the Council decided to continue its work at a technical level on aid proposed by the Commission for steelworkers. Lastly, it was agreed that a solution concerning exports of ferrous scrap to third countries should be found by 30 March 1980.

##### **(ii) Rules of competition**

44. The draft Commission Decision setting up Community rules for granting aid to the steel industry, addressed by the Commission to the Council for its assent, was studied by the latter throughout 1979. Finally, at its meeting of 18 December 1979, the Council gave its assent, pursuant to Article 95 of the ECSC Treaty, to this Decision which will be in force until 31 December 1981 and which is aimed at the

establishment of a disciplinary system guaranteeing that aid granted by the Member States to the steel industry in order to weather the present crisis is in line with Community policy for the steel industry and does not lead to distortions of competition between the Member States.

(iii) ECSC budget

45. In order to balance the ECSC budget and in particular to carry out restructuring and reconversion projects in the steel industry, the representatives of the governments of the Member States decided on 9 April 1979 to transfer for the financial year 1979 a sum of 28 million European units of account to the ECSC budget, the individual contributions from the Member States being determined in accordance with an *ad hoc* system.

For 1980, the Council agreed on 18 December 1979 to examine the effect on the budget of the anti-crisis measures at the beginning of 1980.

(b) *Shipbuilding*

46. The Commission addressed to the Council on 28 September 1979, a communication relating to a project aimed at promoting the scrapping and building of ocean-going ships so that the Council would be able to hold a general policy debate on the principle and the main features of such a project. In its communication, in order to support efforts made towards restructuring by the industry, the Commission recommended a project comprising financial support for Community shipowners who placed new orders with Community yards, provided that these shipowners also sent ships to be scrapped equivalent to twice the tonnage to be built.

This communication was discussed by the Council on 20 November 1979. The opinions expressed will enable the Commission to decide whether it should submit formal proposals to the Council.

(c) *Textiles*

47. The Council adopted on 20 December 1979,<sup>1</sup> a Regulation on Community aid for industrial restructuring and conversion operations in

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<sup>1</sup> OJ L 326 of 22. 12. 1979.

the man-made fibres sector. Through this *ad hoc* Regulation, the sector will be able to benefit from Community aid for industrial reorganization and conversion under Article 375 of the 1978 budget. This aid will support the efforts being made to secure an economic improvement in the man-made fibres sector, in particular by reducing its production capacity.

(d) *Data processing – data-processing techniques*

48. The Council adopted on 11 September 1979<sup>1</sup> a four-year development programme for data processing (1979–83) covering a series of general projects (standardization, public procurement, cooperation in the field of research and development, influence on employment, impact on society, the confidentiality and security of data and legal protection for computer programs) and promotion projects (software and various data-processing applications).

A Council Regulation adopted on the same day<sup>2</sup> states how Community support for these measures will operate, how projects which qualify for support will be chosen and how aid will be granted. The amount set aside in the budget for this programme is 10 million European units of account for the general measures and 15 million for the promotion projects; these figures may be revised every two years. An Advisory Committee for the Management and Coordination of Data-Processing Programs is to assist the Commission in carrying out the programme.<sup>2</sup>

The Council also adopted on 11 September 1979<sup>2</sup> a Resolution concerning Community action in promoting microelectronic technology in which it invited the Commission to submit to it before 11 March 1980 specific projects aimed in particular at the development of the production of advanced equipment and methods needed to create a pacemaking European capability in this field, training for engineers and specialized technicians and the computer-assisted development of harmonized systems for the design and testing of VLSI components.

On 29 November 1979, the Commission addressed to the Council a communication concerning new data-processing techniques. The European Council discussed this matter on 29 and 30 November 1979, on the basis of a synopsis from the Commission.

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<sup>1</sup> OJ L 231 of 13. 9. 1979.

<sup>2</sup> OJ C 231 of 13. 9. 1979.

(e) *Trade and distribution*

49. At an informal meeting held on 11 May 1979 in Paris, the Ministers responsible for Internal Trade stressed the importance of work carried out at Community level in the distribution sector and proceeded to an exchange of information on the structure of trade within the Member States.

## **B – Right of establishment and freedom to provide services**

### **1. FINANCIAL INSTITUTIONS**

(a) *Adopted Directive*

50. At its 619th meeting on 20 December 1979, the Council reached agreement in principle on the Directive coordinating the requirements for the drawing-up, scrutiny and distribution of the listing particulars to be published for the admission of securities to official stock exchange listing.

This Directive, like the Directive adopted one year previously concerning the conditions for the admission of securities to official stock exchange listing, forms part of a plan to create a European capital market. Publication of listing particulars is one of the conditions for admission to official listing on a stock exchange, and this Directive will make it much simpler for securities from other Member States to be admitted to listing, as well as making it easier for any given security to be listed on a number of stock exchanges in the Community.

More particularly, the aim of this Directive is to make the guarantees offered to investors in Community Member States equivalent and to give them added protection. It lays down in detail the minimum content of listing particulars. It covers all securities except those issued by collective investment undertakings other than the closed-end type and those issued by a Member State or by its regional or local authorities. In certain cases, the Member States or their competent authorities may provide for or pronounce partial or complete exemption from the obligation to publish listing particulars. The Directive lays down the conditions for and extent of such exemption.

(b) *Work in progress*

51. The Council continued its examination of the proposal for a Directive for the coordination of laws, regulations and administrative provisions regarding collective investment undertakings for transferable securities of the open-end type. This proposal aims at reducing differences between the marketing requirements these undertakings must observe when marketing their units in the Community. Appropriate measures should accompany this proposal within the framework of capital transfers and of the harmonization of company taxation systems and of taxation at source of dividends payments. A preliminary examination made clear the difficulties involved in the final drafting of the Directive.

**2. LIBERAL PROFESSIONS**

(a) *Directives adopted*

Midwives

52. The Council and its bodies thoroughly investigated a number of provisions concerning the right of establishment and freedom to provide services of midwives. These are two Directives aimed at the mutual recognition of diplomas, certificates and other evidence of qualifications of midwives and include measures aimed at simplifying the actual exercise of the right of establishments and of freedom to provide services, and at coordinating the provisions laid down by law, regulation or administrative action concerning access to and practice of the profession of midwife, together with two Decisions, one setting up an Advisory Committee on Training in Midwifery and the other extending the competence of the Committee of Senior Officials on Public Health to include matters relating to this professional category.

This work enabled the Council to agree in essence on all these provisions at its 618th meeting on 18 December 1979.

The Member States have three years' grace to incorporate these provisions into their national laws.

(b) *Work in progress*

(i) Architects

53. The Council will recommence its deliberations on this subject, taking as its basis the compromise text submitted by the Commission,

when the latter has established the contacts necessary with official bodies in the Member States and with interested parties.

The texts still before the Council are, on the one hand, a proposal for a Directive aimed at mutual recognition of diplomas, certificates and other evidence of qualifications in the field of architecture, including measures intended to simplify the actual exercise of the right of establishment and of freedom to provide services, and, on the other hand, a draft Council Decision setting up an Advisory Committee on Training in the field of architecture.

(ii) Commercial agents

54. The Council bodies have started to examine a proposal for a Council Directive on the coordination of the laws of the Member States relating to (self-employed) commercial agents.

### 3. INSURANCE

(a) *Directives adopted*

55. At its 568th meeting on 5 March 1979, the Council adopted the Directive on the coordination of laws, regulations and administrative provisions relating to the taking up and pursuit of the business of direct life assurance.<sup>1</sup>

(b) *Work in progress*

56. The Council bodies also continued to examine the second Directive on coordination in the field of insurance other than life assurance.

### 4. COMPANY LAW

*Work in progress*

57. During the year, the Council's subordinate bodies continued to work intensively on the examination of the proposal for a seventh Council Directive based on Article 54 (3 g) of the EEC Treaty relating to group accounts, on the Directive relating to scissions of companies, and on the draft Regulation concerning the Statute of European joint stock companies.

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<sup>1</sup> OJ L 63 of 13. 3. 1979.



A panel of experts also started work on the modification of the Convention based on Article 220 of the EEC Treaty concerning mutual recognition of companies and legal personality, in order to take account of the accession to the European Communities of Denmark, Ireland and the United Kingdom.

## **C – Intellectual property**

### **1. COMMUNITY PATENT**

58. The Interim Committee held a meeting on 16 May 1979 in Munich at a time when the Council of the European Patent Organization was also meeting. On that occasion, the Interim Committee reviewed progress in the ratification procedures for the Luxembourg Convention. The Chairman of the Interim Committee was instructed to present a report to the Permanent Representatives' Committee to draw its attention to the political and administrative problems likely to cause delay to the entry into force of the Convention. The Permanent Representatives' Committee took formal note of this report on 11 October and requested the Interim Committee to report back to it on the situation by the summer of 1980.

The Permanent Representatives' Committee also decided at this time to adopt the Interim Committee's suggestion to take steps within the EEC-Greece Interim Committee to ensure that Greece would be able to join the Luxembourg Convention at the same time as this Convention entered into force for the nine Member States.

The Permanent Representatives' Committee's attention was also drawn to the need to obtain from Spain and Portugal agreement in principle on their joining the Luxembourg Convention, which is part of the 'acquis communautaire', as well as the Munich Convention on the European Patent which is an essential prerequisite for entering the Community patent system. These requests will be presented to Spain and Portugal in due course within the context of the negotiations for their accession to the Community.

59. Working Party I, on organization, staff and financial matters, held two meetings on 5 April and 9 October. It has virtually completed

the amendments necessary to the service regulations of the European Patent Office in order to take account of staff who will be entrusted with tasks relating to the Luxembourg Convention. It also adopted, in broad outline, the means of integrating the special departments laid down in the Luxembourg Convention into the administrative structure of the European Patent Office. The Working Party decided to slow down its work until such time as the date of entry into force of the Convention should be more certain. There would be little point in drawing up a budget and estimates in the present state of uncertainty.

60. Working Party II, on procedural matters laid down by the Luxembourg Convention, held a meeting from 10 to 12 October. It has virtually completed the drafting of Directives on the application of limitation and revocation procedures for the Community patent.

61. Working Party III, on infringements, held three meetings, on 22 and 23 May, on 18 and 19 October and on 17 and 18 December 1979. Work on drawing up a protocol for the purpose of setting up a Community legal system to deal with cases of litigation relating to Community patents is continuing vigorously. The Working Party examined a draft text relating to jurisdiction of first instance. This is based on the idea of setting up in each Member State, by virtue of the protocol, a Court of First Instance competent to hear cases relating to the infringement of the Community patent and also to hear cases seeking to revoke this patent brought as a counterclaim by the assumed infringer.

The Working Party also examined a draft text relating to the setting up of a Community Appeal Court competent to hear appeals brought against the decisions of the Courts of First Instance mentioned above. Lastly, the Working Party is studying the advisability of giving to the Court of Justice of the European Communities the power to set aside the judgments of the Community Appeal Court.

Finally, it may be noted that the setting up of the Community Appeal Court would mean integrating the Revocation Divisions laid down by the Luxembourg Convention and as a result lead to a revision of many of the requirements of that Convention.

Working Party III is expected to present a complete draft protocol to the Interim Committee during 1980.

## 2. PARIS CONVENTION

### *Current negotiations within the World Intellectual Property Organization*

62. One set of negotiations was of particular interest to the Communities. The preparation for the Diplomatic Conference on the revision of the Paris Convention for the Protection of Industrial Property of 20 March 1883, held from 4 February to 4 March 1980. This revision should lead to the adaptation of the worldwide system regarding industrial property in order to take account of the requirements of the developing countries.

The Member States and the Commission have held coordination meetings in connection with preparatory work for the Diplomatic Conference on the revision of the Paris Convention aimed at establishing a common position on the question of protecting geographical ascriptions by marks and by registered designations of origin. In particular, concerning registered designations of origin the Member States could not commit themselves to any undertaking which might directly or indirectly affect the existing Community regulations in the wine sector (statement by the Council of 26 March).

The Member States and the Commission drafted a text (Article 10 (4)) which postulates a system for the protection of geographical ascriptions based on the supposition of deception of the consumer on the one hand, and on the reputation acquired in professional circles on the other hand. The majority of the countries in Group B supported this proposal for Article 10 (4). The Member States and the Commission also drew up in the context of this Article a supplementary proposal to meet the views of the developing countries on this problem.

Coordination between the Member States and the Commission also centred on the problem of preferential treatment for developing countries, which is fundamental to the entire revision of the Paris Convention.



## CHAPTER III

### **Economic and social policy**

#### **A – Economic, financial and fiscal questions, and export credits**

##### **1. ECONOMIC AND FINANCIAL QUESTIONS**

63. During 1979 the Council held ten meetings of the Ministers for Economic and Financial Affairs (the ECO/FIN Council), at which economic and financial questions were discussed.

##### *(a) Coordination of the economic policies of the Member States*

64. At each of these meetings some of the discussion centred on the economic situation in the Community, comparing the economic policies of the individual Member States with each other and relating them to Community objectives.

In particular, the Council held the three meetings to examine the economic situation which are to be held yearly in accordance with the Decision of 18 February 1974 on the attainment of a high degree of convergence of the economic policies of the Member States.<sup>1</sup> The first examination took place on 19 March 1979. On this occasion the Council did not consider it necessary to amend the guidelines for 1979 which it had adopted on 18 December 1978.<sup>2</sup>

On the occasion of the second examination, on 16 July 1979, the Council concentrated on the budgetary policy of the Member States and took note of the quantitative guidelines for the 1980 national public budgets.

<sup>1</sup> OJ L 63 of 5. 3. 1974.

<sup>2</sup> OJ L 8 of 12. 1. 1979.

The third examination took place on 17 December 1979, and, as usual, concerned the annual report on the economic situation in the Community. At this meeting the Council established the guidelines to be followed by each Member State in its economic policy for 1980<sup>1</sup>

(b) *The European monetary system (EMS)*

65. The European monetary system was introduced with effect from 13 March 1979.<sup>2</sup>

In accordance with the basic decision establishing the EMS, on 17 September 1979 the Council studied the operating procedures of the system, with particular attention to the question of whether the weights of the currencies making up the ECU should be adjusted. The Council did not consider it necessary to adjust the system.

Nevertheless the EMS underwent some internal tension because of substantial capital movements on the international money markets. On 23 September and 29 November 1979 it was decided to make some technical adjustments regarding the exchange rates of the currencies involved in the EMS exchange and intervention mechanisms, with the object of making the exchange markets more orderly and non-EMS currencies more stable.

(c) *Subsidies granted for certain loans under the EMS*

66. The European Council's resolution of December 1978 concerning the establishment of the European monetary system was accompanied by measures designed to strengthen the economies of the less prosperous Member States in the EMS.<sup>3</sup>

On 3 August 1979 the Council therefore adopted the Regulation on interest subsidies for certain loans.<sup>4</sup>

The rate of subsidy was fixed at 3% per annum. The total amount of loans eligible for subsidy was fixed at 5 000 million EUA over a period of five years, divided into annual tranches of 1 000 million

<sup>1</sup> OJ L 17 of 23. 1. 1980.

<sup>2</sup> A description of the EMS is given in the 26th Review of the Council's work, paragraphs 80 *et seq.* The Council instruments introducing the system were published in OJ L 379 of 30. 12. 1978.

<sup>3</sup> See 26th Review, paragraph 88.

<sup>4</sup> OJ L 200 of 8. 8. 1979.

EUA. Over the same period the total amount of interest subsidies must not exceed 1 000 million EUA, divided into annual tranches of 200 million EUA.

The loans eligible for an interest subsidy are those granted by the EIB from its own resources, or those granted under Decision 78/870/EEC (new financial instrument).<sup>1</sup>

Regarding the eligibility of projects, the Council laid down the following guidelines:

- (i) the investment must be consistent with the Community rules applicable in the relevant sectors;
- (ii) the loans must be concentrated on the financing of infrastructure projects;
- (iii) the investment must contribute to the solution of the main structural problems, and in particular to the reduction of regional imbalances and the improvement of the employment situation;
- (iv) the investment must be compatible with the provisions of the Treaty governing competition.

Simultaneously with the adoption of this outline Regulation the Council designated the Member States eligible to benefit from this facility. These were Ireland and Italy, since they were considered as less prosperous countries participating fully and effectively in the EMS.<sup>2</sup>

(d) *Convergence of the economic performances of the Member States and budgetary questions*

67. During 1979 the Council and the European Council turned their attention on a number of occasions to the problems concerning the convergence of the economic performances of Member States and the structure of the Community budget.

On 29 and 30 November 1979 the European Council, meeting in Dublin, reaffirmed that the convergence of economic performances required measures for which the Member States concerned were primarily responsible, that Community policies could and should play a sustaining role within the framework of increased solidarity and that

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<sup>1</sup> OJ L 298 of 25. 10. 1978.

<sup>2</sup> OJ L 200 of 8. 8. 1979.

steps should be taken to strengthen the economic potential of the less prosperous countries of the Community.

To these ends the European Council expressed its determination to promote the adoption of measures to improve the working of Community policy, to reinforce those policies most likely to favour the harmonious growth of the economies of the Member States and to reduce the disparities between these economies. It further declared the need, particularly with a view to the enlargement of the Community and necessary provisions for Mediterranean agriculture, to strengthen Community action in the field of structures.

The European Council carried out a thorough examination of the problem of the British contribution to the Community budget. It was agreed that the Commission's proposals concerning the easing of the financial mechanism laid down in 1976<sup>1</sup> might constitute a useful basis for a solution which would respect Community achievement and solidarity. This solution should not involve raising the 1 % VAT ceiling.

In addition, the European Council requested the Commission:

- (i) to continue its examination of proposals for developing supplementary Community measures within the United Kingdom which would contribute to greater economic convergence and which would also mean that the United Kingdom would benefit from Community expenditure to a greater extent;
- (ii) to make proposals which would enable the Council of Ministers to pursue the search for appropriate solutions to be adopted at the next meeting of the European Council.

Lastly, it was agreed that the President of the Council could convene the European Council as soon as the conditions for organizing such a meeting had been fulfilled.

(e) *New financial instrument*

68. To implement the decision empowering the Commission to contract loans for the purpose of promoting investment within the Community (new financial instrument),<sup>2</sup> on 14 May 1979 the Council

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<sup>1</sup> OJ L 131 of 20. 5. 1976.

<sup>2</sup> OJ L 298 of 25. 10. 1978.



authorized the first tranche of loans of 500 million EUA to promote investment in the spheres of infrastructure and energy.<sup>1</sup>

(f) *Euratom loans*

69. In order to improve the Community's contribution for financing the nuclear power stations, on 20 December 1979, the Council decided to increase the total amount of Euratom loans. The existing ceiling of 500 million EUA was raised to 1 000 million EUA.<sup>2</sup> When transactions have been carried out to the value of 800 million EUA, the Commission will inform the Council, which will then have to make a decision on fixing a new amount.

(g) *International monetary problems*

70. At its meetings on 19 February and 17 September the Council made preparations for the meetings of the Interim Committee and the Annual Assembly of the International Monetary Fund and the World Bank. The Community's point of view was presented at these meetings by the President of the Council in the form of a statement which had previously been prepared at Community level.

(h) *Various matters of a financial and monetary nature*

71. At the joint meeting of the Ministers for Economic and Financial Affairs and the Ministers for Foreign Affairs on 2 April 1979 the Council made an overall assessment of the Community's budgetary problems and prospects regarding the financing of the current Community budget.

The main problems which were debated in this context were possible means of financing the Community budget in the future (beyond the 1 % of the VAT), trends in the large items in the budget, such as expenditure on agriculture and on structures, the efficacy of Community expenditure and coordination of the various Community intervention instruments.

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<sup>1</sup> OJ L 125 of 22. 5. 1979.

<sup>2</sup> OJ L 12 of 17. 1. 1980.

72. At its meetings on 14 May and 19 November 1979, on the basis of preparatory work carried out by the Economic Policy Committee, the Council examined the economic aspects of adjusting hours of work.<sup>1</sup>

## 2. TAX HARMONIZATION

73. Work in the tax sector was mainly concerned with preparing for the meeting of the (FISCAL) Council, which was held on 16 October 1979.

During this meeting the Council held a detailed exchange of views on the problem of harmonizing excise duties on alcoholic beverages and a number of problems regarding implementation of the sixth Directive on VAT.

It also approved the texts of three Directives, two in the sphere of mutual assistance connected with VAT, and the third – the eighth Directive on VAT – on procedures for VAT repayments to taxable persons with no place of business in the country.

### (a) *Mutual assistance in connection with VAT*

74. As a result of the decisions adopted at its meeting on 16 October 1979, the Council adopted, on 6 December 1979, the Directives 79/1070/EEC<sup>2</sup> and 79/1071/EEC<sup>2</sup> on mutual assistance on the part of the tax authorities of the Member States in the sphere of VAT. These two Directives are part of the effort which is already under way to combat international tax fraud and evasion at Community level.

Mutual assistance in this matter was effected by extending the following legislation:

#### (i) in respect of the establishment of VAT

Directive No 77/799/EEC of 19 December 1977<sup>3</sup> already empowers the tax authorities of the Member States to cooperate in the field of direct taxes;

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<sup>1</sup> These measures were also studied by the Council of Ministers for Labour and Social Affairs (see paragraphs 79 and 80 of this Review).

<sup>2</sup> OJ L 331 of 27. 12. 1979.

<sup>3</sup> See 25th Review, paragraph 65.

(ii) in respect of the recovery of VAT

Council Directive 76/308/EEC of 15 March 1976<sup>1</sup> on mutual assistance in the recovery of claims resulting from operations forming part of the system of financing of the EAGGF, and of agricultural levies and tariff duties.

(b) *Eight Directive on VAT*

75. Following the decisions taken at its meeting on 16 October 1979, the Council adopted on 6 December 1979 the eighth Directive on VAT, 79/1072/EEC<sup>2</sup>, which lays down the procedures for repaying VAT to taxable persons not established in the country.

Under the sixth Directive on VAT, 77/338/EEC of 17 May 1977,<sup>3</sup> every taxable person is entitled to the deduction or reimbursement of VAT, irrespective of the Member State in which he incurs the expenditure liable to VAT. The eighth Directive harmonizes at Community level the procedures for repaying VAT to foreign taxable persons, thus eliminating existing differences in this field among the various member countries of the Community, which were likely to give rise to deflections of trade and distortions of competition.

### **3. CREDIT INSURANCE, CREDIT GUARANTEES AND FINANCIAL CREDITS**

76. During the period under review the Community paid continuous attention to the operation of the Arrangement in accordance with the guidelines for export credit supported by public funds – which entered into force on 1 April 1978<sup>4</sup> and also to the problems involved in making any improvements to it.

The Council accordingly reviewed at intervals the conditions under which the Arrangement was operating. It adopted two Decisions on this matter, the first, dated 12 June 1979, extending the implementation of the Arrangement by the Community to 30 November 1979, and the second, dated 10 December 1979, providing for a further extension until 30 May 1980.<sup>5</sup>

<sup>1</sup> OJ L 73 of 19. 3. 1976.

<sup>2</sup> OJ L 331 of 27. 12. 1979.

<sup>3</sup> See 25th Review, paragraph 63.

<sup>4</sup> See 26th Review, paragraph 103.

<sup>5</sup> These Decisions have not been published in the OJ.

As to the possibility of improving the content of the Arrangement, exploratory conversations were held to see whether, and under what circumstances, certain sectors, i.e. agriculture, subsonic aircraft and civilian helicopters, and nuclear power stations, which at present are excepted, might also be made subject to the guidelines. In spite of particular efforts on the part of the Community, so far these conversations have not produced any positive results.

77. During 1979 the Community was also faced with the problems involved in a possible amendment of the OECD agreement on credit supported by public funds for exporting ships. In view of the crisis in shipbuilding and Spain's withdrawal from the above Arrangement, exchanges of views were begun in OECD Working Party No 6 to decide whether and how the credit terms laid down by the existing Arrangement might be made somewhat more flexible.

With regard to the Community, these discussions, which at a certain stage effectively took on the character of negotiations, were conducted by the Commission in accordance with the guidelines annexed to the Council Decision of 24 July 1979 which was adopted on the basis of Article 113 of the Treaty.

In the final stage of the negotiations most of the delegations<sup>1</sup> to Working Party No 6 had agreed to a renewed Arrangement. The Council, by its Decision dated 10 December 1979, concluded this agreement on behalf of the EEC.

## **B – Social policy**

78. During 1979 the problems of employment and the improvement of conditions for migrant workers were the main items of the Council's activities. The Council held two meetings on these matters, on 15 May and 22 November 1979. In addition, on the initiative of the French Presidency and the Irish Presidency, the Ministers for Labour and Social Affairs of the Member States and the Commission met informally in Paris (on 9 and 10 March 1979) and in Dublin (on 20 and 21 September 1979) to discuss a number of current problems in the Community.

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<sup>1</sup> The EEC, Finland, Greece, Japan, Norway and Sweden.

The Standing Committee on Employment held two meetings, on 22 May and 9 October 1979.

## 1. EMPLOYMENT POLICY AND THE EUROPEAN SOCIAL FUND

### (a) *Changes in working hours*

79. At its meeting on 15 May 1979 the Council reached certain conclusions, the main features of which were requests to the Commission:

- (i) to continue its studies and analyses to establish a Community framework regarding changes in working hours with particular reference to seven points, namely length of the working year, restrictions on regular overtime working, increased vocational training and sandwich-course training, flexible retirement arrangements, part-time voluntary work, temporary work and shift-work, and
- (ii) to make proposals when appropriate.

80. Consequently in the two meetings of the Standing Committee on Employment, the informal meeting of the Ministers for Labour and Social Affairs in Dublin (on 20 and 21 September 1979) and in particular its discussions on 22 September 1979, the Council, at its meeting on 18 December 1979, adopted the Resolution on the adaptation of working time<sup>1</sup> which contains guidelines on six fields of action, namely overtime and compensatory time off, flexible retirement arrangements, part-time work, temporary work, shift work and annual working time, and on further work in this matter.

In this resolution the Council outlined a Community approach in the field of adaptation of working time which is mainly aimed at facilitating and encouraging further work by and with representatives of employers and workers. It stressed that any measures to adapt working time must be assessed in the light of numerous factors and primarily of their effects on the production capacity of firms, changes in productivity and wage compensation.

It requested the Commission to present:

- (i) its conclusions on the possibilities for developing a Community approach in two spheres, i.e. limiting the systematic use of overtime and reducing actual annual working time, and

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<sup>1</sup> OJ C 2 of 4. 1. 1980.

- (ii) communications on three points, namely flexible retirement, part-time work and temporary work.

(b) *Sandwich courses*

81. Following work on the problem of adapting working time, and in particular its discussions on 22 November 1979, the Council, at its meeting on 18 December 1979, adopted the Resolution on sandwich courses for young persons.<sup>1</sup>

Sandwich courses are a method of training which, during introduction to working life, includes periods combining training courses and practical work experience.

This Resolution contains guidelines for the Member States on four points, namely content and arrangement of sandwich courses, supervision and recognition of training, remuneration and financial support, working conditions and social protection. It also contains guidelines for the Community, the main points being examination of the conditions for intervention by the European Social Fund and exchange of experience.

(c) *Social aspects of restructuring in the iron and steel industry*

82. At its meetings on 15 May and 22 November 1979 the Council took note of Commission papers on the social aspects of restructuring in the iron and steel industry and on the draft Commission Decision on the institution of special temporary payments to help steelworkers under the Community restructuring programme.

(d) *Seventh report on the European Social Fund – financial year 1978*

83. At its meeting on 22 November 1979 the Council took note of the report presented by the Commission and of the comments made by the delegations.

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<sup>1</sup> OJ C 1 of 3. 1. 1980.

## **2. IMPROVEMENT OF LIVING AND WORKING CONDITIONS**

### *(a) Safety at the place of work*

84. At its meeting on 22 November 1979 the Council took note of the third report on the work of the Advisory Committee on Safety, Hygiene and Health Protection at Work (1978).

### *(b) Equal treatment for men and women*

85. At its meeting on 15 May 1979 the Council took note of the Commission's progress report on the implementation of the principle of equal pay for men and women, and of the comments of the Commission and the delegations on this report.

### *(c) Protection of employees in the event of the insolvency of their employer*

86. At its meeting on 15 May 1979 the Council agreed on the Directive on the approximation of the laws of the Member States relating to the protection of employees in the event of the insolvency of their employer, with the proviso that an annex which is still to be drafted should be added.

The Directive provides that the Member States must set up machinery to guarantee the unpaid claims of employees for remuneration when their employer becomes insolvent. The employer is considered to be insolvent on the opening of bankruptcy proceedings or the definitive closing down of the firm of establishment, or when the available assets are not sufficient to justify opening such proceedings.

The guarantee from the national institutions covers in principle the period preceding either the employer's insolvency, the preliminary notice of dismissal of the employee concerned or the termination of the employee's contract. However, the Member States have the right within certain limits to restrict the liability of guarantee institutions. In order to prevent the payment of sums out of proportion to the social objectives of the Directive, they may also set a ceiling to the guarantee of payment by reference, for example, to a ceiling for social security schemes or for average industrial earnings.

The Member States are free to lay down the procedures for the organization, financing and operation of the guarantee institutions,

although they must comply with certain elementary rules concerning the financial arrangements of these institutions.

The Directive includes special social security provisions.

(d) *Profit-sharing schemes for employees*

87. At its meeting on 22 November 1979 the Council took note of the Commission Memorandum on employee participation in asset formation and of delegations' initial comments on this subject.

The Council instructed the Permanent Representatives' Committee to examine the memorandum in depth so that it could discuss this item at its next meeting.

### 3. MIGRANT WORKERS

(a) *Exchange of young workers*

88. On the basis of its discussions on 15 May 1979, at its meeting on 16 July 1979 the Council adopted the Decision establishing a second joint programme to encourage the exchange of young workers within the Community.<sup>1</sup>

This Decision is based on the experience gained in implementing the first joint programme, which was adopted on 8 May 1964 by the representatives of the governments of the Member States meeting within the Council.<sup>2</sup> It develops the principles of this programme and improves the procedures for implementing them.

Young workers who are nationals of a Member State are eligible for exchanges if they are between 18 and 28 years of age, have received basic vocational training or have practical working experience, and began their working life before the age of 20.

As an experiment the programme provides, as well as long training periods of a predominantly vocational nature, short training periods in the form of study courses which enable young workers to establish close contact with the working and living environment of the host country.

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<sup>1</sup> OJ L 185 of 21. 7. 1979.

<sup>2</sup> OJ 78 of 22. 5. 1964.



The Member States make a contribution to these exchanges, with particular reference to social protection. The Commission may grant aid, mainly in the form of contributions to travelling expenses and a flat-rate weekly contribution per trainee.

(b) *Social security for workers who are nationals of the Member States*

89. At its meeting on 22 November 1979 the Council recorded its agreement in principle, subject to appropriate solutions being found on three points, on the Regulation amending Regulation (EEC) No 1408/71, on the application of social security to employed migrant workers, with a view to extending the Regulation to cover self-employed and non-employed insured persons moving within the Community.

The amending Regulation, which is based on Article 235 of the Treaty, implements the Council Resolution of 21 January 1974 concerning a social action programme,<sup>1</sup> which comprises the policy commitment to promote coordination of social security systems for self-employed workers with regard to freedom of establishment and freedom to provide services.

The Regulation will have direct positive effects on the social security rights of a large number of self-employed workers who, for professional or private reasons, move from one Member State to another. In this way it will strengthen the social security arrangements which constitute the indispensable corollary to freedom of movement of people.

90. At its meeting on 16 July 1979 the Council adopted Regulation (EEC) No 1517/79<sup>2</sup> amending Regulations (EEC) No 1408/71 and (EEC) No 574/72 on the application of social security schemes to employed persons and their families moving within the Community.

This Regulation makes improvements to the rights of migrant workers in the light of certain changes in German and United Kingdom legislation, and provides for simplifications and clarifications on practical points.

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<sup>1</sup> OJ C 13 of 12. 2. 1974.

<sup>2</sup> OJ L 185 of 21. 7. 1979.

91. At its meeting on 22 November 1979 the Council adopted Regulation (EEC) No 2615/79<sup>1</sup> amending Article 107 of Regulation (EEC) No 574/72 fixing the procedure for implementing Regulation (EEC) No 1408/71 on the application of social security schemes to employed persons and their families moving within the Community.

The object of this Regulation is to amend the procedure for converting currencies to adapt them to the mechanisms laid down for calculating the value of the ECU under the European Monetary System.

(c) *Migration policies vis-à-vis third countries*

92. At its meeting on 22 November 1979 the Council approved conclusions regarding consultation on migration policies *vis-à-vis* third countries.

The main points in these conclusions were that the Council:

- (i) considered that, of the various aspects of migration policy suitable to form the subject of consultation, the main effort should centre on the following points:
  - questions regarding the priority to be given to workers who are nationals of the Member States;
  - current questions regarding labour from third countries arising in the Community's relations with such countries;
- (ii) considered that the appropriate framework and procedures for consultation should be determined with due regard to:
  - the nature of the problems which formed the subject of consultations;
  - the respective powers of the Council, the Commission or the Member States with regard to these problems;
- (iii) recalled that the principle aim of consultation was to facilitate the adoption of a common attitude of the Member States;
- (iv) requested the Commission to prepare or organize, as the case might be, appropriate consultations, taking into account the preceding points and the delegations' comments;
- (v) confirmed the importance it attached, in accordance with its Resolution of 21 January 1974 concerning a social action

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<sup>1</sup> OJ L 301 of 28. 11. 1979.

programme and its Resolution of 9 February 1976 on an action programme for migrant workers and members of their families, to appropriate consultation on migration policies *vis-à-vis* third countries;

- (vi) recalled point 6 of the Resolution of 9 February 1976 to the effect that the social problems arising for workers who are nationals of the Member States and resident in certain third countries and for members of their families should be examined as necessary;
- (vii) considered that the question of consultation should be reexamined in due course, notably to take into account trends in the economic and social situation in the Community and the Member States.

#### **4. INFORMATION INSTRUMENTS**

##### *(a) Surveys and statistics*

93. At its meeting on 19 February 1979 the Council adopted Regulation (EEC) No 327/79<sup>1</sup> on the organization of a survey of manpower in spring 1979.

Surveys of this kind have been carried out every two years since 1973 and are an important means of determining employment and unemployment levels and structure over the whole of the Community.

#### **5. ECSC AIDS**

##### *(a) Aids for the conversion of industry*

94. In compliance with Article 56 (2a) of the ECSC Treaty the Commission requested the Council to give its assent in a comparatively large number of cases – compared with previous years – so that the Commission could arrange the productive reemployment of former ECSC workers by granting loans to help in setting up new economically viable projects or converting undertakings in non-ECSC industries in the areas affected by the crisis in the coal and steel industries.

The Council agreed to the Commission's requests at its meetings in February, March, October and December 1979, and allowed the Commission to grant conversion loans of between 298 516

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<sup>1</sup> OJ L 45 of 22. 2. 1979.

EUA and 35.6 million EUA to firms in France, Luxembourg and the United Kingdom. Aid was also given, in the form of global loans for small and medium-sized firms, to banks and other financial institutions in France and the United Kingdom.

(b) *Aid for social research work (on safety, hygiene and ergonomics)*

95. In addition, under Article 55 (2c) of the ECSC Treaty the Council was requested to give its assent to a general programme of steel research, a programme entitled 'Technical control of nuisances and pollution at the place of work and in the environment of iron and steel works', and to a series of 17 research projects in the sphere of ergonomics.

The Council gave its assent to these requests at its meetings held in April, May and December 1979.

## **6. RELATIONS WITH MANAGEMENT AND LABOUR ORGANIZATIONS**

(a) *Standing Committee on Employment*

96. The Standing Committee on Employment held its 15th meeting on 22 May 1979 in Brussels, under the chairmanship of Mr Boulin, Minister for Labour and Industrial Democracy of the French Republic. During this meeting the question of adjustment of working time was discussed.

97. The Standing Committee on Employment held its 16th meeting on 9 October 1979 in Brussels, under the chairmanship of Mr Fitzgerald, Irish Minister for Labour. At this meeting discussions centred on how to reduce the qualitative discrepancies between labour supply and demand (guidelines for labour market policy and working conditions policy), and on a progress report from the Commission concerning its work on adjustment of working time.

(b) *Improvement of relations with management and labour organizations in connection with the Tripartite Conferences*

98. At its meeting on 15 May 1979 the Council approved the conclusions on improvement of relations with management and labour organizations in connection with the Tripartite Conferences. The main points were that the Council:

- (i) noted that any improvements should facilitate:
  - a more thorough preparation of tripartite meetings;
  - a greater commitment on the part of all members attending these meetings, and
  - practical implementation of the conclusions reached by the tripartite meetings;
- (ii) considered that the preliminary dialogue between management and labour organizations on the topics to be discussed in the meetings was an essential element in their success.

In accordance with these discussions, work was initiated by the Council on drawing up a working method for the Tripartite Conferences, regarding preparatory work, discussions in the meeting and conclusions, and on action to be taken to follow up these Conferences. Work is continuing on these topics.

## **C – Regional policy**

99. Following the conciliation procedure with the Parliament, on 6 February 1979 the Council formally adopted the following four texts on regional policy:<sup>1</sup>

- (i) resolution on the guidelines for the regional policy;
- (ii) Regulation amending the Regulation setting up the European Regional Development Fund;
- (iii) Decisions amending the Decision of 18 March 1975, setting up a Regional Policy Committee, and the Decision of 18 February 1974 on the attainment of a high degree of convergence of the economic policies of the Member States.

100. In implementation of the amendment to the Regulation on the Regional Fund, regarding the creation of a non-quota section (new Article 13), on 16 October 1979 the Commission forwarded a communication on specific Community action comprising five proposals for Regulations to contribute:

- (i) to the development of certain regions in France and Italy in the context of the enlargement of the Community;

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<sup>1</sup> See 26th Review, paragraphs 124–129. See OJ L 35 and C 36 of 9. 2. 1979.

- (ii) to the removal of obstacles to the development of new economic activities in certain areas affected by the restructuring of the iron and steel industry;
- (iii) to the removal of obstacles to the development of new economic activities in certain zones affected by the restructuring of the shipbuilding industry;
- (iv) to the improvement of the security of energy supplies in certain Community regions through better use of new technology for hydroelectric schemes and alternative energy sources;
- (v) to the improvement of the economic and social situation in the border areas of Ireland and Northern Ireland.

The Council is examining these proposals.

101. Under the provisions of the Regulation establishing the Regional Fund, on 11 July 1979 the Council received the fourth annual report (for 1978) on the European Regional Development Fund. This report reviews the implementation of the Regulation over the previous year, and also gives the Commission's conclusions on the monitoring of the Fund's projects.

## **D – Energy**

### **1. DRAFTING A COMMUNITY ENERGY POLICY**

#### *(a) The energy situation*

102. At each of its meetings on energy held during 1979 the Council discussed the energy situation in the Community and also worldwide, on the basis of communications from the Commission on this subject.

#### *(b) The objectives of the Community energy policy*

103. In response to the Council's request at its meeting on 27 March 1979, the Commission forwarded on 15 June 1979 a communication on the Community's energy objectives for 1990 and on convergence of the policies of the Member States, accompanied by a draft Council resolution.

At its meeting on 9 October 1979 the Council took note of this communication and instructed the Permanent Representatives'

Committee to study it, so that the Council could make a decision on it at its next meeting.

*(c) Restrictions on petroleum consumption*

104. When the European Council met in Paris on 12 and 13 March 1979 it agreed that in 1979 the Community and the Member States would pursue a policy of reducing petroleum consumption to 500 million tonnes, i.e. approximately 25 million tonnes less than forecast.

On 21 and 22 June 1979 this decision was confirmed by the European Council in Strasbourg and communicated by the Community to the countries taking part in the Tokyo Economic Summit Conference on 28 and 29 June 1979.

105. Meanwhile, at its meeting on 17 May 1979 the Council asked the Commission, with the help of the Member States, to examine the availability of supplies in line with the objective of 500 million tonnes and the reconstitution of stocks.

At this meeting the Council, which was unanimous on the seriousness of the situation, also reiterated that overall consumption of petroleum products in the Community should be stabilized at the 1977/78 levels.

Lastly, it asked the Commission to watch restrictions on petroleum consumption closely, and, as a precaution, to consider further measures which might be necessary.

106. Later, at its meeting on 20 September 1979, the Council:

- (i) took note of progress to date in the drive to reduce demand for petroleum;
- (ii) agreed that this action should be continued and intensified, if necessary, in 1980 and asked the Commission to make further proposals to this end;
- (iii) asked the Commission to make proposals on how the Community should prepare itself for the possibility of a further crisis in supplies;
- (iv) instructed the Permanent Representatives' Committee to begin its examination of the Commission's proposals on new lines of action on energy saving without delay, with a view to preparing the way for discussions at the next meeting of the Council.

(d) *Common objective on oil imports*

107. The European Council, when it met in Strasbourg on 21 and 22 June 1979, expressed its desire to maintain Community oil imports during the period 1980–85 at an annual level not exceeding the 1978 level.

108. At its meeting of 9 October 1979 the Council formally stated, with reference to the Community, the terms and nature of the agreement reached by the Ministers for Energy who took part in the Tokyo Summit when they met in Paris on 26 September 1979. This agreement concerned the allocation amongst the Member States of the common objective laid down in Strasbourg and confirmed in Tokyo, regarding oil imports over the period 1980–85.

The council's statement reads:

Following the recommendation which four Member States made in Tokyo to their other Community partners, namely that it should be specified what the contribution of each member country is to be to the Community's commitment to holding Community oil imports between 1980 and 1985 to a yearly level equal to or less than that for 1978 (472 million tonnes), the Council confirms:

- (i) that the Community will ensure that this import ceiling is achieved by 1985, on the basis of the following figures for each Member State:

Belgium	31 million tonnes
Denmark	11 million tonnes
FR of Germany	141 million tonnes
France	111 million tonnes
Ireland	8 million tonnes
Italy	124 million tonnes
Luxembourg	2 million tonnes
Netherlands	49 million tonnes
United Kingdom	<u>- 5 million tonnes</u>
EEC	472 million tonnes

- (ii) that these national targets will be monitored in the light of the special needs generated by economic growth and by fluctuations in the level of bunker trade, and in a spirit of general Community solidarity;



- (iii) that the figure of 472 million tonnes represents an external commitment by the Community, more especially towards its non-European partners at the Tokyo Summit, and that the national components of this figure, taken individually, are internal Community objectives subject to review and may allow adjustments between Member States within the limits of the Community's overall commitment.

Lastly, at its meeting on 4 December 1979, the Council confirmed, in the same terms as those of the agreement recorded on 9 October 1979 concerning the distribution between Community Member States of this objective for 1985, that the Community would ensure that this import target was achieved in 1980, taking account of the determination of each Member State to keep within the following ceilings:

Belgium	30 million tonnes
Denmark	16.5 million tonnes
France	117 million tonnes
FR of Germany	143 million tonnes
Ireland	6.5 million tonnes
Italy	103.5 million tonnes
Luxembourg	1.5 million tonnes
Netherlands	42 million tonnes
United Kingdom	12 million tonnes
EEC	<u>472 million tonnes.</u>

(e) *Protection and promotion of energy investments*

109. On 9 April 1979, acting on a proposal from the Commission, the Council adopted:

- (i) a Regulation<sup>1</sup> fixing the maximum amount of aid to be made available pursuant to Regulation (EEC) No 1302/78 on the granting of financial support for projects to exploit alternative energy sources, at 95 million EUA, to cover a five-year programme in its entirety and broken down as follows:

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<sup>1</sup> Regulation (EEC) No 76/79, OJ L 93 of 12. 4. 1979.

(million EUA)

— liquefaction and gasification of solid fuels	50.0
— exploitation of geothermal sources	22.5
— exploitation of solar energy	22.5

(ii) three Regulations<sup>1</sup> implementing Regulation (EEC) No 1302/78 in each of the above sectors.

(f) *Rational use of energy*

110. In accordance with a proposal from the Commission, on 5 February 1979 the Council adopted a recommendation on the reduction of energy requirements for buildings in the Community.<sup>2</sup>

111. In accordance with a proposal from the Commission, on 9 April 1979 the Council adopted a Regulation<sup>3</sup> fixing the maximum amount of aid to be made available pursuant to Council Regulation (EEC) No 1303/78 on the granting of financial support for demonstration projects in the field of energy saving at 55 million EUA, for a four-year programme in its entirety.

112. In accordance with a proposal from the Commission, on 14 May 1979 the Council adopted:

(i) a Directive<sup>4</sup> on the indication by labelling of the energy consumption of household appliances;

(ii) the first Directive<sup>5</sup> applying the above Directive to electric ovens.

113. On 15 June 1979 the Commission forwarded a communication<sup>6</sup> to the Council, accompanied by a draft Council resolution concerning new lines of action by the European Community in the field of energy saving, and this is being examined by the Council.

## 2. PROBLEMS SPECIFIC TO THE INDIVIDUAL ENERGY SECTORS

(a) *Coal*

(i) Investment aid (Second paragraph of Article 54 of the ECSC Treaty)

<sup>1</sup> Regulations (EEC) Nos 727/79, 728/79 and 729/79, OJ L 93 of 12. 4. 1979.

<sup>2</sup> Recommendation No 79/167/ECSC, Euratom, OJ L 37 of 13. 2. 1979.

<sup>3</sup> Regulation (EEC) No 725/79, OJ L 93 of 12. 4. 1979.

<sup>4</sup> Directive 79/530/EEC, OJ L 145 of 13. 6. 1979.

<sup>5</sup> Directive 79/531/EEC, OJ L 145 of 13. 6. 1979.

<sup>6</sup> OJ C 318 of 19. 12. 1979.

114. On 29 October 1979 the Council delivered the unanimous assent requested by the Commission to enable it to grant a loan to finance a project for the construction of a new stack at the Walsum power station by STEAG Aktiengesellschaft.

On 3 December 1979 the Council delivered the unanimous assent<sup>1</sup> requested by the Commission to enable it to grant a loan to finance the construction of a coal-fired power station with a capacity of 1 980 MW in Drax, North Yorkshire, by the Central Electricity Board, London.

(ii) Coal policy

115. The importance of coal in the energy redeployment programme, which had already begun, was emphasized by the European Council when it met in Strasbourg, and by the Tokyo Summit.

In the light of these conclusions, and since the discussions at the Council's meeting on energy on 27 March 1979 had not produced an agreement on the proposals regarding coal, the Commission forwarded a letter to the Council at its request on 26 June 1979 containing three reports on:

- measures for promoting coal consumption in the Community;
- national coal production policies in the Community;
- national coal importation policies and the world coal market.

These reports are being examined by the Council.

116. In a letter dated 13 December 1979 the Commission requested the Council, under the first paragraph of Article 95 of the Treaty establishing the European Coal and Steel Community, to give its unanimous assent to a draft decision amending Decision 73/287/ECSC concerning coal and coke for the iron and steel industry in the Community.

This draft took account of the guidelines laid down by the Council meeting on energy on 4 October 1979, the main points being as follows:

- the new system, which comes into force on 1 January 1980, will be discontinued after 31 December 1981, and will be financed from the ECSC budget (6 million EUA), by the iron and steel industry (17 million EUA) and the six Member States in the present scheme, who will contribute 24 million EUA;

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<sup>1</sup> OJ C 318 of 19. 12. 1979.

— Community finance will be available for a maximum of 15 million tonnes of coal.

At its 618th meeting, on 18 December 1979, the Council gave its assent as requested by the Commission.

(b) *Hydrocarbons*

117. Acting on a proposal from the Commission, on 29 October 1979 the Council decided to grant support over the period 1979-80 to an initial tranche of 24 Community projects in the hydrocarbons sector, up to a maximum of 22 528 739 EUA, in the form of subsidies which would be repayable if the results proved commercially viable.

118. Acting on a proposal from the Commission, on 24 May 1979 the Council adopted a Regulation<sup>1</sup> granting Community support to a hydrocarbon exploration project in Greenland up to a maximum of 3 450 000 EUA in the form of subsidies which would be repayable if the results were commercially viable.

119. In addition the proposal for a Council Regulation on the support of joint hydrocarbon exploration projects forwarded by the Commission on 27 October 1977 and amended on 7 August 1978 is being studied by the Council.

120. The Council also extended the provisions which it had previously adopted in case the Community should meet with serious difficulties regarding supplies of crude oil and petroleum products. These provisions concern intra-Community trade in oil and possible measures to reduce oil consumption. In connection with the first issue, on 22 October 1979 the Council adopted a Decision amending Decision 77/186/EEC. The aim of this amendment is to specify the circumstances under which the Commission may authorize a Member State to withhold the issue of further export licences or to reduce or revoke the validity of existing licences.

121. Lastly, following the conclusions reached on this matter by the Council on 18 June 1979, and their development at the meeting of the European Council on 21 and 22 June 1979, the Council, acting on a proposal from the Commission, adopted Regulation (EEC) No 1893/79 on 28 August 1979. The object of this Regulation is to introduce registration into the Community for crude oil and/or petroleum product imports.

The main object of this registration is to make the oil market more transparent. An additional regulation laying down the rules for

<sup>1</sup> Regulation (EEC) No 1038/79, OJ L 132 of 3. 5. 1979.

registering crude oil imports was adopted at the Council's meeting on 9 October 1979. At this same meeting, and again with the object of achieving greater transparency of the oil market, the Council took formal note of the Commission's intention to forward, if possible in time for its next meeting on energy matters, any proposals for additional action which it considered necessary in this sphere.

(c) *Nuclear energy*

122. At the meeting of the European Council, which was held on 21 and 22 June 1979 in Strasbourg, the Heads of State or Government of the Nine reached the conclusion that unless nuclear energy was developed over the next few decades economic growth would be impossible, and that for this reason the nuclear programmes should be given fresh impetus.

123. Accordingly the Council's subordinate bodies resumed their examination, which had been provisionally suspended, of the three communications from the Commission to the Council on fast-breeder reactors, reprocessing of nuclear fuels and radioactive waste, forwarded on 20 July and 2 August 1977, and this is still continuing.

124. In addition, at its meeting on 18 September 1979, the Council took formal note of the fact that, in accordance with Article 76 of the Treaty establishing the European Atomic Energy Community, the Commission would consider the request made by France at the Council's meeting on 24 July 1979 for an amendment to Chapter VI of this Treaty, with a view to adapting it to the nuclear market situation.

125. On 27 March 1979, the Council also adopted a Directive<sup>1</sup> amending Directive 76/579/Euratom laying down the revised basic safety standards for the health protection of the general public and workers against the dangers of ionizing radiation. The sole purpose of this amendment is to extend by two years the time limit within which Member States must take the measures necessary to comply with the abovementioned 1976 Directive. Meanwhile the Council's subordinate bodies are studying a proposal for a Council Directive<sup>2</sup> which would amend the content of the 1976 Directive to take account of the latest scientific advances on radiological protection.

<sup>1</sup> OJ L 83 of 3. 4. 1979.

<sup>2</sup> OJ C 86 of 2. 4. 1979.

(d) *External relations in the field of energy*

(i) International Convention on the physical protection of nuclear materials

126. At its meeting on 18 September 1979 the Council gave the Commission instructions for negotiating this Convention under the aegis of the IAEA.

(ii) Euratom/Australia Relations

127. On 18 September 1979 the Council also adopted instructions for the Commission on the negotiation of an agreement with Australia relating to imports of Australian uranium into the Community.

(iii) Euratom/IAEA relations

128. On 15 March 1979 agreement was reached in the Council's subordinate bodies on certain Euratom inspection procedures to be followed by the IAEA inspectors, their involvement in the Euratom inspections of facilities for the fabrication of low-enriched fuels, and the handling of inspection costs.

On the basis of this agreement the Commission was able to finalize facility attachments with the IAEA for some 50 facilities sited on the territory of the seven Member States which signed the Verification Agreement, which specify the inspection procedures for each facility.

(iv) International Energy Technology Group

129. At its meeting on 20 September 1979 the Council gave its assent to the common position to be presented at the meeting on 26 September 1979 of the Energy Ministers of the States which had taken part in the Tokyo Summit, regarding procedures for setting up this International Group to which the Summit had agreed.

(v) Contacts with the oil-producing countries

130. At its meeting on 17 May 1979 the 'Energy' Council agreed to maintain in appropriate forms its technical contacts with the oil-producing countries and at its meeting of 18 June 1979 instructed the Presidency and the Member of the Commission responsible for energy matters to head the Community's delegation during the

meetings with Sheik Yamani, together with other OPEC representatives, which took place in London on 30 June 1979.

These meetings were concerned with technical matters. Their main purpose was to enable both sides to give their views on the outlook regarding oil supply and demand.

## **E – Transport**

131. The Council held two meetings specially devoted to transport matters on 20 February and 6 December 1979.

During 1979 the Council's work covered a wide range of matters relating to the development of the common transport policy. The development of this sector continued with unremitting work on those means of transport on which the Council has always concentrated its main efforts, namely rail, road and navigable waterways, together with sea and air transport, on which the emphasis is increasing. Thus, in a general way, the external aspects are becoming increasingly important.

### **1. GOODS TRANSPORT BY NAVIGABLE WATERWAY**

132. In 1979 the Council resumed its work in the sphere of inland waterways.

#### *(a) Additional Protocol to the Mannheim Convention*

133. By its Decision of 19 December 1978<sup>1</sup> the Council approved the texts of a draft Additional Protocol to the revised Convention for the Navigation of the Rhine which had been drafted by the Central Commission for the Navigation of the Rhine, and a draft Protocol of Signature.

Since not all the States signatory to the Convention agreed on these texts in their entirety, on 24 July 1979 the Council decided to alter its previous decision, mainly with a view to replacing the text of the Protocol of Signature by a new text, which clarifies and also adds to the draft Additional Protocol mentioned above.

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<sup>1</sup> See 26th Review, paragraph 168.

On 17 October 1979 the States signatory to the Convention<sup>1</sup> signed these texts of the Additional Protocol and the Protocol of Signature. Ratification procedures have begun.

(b) *Technical requirements for inland waterway vessels*

134. The Council's subordinate bodies began their examination of a proposal which the Commission forwarded to the Council on 3 August 1979, for a Directive laying down technical requirements for inland waterway vessels. The object of this Directive is to replace and add to the initial measures relating to freight vessels, which were introduced on a temporary basis in Directive 76/135/EEC on reciprocal recognition of navigability licences for inland waterway vessels,<sup>2</sup> which was amended by Directive 78/1016/EEC.<sup>3</sup>

(c) *Social Regulation in the field of goods transport by navigable waterway*

135. In order to take account of the Opinions of the Parliament and the Economic and Social Committee, on 17 July 1979 the Commission forwarded to the Council an amendment to its proposal for a Regulation on the harmonization of certain provisions on social matters regarding goods transport by navigable waterway. Subsequently the Council's subordinate bodies resumed their examination of the amended proposal.<sup>4</sup>

## 2. ROAD TRANSPORT

136. During 1979 the Council continued or began its examination of a large number of proposals concerning road transport.

(a) *Freight haulage*

137. In the sector of freight haulage between Member States the Council reached agreement at its meeting on 6 December 1979 on the following measures:

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<sup>1</sup> The Kingdom of Belgium, the French Republic, the Federal Republic of Germany, the Kingdom of the Netherlands, the Swiss Confederation and the United Kingdom of Great Britain and Northern Ireland.

<sup>2</sup> OJ L 21 of 29. 1. 1976.

<sup>3</sup> OJ L 349 of 13. 12. 1978.

<sup>4</sup> See 24th Review, paragraph 112.



(i) Community quota

138. The Council decided to increase, as from 1 January 1980, the current quota of Community authorizations established by Regulation (EEC) No 3164/76,<sup>1</sup> by 20 %, which brings the number of these authorizations from 3 122 to 3 751.

Half of this increase was allocated among the Member States on the basis of previous uptake of authorizations, and the other half was allocated linearly.

The total number of authorizations is now split as follows:

Belgium	413	Italy	539
Denmark	286	Luxembourg	106
France	627	Netherlands	597
FR of Germany	689	United Kingdom	418
Ireland	76		

139. In addition the Council decided to introduce a system on an experimental basis for three years, under which Member States would be able to ask the Commission, by 1 January of each year, to convert up to 10 % of the annual Community authorizations into short-term authorizations, on the understanding that the Community authorization could be converted into 12 individual authorizations, each valid for 30 days.

The aim of this system is to allow Member States who so desire to enable hauliers to meet occasional needs of a multilateral nature and to allow new firms to gain a foothold in this type of traffic.

140. These two amendments to Regulation (EEC) No 3164/76 were finally adopted by the Council on 20 December 1979.<sup>2</sup>

(ii) Bilateral quotas

141. On 6 December 1979 the Council also decided to introduce certain general rules governing negotiations between Member States on the adjustment of capacity for the carriage of goods by road or, in other words, on the adjustment of bilateral quotas.

<sup>1</sup> OJ L 357 of 29. 12. 1976 and OJ L 358 of 31. 12. 1977.

<sup>2</sup> OJ L 336 of 29. 12. 1979.

This Decision introduces a Community dimension into this important sphere for the first time, and lays down that in adjusting these quotas Member States shall take account in particular of:

- trends in the trade concerned and foreseeable short-term developments in it;
- past trends and foreseeable developments in the volume of goods carried by road between the Member States concerned and the volume of goods carried between the Member States concerned by other modes of transport, including combined road-rail transport.

This Decision was adopted finally by the Council on 20 December 1979.<sup>1</sup>

(iii) Own-account carriage

142. At its meeting on 6 December 1979, in connection with the first Council Directive of 23 July 1962 on the establishment of common rules for certain types of carriage of goods by road between Member States, the Council decided to exempt own-account carriage from all quotas and authorizations as from 1 July 1980, provided that certain criteria were met. The Decision amending this Directive was finally adopted by the Council on 20 December 1979<sup>2</sup>.

In addition, the Council decided that work on this matter should be continued with a view to introducing a control document for own-account carriage between Member States.

(b) *Weights and dimensions of commercial vehicles*

143. On 30 December 1978 the Commission addressed to the Council a proposal for a Directive concerning the weights and certain other characteristics of road haulage vehicles. This proposal replaces a section of the proposal concerning weights and dimensions which the Commission had addressed to the Council on 21 June 1971 and is more particularly concerned with the weights of vehicles, and not their dimensions. During 1979 the Council's subordinate bodies carried out an initial examination of this proposal.

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<sup>1</sup> OJ L 18 of 24. 1. 1980 (Decision 80/48/EEC).

<sup>2</sup> OJ L 18 of 24. 1. 1980.

(c) *Driving licence*

144. At its meeting on 20–21 December 1977 the Council had given its agreement in principle to the introduction of a Community driving licence, and had decided to do this in successive stages.<sup>1</sup>

Initially driving licences would continue to be issued by individual countries, but they would be based on a Community model and there would be a system for exchanging driving licences for nationals of one Member State who took up residence in another Member State.

At its meeting on 20 February 1979 the Council examined a draft Directive covering these points. It was not possible to reach agreement on exchanging driving licences for heavy goods vehicles, buses and coaches, and so the Council agreed to continue its efforts to arrive at a Community system for driving licences as soon as possible.

(d) *Regulation on the harmonization of certain social legislation measures*

145. In 1979 the Council agreed to publish a codified version of Council Regulation (EEC) No 543/69 of 25 March 1969 on the harmonization of certain social legislation relating to road transport, as well as amendments arising from Regulations (EEC) No 514/72, 515/72, 2827/77 and 2829/77. This codified version has no legal status, but will prove useful for the authorities and business sectors concerned. It was published on 17 March 1979.<sup>2</sup>

(e) *Resolution No 119 (revised) of the Economic Commission for Europe on standardization of forms used for authorizations for international carriage of goods by road*

146. On 25 June 1979 the Council decided to forward a letter to the Executive Secretary of the ECE signifying acceptance by the Community of the revised Resolution No 119 regarding dealings between the Community and the third countries which had also accepted the Resolution. However, in dealings between the

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<sup>1</sup> See 25th Review, paragraph 142.

<sup>2</sup> OJ C 73 of 17. 3. 1979.

Community Member States the standard forms laid down in existing Community regulations will continue to be used.

(f) *Negotiation of an agreement on the international carriage of passengers by road*

147. By its Decision of 15 October 1975 and its Decision of 20 February 1978 the Council authorized the Commission to negotiate an agreement between the EEC and certain third countries (represented in the ECMT) on the arrangements for international carriage of passengers by road in coaches and buses. During these negotiations a consensus was reached on a preliminary draft agreement, apart from a number of questions which were left in abeyance. In order to make the Community's position clear regarding these matters, on 27 April 1979 the Commission addressed to the Council a proposal for a Decision complementing the guidelines for the negotiations. In June 1979 the Council's subordinate bodies began to examine this proposal.<sup>1</sup>

(g) *AETR*

148. On the basis of a proposal addressed to it by the Commission on 26 January 1979, the Council adopted on 25 June 1979 a Decision laying down the procedure for adapting the European Agreement concerning the work of crews of vehicles engaged in international road transport (AETR) to the Community system laid down in this connection in Regulation (EEC) No 543/69. This was in connection with the current negotiations under the aegis of the Economic Commission for Europe.

It proved necessary to make this adaptation in order to arrive at a permanent harmonization of the provisions of the Agreement with the corresponding provisions of the Community regulations. Transport between the Community and third countries can now be organized under harmonious and stable conditions, on an even competition footing.

(h) *ILO Convention and Recommendation on working hours and rest periods for road transport workers*

149. In accordance with a Decision adopted by the Council on 15 June 1979, on the basis of a proposal forwarded by the Commission,

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<sup>1</sup> This Decision was adopted by the Council on 17 March 1980.

the Community took part in negotiating the ILO Convention and Recommendation on working hours and rest periods for road transport workers. Since the adoption of these texts, in June 1979, by the International Labour Conference the Council's subordinate bodies have begun to examine the problems raised by implementation of these agreements.

### 3. RAIL TRANSPORT

150. In 1979, in connection with railway policy, the Council took note of the Commission's second biennial report on the financial situation of the railway undertakings as well as the report on the integration of these undertakings.

151. The Council also continued its work on two proposals for a Regulation forwarded by the Commission, one concerning the formation of prices for international goods transport and the other relating to the standardization of the accounts of railway undertakings.

152. Lastly, in September 1979 the Council adopted a Decision relating to a joint action by the Member States regarding revision of the CIM and CIV Conventions. In December 1979 the representatives of the ECSC Member State governments, meeting within the Council, adopted a Fourth Supplementary Agreement to the Agreement of 21 March 1955 on through international railway tariffs. Details of this work are given below.

#### (a) *Second biennial report on the economic and financial situation of the railway undertakings*

153. At its meeting on 6 December 1979 the Council took note of the second biennial report, which shows that in general there was no improvement in the financial situation of the railway undertakings during the period 1976/77. The Council accordingly stressed the importance of continuing to implement the measures laid down in Decision 75/327/EEC of 20 May 1975 with a view to improving the long-term financial situation of the railways.<sup>1</sup> With this in mind it considered that where necessary the railway accounts should be made clearer in order to show the real financial situation of the systems, and

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<sup>1</sup> OJ L 152 of 12. 6. 1975.

that there should be more cooperation among the railway undertakings to improve their commercial viability and the quality of the services offered to users.

(b) *Integration of the railways*

154. At this same meeting the Council took note of a Commission report on the long-term objectives to be pursued and the measures to be taken to promote partial or total integration of railway undertakings at Community level.

(c) *Formation of prices for international carriage of goods by rail*

155. On 10 October 1975 the Commission had addressed to the Council a proposal for a Regulation on the formation of prices for the international carriage of goods by rail. On 13 April 1977 the Commission forwarded an amended proposal.

The regulations recommended by the Commission aimed at granting or increasing the autonomy of the railways in respect of the management of their commercial policy of international goods traffic between Member States. The railways would thus be able to make general or individual price offers without having to go through procedures which might sometimes be unwieldy and complex.

During 1979 the Council's subordinate bodies continued their examination of this proposal, on which the Council will probably be asked to make a decision during the first half of 1980.

(d) *Standardization of the railway accounts*

156. On 7 December 1977 the Commission addressed to the Council a proposal for a Regulation cancelling and replacing two previous proposals for Regulations in connection with Regulation (EEC) 1192/69 relating to common rules for standardizing the accounts of railway undertakings.

The main aim of this proposal is to extend and make obligatory standardization of the financial burdens or benefits imposed on or granted to railway undertakings by public authorities, and also to harmonize calculating methods still further for standardization of retirement and other pensions.

In accordance with the Council's instructions of 23 November 1978 the Council's subordinate bodies continued their work on this proposal in 1979 in an effort to resolve the outstanding problems.

(e) *Revision of the CIM and CIV Conventions*

157. On 11 September 1979 the Council adopted a Decision concerning a joint action by the Member States on negotiating the eighth ordinary revision of the CIM Convention (International Convention concerning the carriage of goods and passengers by rail) and the CIV Convention (International Convention concerning the carriage of passengers and luggage by rail). The aim of the diplomatic revision conference, which is to be held in Berne early in May 1980, will be to replace the existing conventions with a new convention on international rail transport (COTIF) which will incorporate the CIM and CIV standard regulations in an annex.

(f) *Through international rail tariffs for the carriage of coal and steel*

158. On 6 December 1979 the representatives of the ECSC Member State governments meeting within the Council adopted the text of the Fourth Supplementary Agreement to the Agreement of 21 March 1955 on the establishment of through international railway tariffs with a view to taking account of the enlargement of the Community with reference to the carriage of coal and steel involving maritime transport.<sup>1</sup>

#### 4. MARITIME TRANSPORT

159. In 1979 the Council's work in the sphere of maritime transport led to the adoption of its Regulation relating to the Code of Conduct for Liner Conferences, which it then presented at international level. It also continued its work on improving safety at sea.

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

160. On 15 May 1979 the Council adopted the Regulation concerning the ratification by the Community Member States of the United Nations Convention on a Code of Conduct for Liner Conferences.<sup>2</sup> Ratification

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<sup>1</sup> OJ L 315 of 11. 12. 1979.

<sup>2</sup> Regulation (EEC) No 954/79, OJ L 121 of 17. 5. 1979.

must be accompanied by certain reservations, which are mainly aimed at preserving a commercial approach to liner transport between the Member States and between Member States and any other OECD country which may wish to adopt a parallel arrangement, without prejudice to the opportunities recognized by the Code for developing countries to participate.

After the Regulation was adopted, approaches were made with a view to encouraging the other OECD countries which subscribe to the Code to adopt equivalent arrangements to those laid down in the Regulation.

(b) *Safety at sea*

161. On 6 December 1979 the Council amended Directive 79/116/EEC of 21 December 1978 concerning minimum requirements for certain tankers entering or leaving Community seaports, by altering the requirements on information to be supplied by vessels which carry chemical products and extending the requirement to supply this information to vessels which carry liquid gas in bulk.<sup>1</sup>

162. The Council also continued or began its examination of a number of draft texts and proposals aimed at improving safety standards and tightening surveillance of them, namely:

- (i) the Commission's proposal for a Decision rendering mandatory the procedures for ship inspection forming the subject of Resolutions A 320 (IX) and A 391 (X) of the Inter-Governmental Maritime Consultative Organization;
- (ii) a draft Council Decision, submitted by the German delegation on 30 October 1979, aimed at drawing up a programme of work leading to the adoption of measures for the mutual recognition of approval procedures for items of safety equipment on seagoing ships;
- (iii) a draft text from the German delegation, also submitted on 30 October 1979, concerning a Council Recommendation urging the Member States to become parties at an early date to the 1977 International Convention on the Safety of Fishing Vessels, which was concluded at Torremolinos in 1977;

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<sup>1</sup> See 26th Review, paragraph 184.



(iv) three draft Directives submitted by the French delegation on 20 February 1979:

- aimed at laying down minimum standards in merchant ships of the Member States;
- laying down minimum conditions regarding living and working conditions for sailors;
- concerning minimum rules to be observed in dismissing professional sailors.

In order to avoid discrimination between Community and third country vessels, the Council's subordinate bodies agreed to resume their examination of the first text once the Commission had presented a draft Directive on the inspection of vessels entering Community seaports. Examination of the two other draft texts would be resumed in the light of the findings of a comparative study, to be carried out by the Commission, on working hours, rest periods and pay on board vessels registered in the Community.

(c) *Use of the procedure for consultation between Member States*

163. On several occasions the Member States and the Commission followed the consultation procedure on relations with third countries and international organizations set up by the Council Decision of 13 September 1977.<sup>1</sup> In most cases the consultation concerned reservation measures on cargoes taken on or planned by third countries or proposed at international meetings.

## 5. AIR TRANSPORT

164. At its meeting on 12 June 1978 the Council had drawn up a programme of work on air transport in the form of a list of nine questions to be given priority for study.<sup>2</sup> During 1979 the Council's subordinate bodies studied these questions, also taking into account the Commission's memorandum of 16 July 1979 on air transport services. The main achievements of the work carried out in 1979 were a Directive on the limitation of noise emissions from aircraft and a Decision setting up a consultation procedure. Details of these are given below.

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<sup>1</sup> OJ L 239 of 17. 9. 1977.

<sup>2</sup> See 26th Review, paragraph 186.

(a) *Limitation of noise emissions from aircraft*

165. Under the European Communities programme of action on the environment,<sup>1</sup> on 26 April 1976 the Commission had addressed to the Council a proposal on the limitation of aircraft noise. This proposal coincides with the first of the priority items on the programme of work on air transport. On the basis of this proposal the Council's subordinate bodies drafted a Directive, to which the Council gave its assent in principle at its meeting on 6 December 1979.

This Directive, which was formally adopted by the Council on 20 December 1979,<sup>2</sup> lays down that any civil aircraft listed in Annex 16 to the Chicago Convention and registered in the Member States must have the noise certification required by that Annex. Any new registration of aircraft without the certification is prohibited, unless a waiver or exemption is specified in the Directive. Lastly, any aircraft without noise certification still on the registers of the Member States must be removed from them not later than 31 December 1986, or 31 December 1988 if the aircraft company concerned undertakes a planned replacement of its fleet by aircraft which comply with the higher standards of noise limitation.

(b) *Consultation procedure*

166. On the basis of a Commission draft text, on 16 December 1979 the Council also gave its assent to a Decision setting up a consultation procedure on relations between Member States and third countries in the field of air transport and on action relating to such matters within international organizations.

This Decision was formally adopted by the Council on 20 December 1979<sup>3</sup> and is based on a parallel Decision adopted on 13 September 1977<sup>4</sup> concerning the maritime transport sector.

(c) *Commission memorandum on air transport services*

167. On 6 December 1979 the Council also held a detailed discussion on the Commission's memorandum of 17 July 1979 on the

<sup>1</sup> OJ C 112 of 12. 12. 1973.

<sup>2</sup> OJ L 18 of 24. 1. 1980.

<sup>3</sup> OJ L 18 of 24. 1. 1980.

<sup>4</sup> OJ L 239 of 17. 9. 1977.

contribution of the Communities to the development of air transport services covering several items on the list to be given priority for study by the Council.

Following this discussion the Council asked the Commission to examine first the problems of inter-regional cross-frontier services, so that it could make specific suggestions for action in this field in the course of the first half of 1980.

Meanwhile the Council's subordinate bodies are studying the other items on the priority list.

## **6. MULTIMODAL TRANSPORT**

### *(a) International Convention for Safe Containers*

168. On 15 May 1979 the Council adopted a recommendation inviting the Member States to ratify the International Convention for Safe Containers (CSC), or accede thereto by 1 July 1980.<sup>1</sup>

### *(b) Negotiations on certain types of combined road/rail international carriage of goods*

169. In its Directive 75/130/EEC of 17 February 1975<sup>2</sup> the Council had established common rules on an experimental basis for certain types of combined road/rail carriage of goods between Member States, which provided for their exemption from any quota or authorization systems. In its Directive 79/5/EEC of 19 December 1978<sup>3</sup> the Council agreed to make this arrangement permanent.

To ensure that combined transport within the Community should not be governed by different arrangements depending on whether goods were carried within the Community or between Member States and third countries, and in order to encourage more intensive use of this technique, on 5 May 1975 the Commission had addressed to the Council a proposal on the opening of negotiations with third countries on arrangements for certain kinds of combined road/rail international carriage of goods.

The Council's subordinate bodies had suspended their examination of this proposal so that they could judge the initial effects

<sup>1</sup> OJ L 125 of 22. 5. 1979.

<sup>2</sup> OJ L 48 of 22. 2. 1975.

<sup>3</sup> OJ L 5 of 9. 1. 1979.

of Directive 75/130/EEC. This work was resumed in 1979 and may lead to the adoption of negotiation instructions for the Commission in the next few months.

(c) *Negotiations to conclude a Convention on multimodal international transport*

170. In the course of the first session of the Diplomatic Conference held under the auspices of UNCTAD on 12-30 November 1979 with a view to concluding a Convention on multimodal international transport, the Member States and the Commission strongly advocated a number of common positions on the transport aspects of the draft Convention.<sup>1</sup>

## **7. TRANSPORT INFRASTRUCTURE**

(a) *Accounting system for expenditure on transport infrastructure*

171. On 25 June 1979 the Council adopted Regulation (EEC) No 1384/79 amending Regulation (EEC) No 1108/70 introducing an accounting system for expenditure on infrastructure in respect of transport by rail, road and inland waterway.<sup>2</sup> This Regulation adjusts the forms of accounts, the list of infrastructure types and the schedule of returns laid down in Regulation (EEC) No 1108/70, to take account of experience gained and the development of the common transport policy.

(b) *Support for projects of Community interest regarding transport infrastructure*

172. At its meeting on 23 November 1978 the Council had held a discussion on the Commission's proposed Regulation on support for projects of Community interest regarding transport infrastructure. The Council had considered that some aspects of this proposal should be more detailed, and requested the Commission to forward a report on bottlenecks in the transport infrastructure and on the various intervention procedures which might be considered.<sup>3</sup>

At the meeting of the Council on 6 December 1979, the Member of the Commission responsible for transport matters stressed the

<sup>1</sup> See paragraphs 32 *et seq.* of this Review for the customs aspects.

<sup>2</sup> OJ L 167 of 5. 7. 1979.

<sup>3</sup> See 26th Review, paragraph 182.

importance which the Commission attached to the Community's role in developing transport infrastructures, and referred to the Commission's memorandum of 14 January 1979 on this matter. He expressed his most earnest desire that the Council should adopt in the first half of 1980 the proposal for a Regulation concerning support for projects of Community interest regarding transport infrastructure.

The Council reiterated its interest in the problems regarding transport infrastructures, and instructed its subordinate bodies to examine the Commission's memorandum.

## **8. OTHER MATTERS**

### *Summer-time*

173. In 1979 the Council's subordinate bodies continued their examination of the Commission proposal to establish a single summer-time period throughout the Community. In the course of the year's work the positions of the Member States moved closer together, and all the Member States finally agreed to have a summer-time system as from 1980.

However, in 1980 summer-time would cover two different periods, namely:

- (i) 16 March to 26 October 1980 for Member States in the maritime zone (Ireland and the United Kingdom);
- (ii) 6 April to 28 September 1980 for Member States in the Continental zone.

Work is continuing with a view to the adoption of a single period for all the Member States.

## **F – Research**

### **1. SCIENCE AND TECHNOLOGY**

#### *Development of a common policy in the Community*

174. On 24 and 25 April 1979 the Scientific and Technical Research Committee (CREST) held its first meeting, which was devoted to a comparison of national and Community policies on research and

development (COPOL),<sup>1</sup> and its findings were forwarded as a contribution to the preparatory work for the Council's examination of this matter.

The Committee delivered opinions on the programmes which the Commission had proposed to the Council in the following fields: R & D on energy, recycling of municipal and industrial waste, climatology, agriculture, effects of heat treatment and distribution on the quality and nutritional value of foodstuffs (food technology).

175. At its meeting on 22 October 1979 the Council specified a number of points in its plans for developing the common policy in science and technology,<sup>2</sup> through the coordination of national policies and the joint execution of projects of Community interest. The main points are closer coordination of national policies, and, at Community research level, the establishment of priority sectors, concentration of programmes, structural rationalization and utilization of the knowledge gained from the research.

## **2. RESEARCH PROGRAMMES**

### *(a) JRC (nuclear and non-nuclear)*

176. In the course of 1979 the Council began its examination of the Commission's proposal concerning a new programme for the JRC over the period 1980-83.

### *(b) Nuclear research*

#### Fusion

177. The Council also began its examination of the Commission's proposal concerning a research and training programme on controlled thermonuclear fusion covering the period 1979-83.

178. In the course of 1979, in the nuclear field the Council adopted two research programmes to which a total of 11 million EUA in commitment appropriations and a maximum of six staff (see table below) were allocated.

By its Decision of 22 November 1979 the Council also approved an amendment to the statutes of the joint undertaking 'Schnell-Brüter-Kernkraftwerksgesellschaft mbH (SBK)'.<sup>3</sup>

<sup>1</sup> See 26th Review, paragraph 189.

<sup>2</sup> See also 26th Review, paragraph 188.

<sup>3</sup> OJ L 308 of 4. 12. 1979.

**Table showing the nuclear research programmes adopted by the Council during 1979**

Field of activity	Date of Decision	Funding (million EUA)	Staff	Duration (years)	OJ reference
1. Decommissioning of nuclear power stations	27. 3. 1979	4.7	3	5	L 83 of 3. 4. 1979
2. Safety of thermal water reactors (indirect nuclear action)	27. 3. 1979	6.3	3	5	L 83 of 3. 4. 1979

(c) *Non-nuclear research*

In the course of 1979, the Council adopted six non-nuclear research programmes, to which a total of 36 387 million EUA in commitment appropriations and a maximum of 57 staff (see table below) were allocated.

**Table showing the non-nuclear research programmes adopted by the Council during 1979**

Field of activity	Date of Decision	Funding (million EUA)	Staff	Duration (years)	OJ reference
1. <i>Raw materials</i> Recycling of municipal and industrial waste (secondary raw materials) (indirect action)	12. 11. 1979	9	5	4	L 293 of 20. 11. 1979
2. <i>Environment</i> (a) Revision of second Environment Programme	9. 10. 1979	4.8 <sup>1</sup>	1		L 258 of 13. 10. 1979
(b) Climatology (indirect action)	18. 12. 1979	8	3	5	L 12 of 17. 1. 1980

<sup>1</sup> This figure gives the difference between resources allocated to the original programme and those allocated to the revised programme.

Field of activity	Date of Decision	Funding (million EUA)	Staff	Duration (years)	OJ reference
3. <i>Food technology</i> Effects of heat processing and distribution on the quality and nutritive value of foods (concerted action)	27. 3. 1979	4.7	3	5	L 83 of 3. 4. 1979
	22. 10. 1979	0.287	1	3	L 270 of 27. 10. 1979
4. <i>Energy</i> Energy R&D	11. 9. 1979	105	34	4	L 231 of 13. 9. 1979
5. <i>CBR</i> Reference materials and methods (CBR) and applied metrology (indirect action)	9. 10. 1979	10.3	14	4	L 258 of 13. 10. 1979

(d) *ECSC*

With a view to encouraging technical and economic research aimed at improving methods of production, beneficiation and utilization of coal in the Community,<sup>1</sup> on 19 February 1979 the Council gave its assent, as requested by the Commission under Article 55 (2c) of the ECSC treaty, to the allocation of financial aid out of funds from the levies amounting to 16 916 million EUA for two research programmes on mining techniques and beneficiation of products. This aid also covers the expenses of disseminating the research results. The overall cost of the two projects is 28 1935 million EUA.

(e) *Budget*<sup>2</sup>

(f) *External relations*

(i) Extension of Euronet to Switzerland

<sup>1</sup> OJ C 61 of 6. 3. 1979.

<sup>2</sup> See paragraph 467 of this Review for the budgetary work for 1980 concerning research.



179. On 16 August 1979 the Council approved the conclusion of the agreement with the Swiss Confederation on the extension of Euronet to Switzerland.<sup>1</sup>

(ii) Participation of Switzerland in JET

180. Arising out of the Cooperation Agreement on controlled thermonuclear fusion,<sup>2</sup> on 3 August 1979 the Council approved amendments to the Statutes of the Joint European Torus (JET) Joint Undertaking.<sup>3</sup>

(iii) European cooperation in the field of Scientific and Technical Research (COST)

181. On the basis of the procedures for COST cooperation adopted in 1978,<sup>4</sup> on 19 March 1979<sup>5</sup> the Council approved the conclusion of the first Community/COST Concertation Agreement between the EEC, Austria, Finland, Norway, Sweden and Switzerland on the treatment and use of sewage sludge (COST Project 68 bis), which was signed by 26 July 1979.

182. The Council also approved, on 24 July 1979, the conclusion of the Agreement between the EEC and Greece on the registration of congenital abnormalities (medical and public health research),<sup>6</sup> and, on 18 December 1979, the conclusion of the Community-COST Concertation Agreement on three concerted action projects in the following spheres:

Physicochemical behaviour of atmospheric pollutants (COST Project 61a bis) – Agreement to be concluded between the EEC, Austria and Sweden;

Analysis of organic micropollutants in water (COST Project 64b bis) – Agreement to be concluded between the EEC, Norway, Portugal, Sweden and Switzerland;

Effects of processing on the physical properties of foodstuffs (COST Project 90) – Agreement to be concluded between the EEC, Sweden and Switzerland.<sup>7</sup>

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<sup>1</sup> OJ L 214 of 22. 8. 1979.

<sup>2</sup> See 26th Review, paragraph 196.

<sup>3</sup> OJ L 213 of 21. 8. 1979.

<sup>4</sup> See 26th Review, paragraph 198 and also OJ C 100 of 21. 4. 1979.

<sup>5</sup> OJ L 72 of 23. 3. 1979.

<sup>6</sup> OJ L 205 of 13. 8. 1979.

<sup>7</sup> OJ L 39 of 15. 2. 1980.

- (iv) United Nations Conference on the application of science and technology to development (UNCSTD)

183. Following the work done in 1978<sup>1</sup> concertation meetings were held regularly during the period of preparing for the United Nations Conference on the application of science and technology to development, and also during the Conference itself. At these meetings the positions of the Member States were harmonized so that they could speak with one voice at the Conference.

## **G – Environment**

### **1. TEXTS ADOPTED BY THE COUNCIL**

184. During 1979 the Council adopted in the Community languages a number of Directives arising from the Communities' 1973 and 1977 environment action programmes, as listed below.

185. On 2 April 1979, the Council adopted a Directive on the conservation of wild birds.<sup>2</sup> This Directive was accompanied by a resolution which the Council adopted on the same day.<sup>3</sup>

This is an important Community Directive and the first one on the protection of fauna and the natural heritage. Its aim is the conservation of the many species of birds on Community territory. Provision is made for various types of conservation measures, concerning protection of habitats (biotopes), a ban on certain methods of hunting and snaring, and restrictions on the number of species which may be hunted and marketed. The Directive lays down that the total number of species which may be hunted must not exceed 72, and these are listed in the Directive. Of these 72 species only 24 may be hunted in all the Member States of the Community, the other species being spread over the various individual Member States.

The Directive authorizes the marketing of 26 species, 7 of which may be marketed in all the Member States and 10 others only in Member States where the legislation of that State allows. The Commission will undertake a study of various aspects of the marketing of the 9 other species which in principle may be authorized, to verify

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<sup>1</sup> See 26th Review, paragraph 199.

<sup>2</sup> OJ L 103 of 25. 4. 1979, see also 26th Review, paragraph 208.

<sup>3</sup> OJ C 103 of 25. 4. 1979.

whether these species, in view of their biological status, can be added to the list of the 10 marketable species in the Member States which would desire this.

There is no doubt that this Directive marks considerable progress in the protection of the Community's natural environment.

186. On 18 September 1979 the Council adopted a Directive amending for the sixth time Directive 67/548/EEC on the approximation of the laws, regulations and administrative provisions relating to the classification, packaging and labelling of dangerous substances.<sup>1</sup>

This Directive is very important as regards protection of man and the environment, and also as regards the European chemical industry. It makes harmonized surveillance possible at Community level of the marketing of new chemical substances. The number of these is constantly growing and represents a potential danger for man and the environment.<sup>2</sup>

187. On 9 October 1979 the Council adopted a Directive concerning the methods of measurement and frequencies of sampling and analysis of surface water intended for the abstraction of drinking water in the Member States.<sup>3</sup>

This Directive follows up and complements the Council Directive of 16 June 1975 concerning the quality required of surface waters intended for the abstraction of drinking water in the Member States.<sup>4</sup>

It lays down the reference methods for the measurement of the parameters in Directive 75/440/EEC of 16 June 1975<sup>5</sup> relating to the physical, chemical and microbiological characteristics of the surface water for the abstraction of drinking water.

It also lays down the minimum annual frequency of sampling and analysis for each of these parameters. Lastly it provides for the setting-up of a Committee on Adaptation to Technical and Scientific

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<sup>1</sup> OJ L 259 of 15. 10. 1979.

<sup>2</sup> See also other developments in the section of this Review on removal of technical barriers, paragraph 38 *et seq.*

<sup>3</sup> OJ L 271 of 9. 10. 1979.

<sup>4</sup> OJ L 194 of 25. 7. 1975.

<sup>5</sup> See 23rd Review, paragraph 190.

Progress to make adjustments where necessary to the reference methods of measurement, the detection limit, the accuracy and the precision of these methods.

188. On 30 October 1979 the Council adopted a Directive on the quality required of shellfish waters.<sup>1</sup> The aim of this Directive is to help protect or improve coastal and brackish waters which support life and growth of certain species of shellfish, and also to contribute to the good quality of shellfish products intended for human consumption.

When Member States implement the Directive they must designate the waters to which the Directive applies, and must set limiting values in respect of these waters for a number of parameters, e.g. acidity, salinity and oxygen content of the water. When laying down these values nationally Member States must adhere to the mandatory values, and must try to adhere to the guide values in the Directive. On the basis of these values the Member States will establish a programme in order to reduce pollution of the designated waters within six years.

Since this Directive alone cannot ensure that consumers of shellfish products are protected, the Council asked the Commission to forward more proposals within a period of four years for the more specific organization of consumer protection relating to such products.

189. On 17 December 1979 the Council adopted the Directive on the protection of groundwater against pollution caused by certain dangerous substances.<sup>2</sup>

This Directive complements the general Directive of 4 May 1976 on pollution caused by certain dangerous substances discharged into the aquatic environment of the Community<sup>3</sup> which provides for the implementation of a separate Directive on groundwater, because of the particular characteristics of this. Since groundwater represents an essential part of the Community's water resources, the aim of the Directive is to lay down appropriate means of preventing, reducing or eliminating pollution of groundwater due to discharges of dangerous substances which are listed in an annex to the Directive. The Directive prohibits discharge into groundwater of particularly dangerous

<sup>1</sup> OJ L 281 of 10. 11. 1979.

<sup>2</sup> OJ L 20 of 26. 1. 1980.

<sup>3</sup> See 24th Review, paragraph 145.

substances on List I (the 'black' list), and contains detailed provisions governing discharge of a number of other less harmful substances on List II (the 'grey' list).

The provisions of the Directive govern both direct and indirect discharge (i.e. percolation through the soil) of both categories of substances.

190. On 20 December 1979 the Council adopted the Directive on the limitation of noise emissions from subsonic aircraft.<sup>1</sup>

This Directive lays down that civil subsonic jet aircraft must have a noise certificate in order to be registered, and specifies time limits for the withdrawal of any civil aircraft which is already registered but which has no noise certificate. The last date on which noisy aircraft may be used, i.e. those which have not received the noise certificate laid down by the Directive, is 31 December 1986. However, under certain circumstances this time limit may be deferred to 31 December 1988. Noise certification will be granted only to aircraft which comply with specifications which are at least equal to the standards laid down by the Chicago Convention on international civil aviation.

191. At its meeting on 19 June 1979 the Council examined a number of the Directives mentioned above in paragraph 184 *et seq.* and also had on its agenda the proposal for a Directive concerning health protection standards for sulphur dioxide and suspended particles in the atmosphere. The detailed discussion of this Directive was a follow-up to the general discussion which the Council had held at its meeting on 30 May 1978.<sup>2</sup> The discussion pointed the way and produced guidelines for the Council's further work on this proposed Directive.

192. At its meeting on 17 December 1979 the Council agreed to two proposals:

- (i) Subject to a legal and linguistic amendment to the text, it agreed to the draft Directive on health protection standards for sulphur dioxide and suspended particles in the atmosphere, and on a draft resolution on cross-frontier pollution. This Council approval constitutes the first major step concerning air pollution under the 1973 and 1977 action programme. The main provisions, which

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<sup>1</sup> See also paragraph 165 of this Review.

<sup>2</sup> See 26th Review, paragraph 207.

are aimed at protecting human health and the environment, are that limiting values for sulphur dioxide and suspended particles must be fixed which must not be exceeded anywhere on the territory of the Member States.

- (ii) Subject to a legal and linguistic amendment to the text, the Council agreed to a draft Decision on chlorofluorocarbons in the environment. Under this Decision the Member States are urged to take all the appropriate measures required to ensure that industry in the Community does not increase its production capacity for chlorofluorocarbons F-11 and F-12. The measures to be taken will be examined in the course of the first half of 1980 on the basis of available scientific and economic data. The Decision also lays down that by 31 December 1981 industry must have achieved a reduction of at least 30 %, compared with 1976 levels, in the use of chlorofluorocarbons for filling aerosol containers.

## **2. POLICY DISCUSSION ON THE FURTHER DEVELOPMENT OF THE COMMUNITY'S ENVIRONMENT POLICY**

193. On 9 April 1979 the Council held a meeting specifically devoted to a policy discussion on the further development of the Community's environment policy. This meeting was held in response to statements by Mr d'Ornano, French Minister for the Environment and the Quality of Life, made to the Council on 12 December 1977 and 30 May 1978. An initial meeting of this kind had been held on 19 December 1978.<sup>1</sup>

194. At its meeting on 9 April 1979 the Council heard:

- (i) a Commission communication on:
  - impact assessment and studies on the environment in the European Community;
  - European conventions on the quality of life;
  - clean technologies;
  - waste management policy;
- (ii) a communication from the Italian delegation concerning protection and improvement of the environment, with particular regard to woodland and protected areas, and concerning soil protection, the checking of hillside stability and hydrogeological balance;

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<sup>1</sup> See 26th Review, paragraph 208.

- (iii) a communication from the Netherlands delegation on the policy for atmospheric pollution control in the Community, with particular reference to the implementation of a policy based on protection against SO<sub>2</sub> emissions.

In these discussions the Council laid particular stress on the importance of developing impact study procedures as preventive measures for improving the environment and recognized the need for a waste management policy to give better environmental protection while striving for better utilization of raw material and energy resources.

### **3. INTERNATIONAL MATTERS**

#### *(a) International conventions*

195. In the course of 1979 the Community signed a number of international enactments on environmental protection, as follows:

- (i) in June it signed in Bonn the Final Act to the Convention on the Conservation of Migratory Species of Wild Animals with a view to signing, or becoming party to, this Convention at a later stage;
- (ii) in September it signed in Berne the Convention on the Conservation of European Wildlife and Natural Habitats, which had been drawn up by the Council of Europe;
- (iii) lastly, in November it signed the Convention on Long-range Transboundary Air Pollution, which had been drawn up under the auspices of the United Nations Economic Commission for Europe (ECE, Geneva).

#### *(b) Other work on international matters*

196. In accordance with the 1973 and 1977 action programmes, the Member States conferred with each other during 1979 on the activities of the international bodies concerned with the environment, in particular under the auspices of the OECD and the United Nations Economic Commission for Europe, when the Convention on air pollution mentioned above was drawn up. The Member States also conferred with each other at the second conference of the signatories to the Convention on International Trade in Endangered Species of Wild Fauna and Flora, which was held in Costa Rica on 19-30 March 1979.

Lastly, in accordance with the Council's instructions on 30 May 1978,<sup>1</sup> talks began with the United States on the monitoring of chemical products and their effects on the environment, in connection with the implementation of the American law known as 'TOSCA' (Toxic Substances Control Act).

## **H – Other matters**

### **1. EDUCATION**

197. During 1979 the Education Committee met eight times to continue its work on the action programme instituted by the resolutions adopted by the Council and the Ministers of Education meeting within the Council on 9 February 1976<sup>2</sup> and 13 December 1976.<sup>3</sup>

The Committee's work was mainly concerned with putting into effect the following items:

- (i) the study of the European Community in school;
- (ii) foreign language teaching in the Community;
- (iii) admission of students from other Member States to higher educational establishments;
- (iv) equal opportunities for girls in education and training;
- (v) transition from education to working life.

The Committee made substantial progress on most of these matters in preparation for a meeting of the Council and the Ministers of Education meeting within the Council which was to have been held on 6 November 1979. However, since views differed on the form and the legal basis of the measures to be adopted, this meeting had to be cancelled.

However, views did not differ on the transition from education to working life, and the Council and the Ministers of Education meeting within the Council extended the resolution of 13 December 1976 for a limited period under the resolution of 15 January 1980.

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<sup>1</sup> See 26th Review, paragraph 210.

<sup>2</sup> OJ C 38 of 19. 2. 1976.

<sup>3</sup> OJ C 308 of 30. 12. 1976.



## **2. YOUTH**

198. On 14 November 1979 the Council and Parliament were informed by the Commission of the work of the European Youth Forum and its relations with the Commission.

## **3. CONSUMER PROTECTION AND INFORMATION**

199. On 19 June 1979 the Council adopted a Directive on consumer protection in the indication of the prices of foodstuffs.<sup>1</sup>

This Directive constitutes one of the first measures under the first preliminary programme of the European Communities for a consumer protection and information policy adopted by the Council in April 1975.<sup>2</sup> In the matter of price indications it also supplements the Directive on the labelling, presentation and advertising of foodstuffs for sale to the ultimate consumer, adopted by the Council on 19 December 1978.<sup>3</sup>

The Directive of 19 June 1979 imposes the general obligation to indicate selling prices for all foodstuffs, and also the obligation, with individual exceptions, to indicate unit prices of foodstuffs either by weight (per kilogram) or by volume (per litre). The object of these requirements is to give consumers better information and also to enable them to compare prices.

The exemptions from the requirement to indicate unit prices laid down by this Directive are mainly concerned with prepackaged foodstuffs in preestablished quantities, since standardization of prepackaged items is in itself an aid to consumers in comparing prices. In order to encourage the moves towards standardization which have already been made at national and Community level, the Directive postpones until 1 January 1984 the Council Decision on the indication of unit prices for prepackaged foodstuffs in preestablished quantities.

200. On 19 June 1979 the Council also adopted a resolution on the indication of the prices of foodstuffs and non-food household products prepackaged in preestablished quantities.<sup>4</sup> This resolution invites the

<sup>1</sup> OJ L 158 of 26. 6. 1979.

<sup>2</sup> OJ C 92 of 25. 4. 1975.

<sup>3</sup> OJ L 33 of 8. 2. 1979.

<sup>4</sup> OJ C 163 of 30. 6. 1979.

Commission to submit proposals concerning the indication of unit prices for non-food household products such as cosmetics and cleaning and maintenance products. It also lays down the criteria which categories of prepackaged foodstuffs in preestablished quantities should meet to qualify for exemption from the unit-pricing requirement.

201. Taking account also of the general principles governing consumer information in the Community's 1975 preliminary programme for consumers,<sup>1</sup> on 14 May 1979 the Council adopted two Directives on consumer information on the energy consumption of domestic appliances. The first is an outline Directive of a general nature and concerns the indication by labelling of the energy consumption of household appliances,<sup>2</sup> such as washing machines or dishwashers, refrigerators, freezers, television sets, etc. The second Directive implementing the preceding Directive is more specifically concerned with information on the energy consumption of electric ovens.<sup>2</sup>

202. The Council also continued its work on a number of Commission proposals implementing the first preliminary action programme on consumer protection and information, namely:

- (i) a proposal for a Directive on the protection of the consumer in respect of contracts which have been negotiated away from business premises, particularly in respect of doorstep selling;<sup>3</sup>
- (ii) a proposal for a Directive on the protection of participants in home study courses;<sup>4</sup>
- (iii) a proposal for a Directive relating to the approximation of the laws, regulations and administrative provisions of the Member States concerning misleading and unfair advertising;<sup>5</sup>
- (iv) a proposal for a Decision introducing a Community system of information on accidents in which products are involved, outside the occupational and road traffic spheres.<sup>6</sup>

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<sup>1</sup> OJ C 92 of 25. 4. 1975.

<sup>2</sup> OJ L 145 of 13. 6. 1979 – see also paragraph 112 of this Review.

<sup>3</sup> OJ C 22 of 29. 1. 1977.

<sup>4</sup> OJ C 208 of 31. 8. 1977.

<sup>5</sup> OJ C 70 of 21. 3. 1978.

<sup>6</sup> OJ C 252 of 24. 10. 1978.

203. The Council also began its examination of the second action programme of the European Community with regard to consumers,<sup>1</sup> which was forwarded by the Commission on 27 June 1979. During the year the Council also received two new proposals from the Commission, namely:

- (i) a proposal for a Directive relating to the approximation of the laws, regulations and administrative provisions of the Member States concerning consumer credit;<sup>2</sup>
- (ii) a proposal for a Decision introducing a Community system for the rapid exchange of information on dangers arising from the use of consumer products.<sup>3</sup>

The Council will begin its examination of these proposals without delay.

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<sup>1</sup> OJ C 218 of 30. 8. 1979.

<sup>2</sup> OJ C 80 of 27. 3. 1979.

<sup>3</sup> OJ C 321 of 22. 12. 1979.



## CHAPTER IV

# External relations and relations with the Associated States

## A – General commercial policy

### 1. COMMERCIAL POLICY REGULATIONS

#### (a) *Express or tacit extension of commercial agreements*

204. The Council on a proposal from the Commission adopted Decisions dated 6 February, 26 August, 18 September and 23 October 1979 extending a number of friendship, trading and shipping pacts and similar agreements concluded by the Member States, in accordance with the Decision of 16 December 1969.<sup>1</sup>

#### (b) *Common import arrangements*

##### (i) Liberalized products

205. The Council adopted on 8 May 1979 two particularly important Regulations in the field of commercial policy which replace and repeal, on the one hand, Regulation (EEC) No 1439/74 on common rules for imports from member countries of GATT or countries accorded like treatment, and on the other hand, Regulation (EEC) No 109/70 establishing common rules for imports from State-trading countries, and lastly the Decision of 19 December 1972 relating to the gradual standardization of import rules for Member States.

The two Regulations concerned, Nos 925/79 and 926/79,<sup>2</sup> are a decisive step forward along the path to completion of a common commercial policy in dealings with third countries.

<sup>1</sup> 26th Review, paragraph 220.

<sup>2</sup> OJ L 131 of 22. 5. 1979.

The main innovations are contained for the most part in the new Regulation (EEC) No 926/79 which applies to countries party to GATT and other countries accorded like treatment; the following main points should be noted amongst these innovations:

- common rules which hitherto applied only to products liberalized at Community level, are now extended to include all the products in the Common Customs Tariff (irrespective of whether they are liberalized at Community or national level or are subject to safeguard or surveillance measures);
- national liberalization measures, which formerly operated on basically national lines are now aligned with Community liberalization. Withdrawal of liberalization measures is now therefore a Community prerogative;
- the administrative procedures dividing up the areas of responsibility between the Council and the Commission have been made simpler and more effective;
- the right to take action with safeguard measures at national level in the event of emergency has been reinstated, but only until 31 December 1981.

As regards Regulation (EEC) No 925/79 relating to State-trading countries, the innovations made compared with Regulation EEC No 109/70 are basically technical in nature. The new Regulation simplifies procedure, in particular for cases where Community safeguard measures must be applied. It should be noted that the new Regulation also restores the right to implement safeguard measures at national level in emergency, although this right remains valid only until 31 December 1981.

(ii) Products subject to quantity restrictions

(unilateral import arrangements relating to State-trading countries)

206. At its meeting of 20 December 1979, the Council laid down Community import arrangements for State-trading countries for 1980 on the basis of Council Decision 75/210/EEC.<sup>1</sup>

During 1979, the Council adopted several Decisions authorizing Member States to change their import arrangements with Romania as an exceptional measure. These Decisions were required under the

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<sup>1</sup> OJ L 99 of 21. 4. 1975.

terms of Article 7 of Council Decision 75/210/EEC once negotiations with that country had started.

In addition the Commission addressed to the Council in July 1979 a proposal for a Regulation to replace the basic Decision 75/210/EEC. This proposal, which is at present under discussion by the subordinate bodies of the Council, has as its basic aim the amalgamation of the various legal instruments governing import arrangements with State-trading countries, and supplementing existing rules to make them cover the whole range of import arrangements applied to such countries.

### (iii) Anti-dumping regulations

207. To follow up work at the GATT multilateral trade negotiations, which resulted in the adoption of a new agreement on the implementation of Article VI of GATT (1979 anti-dumping code) and in an agreement on the interpretation and implementation of Articles VI, XVI and XXIII of the General Agreement relating to subsidies and countervailing measures, at its meeting of 20 December 1979 the Council adopted a Regulation replacing the basic Regulation, No 459/68,<sup>1</sup> concerning protection against dumping or the granting of bounties or subsidies by countries which are not members of the European Community. This new Regulation aims at aligning the Community rules with the GATT agreements, in particular where the latter's provisions concern subsidies and any countermeasures, rules for defining injury, especially the criterion to be applied, and the new rules relating to the cause of injury and protection on a regional scale, price commitments and their monitoring, validity of provisional duties and any necessary retrospective application of anti-dumping duties and countervailing duties.

## **2. GATT MULTILATERAL TRADE NEGOTIATIONS**

208. The multilateral negotiations on trade under the auspices of the General Agreement on Tariffs and Trade (GATT) were completed during 1979 and the resulting decisions were to come into force on 1 January 1980.

The Commission, aided by the Special Committee set up under Article 113, conducted those negotiations on the basis of an overall

<sup>1</sup> OJ L 93 of 17. 4. 1968.

approach adopted by the Council in 1974 and according to the basic Directives which it approved in February 1975. The Council watched the course of the negotiations, especially in the latter stages, by means of the reports submitted by the Commission after each session. Whenever the need arose, as a result of developments in the negotiations, the Council adopted supplements or amendments to the basic negotiating directives. In particular, the Council examined very closely the progress of negotiations during its meetings of March and April 1979, and this examination led the Commission to pursue its negotiations on some points in order to obtain improvements.

Once the Council had provided in April 1979 the favourable approach which the Commission had requested, the Commission initialled the result of these negotiations on 11 April 1979. This formal act marked the end of actual negotiation as far as the main industrialized partner countries were concerned and provided a basis for commencing procedures for parliamentary approval and the adoption of implementing texts.

The Council agreed at the same session in April to discuss whether its agreement to the conclusion of the negotiations – a decision which is legally binding on the Community – should be given on the basis of a report and recommendation which the Commission would present to it in due course according to Community procedure. On this occasion the Council had declared firstly that it attached importance to the need for the enabling laws of its major industrialized partners to reflect accurately and faithfully the essence of the various agreements and codes emerging from negotiations, and secondly that the Community would not introduce all its own concessions until all these industrialized partner countries were in a position to do likewise; this implied that the enabling legislation under discussion should be satisfactory, and that the measures to implement the results of negotiations should have been validly put into effect.

Between the formal conclusion of the negotiations and signature therefore, the Council had turned principally to the examination of national enabling legislation, not only that within the Community but also that of its principal partners. In particular the proceedings of the United States Congress gave rise to fears of certain distortions, and the Community took various diplomatic steps to draw attention to the



need for United States Federal legislation to reflect faithfully the agreements which had been negotiated.

At its meeting of 20 November 1979, after a detailed report from the Commission, the Council reached the conclusion that there was no longer any objection to the final acceptance by the Community of the results of the negotiations, and after a number of internal enabling arrangements had been adopted the Council took the appropriate decisions for the conclusion and signing of the agreements which had been negotiated. The Council's decision was taken at the meeting of 11-12 December 1979. The agreements negotiated were signed at Geneva on 17 December 1979.

209. The GATT multinational negotiations originated in the joint initiative by the Community and the United States (later joined by Japan) taken in 1972 shortly before the first enlargement of the Community; the negotiations opened in 1973 at a meeting of ministers held in Tokyo. For the partners it was a case of ensuring that the enlargement of the Community led to a new liberalization in international trade. All of the members of the GATT as well as a certain number of non-member countries, a total of 100 countries, joined in this initiative through the Declaration adopted at the Tokyo round in September 1973.

Meanwhile, the world was in the grip of an economic crisis, which has continued until the present. Far from diminishing the importance of the negotiations, the economic situation gave them a new dimension. The success of these negotiations became in practice an essential element in the campaign to prevent protectionism and to reverse the slump in the world economy. Success in the negotiations was particularly important for the Community, the world's leading trading bloc whose prosperity is largely due to international trade. For the Community, the goals of the negotiation were better international cooperation, an exchange system which would lead to genuine equality of access to the major international markets and, while adhering to existing policies, an expansion of the market for agricultural products. At the same time the changed world economic conditions required a measure of caution which caused the Community – and, indeed, its partners – to pay particular attention not to put intolerable burdens on those sectors which were already in difficulty with social or conversion problems.

210. The results of the negotiations show that in the main these goals have been achieved.

211. On the question of tariffs, the average reduction has been about 30 %. Reductions will be spread out over eight stages, throughout most of the 1980s. After the first five-year stage, the Community will review the economic situation then prevailing before deciding whether to proceed to the second stage. When the time comes, this decision will have to be adopted unanimously by the Council.

For sectors contending with special problems – such as textiles, steel, chemicals and paper – a smaller tariff disarmament and a deferred timescale for their introduction are planned. This careful approach has furthermore been complemented in certain cases by support measures within the Community.

In other sectors, on the other hand, it has been possible to go further than the average target which was set: this has been the case particularly in the aerospace sector, which is of special importance to the future of European industry, and where tariffs will be totally abolished.

On the question of customs tariffs, the Community has, moreover, largely achieved a further objective which it had set itself, that is to bring about a degree of harmonization of tariff duties: these duties, which at present are high and are to be reduced more sharply than others, are more generally found in the tariffs of the partner States than in the CCT.

In all, the Community has secured wider access to the markets of its major trading partners, together with worldwide reciprocal arrangements and a substantial element of harmonization.

212. The parts of the negotiations not concerned with tariffs have also led to significant results. A number of codes and other legal texts have been negotiated (customs valuation, subsidies, countervailing duties, anti-dumping measures, government procurement, standards and import licences. In these areas the Community has largely achieved the two targets which it had set itself: firstly ensuring greater clarity and security for economic operations by reinforcing international cooperation and secondly, ensuring that all the industrialized countries apply the same rules. For instance, the United States and Canada will henceforth apply the GATT rules, notably where they concern customs

valuation, anti-dumping duties and countervailing duties, in the same way as the Community and Japan.

213. In the agricultural sector, the Community's objectives were likewise generally attained. Even through – through no fault of the Community – it was not possible to reach agreement on cereals, international arrangements have been concluded on beef, veal and dairy products.

Country-to-country concessions have been made on a number of agricultural products in exchange for major concessions which will allow the development of the Community's exports of food and agricultural products. Some of these concessions involve products which are sensitive in certain Member States. These have generally been matched by internal adjustment; this has been the case with beef and veal, table grapes, rice and if necessary, cheese.

A number of points of difference which had continued over a long time in the Community's relations with a certain number of third countries have moreover been resolved once and for all.

These results in the agricultural sector will help stabilize world markets and lay the foundations for the strengthening of international cooperation, while at the same time giving the Community better prospects for exports.

214. In accordance with the Tokyo Statement and its goals for the negotiations, the Community has taken great pains to ensure special treatment for developing countries, whilst taking care not to damage the interests of other associated countries. Apart from introducing unilateral concessions on tropical products in 1977, the Community has opened for these countries a certain number of tariff reductions which are greater than the norm, some of which will come into force over a shorter timescale, and some directly on 1 January 1980. In some cases smaller reductions have been negotiated in order to retain a differential of tariff duties between products imported from developing countries, without duty, and competing products from industrialized countries which will still bear some duty. In fact the maximum possible has been done to ensure special, differential treatment for developing countries in non-tariff matters. Finally a long-standing demand of the developing countries has been met by obtaining the explicit codification, under GATT rules, of the flexibility

offered towards them. In the main the developing countries have gained considerable advantages from these negotiations, even if the ambitious goals at which they aimed have not always been achieved.

215. The negotiations did not produce any major agreement as regards safeguards. The Community was seeking the possibility in certain cases of selective application of the safeguard clauses. This approach was opposed by the developing countries as well as by a number of industrialized countries. Despite efforts on both sides it was not possible to find basis for an acceptable compromise on this principle, and special arrangements have been made for the continued discussion of this question within the framework of GATT after the conclusion of the multilateral trade negotiations.

216. In conclusion, the overall results of the negotiations can be regarded as satisfactory, balanced and advantageous to the Community. It should be remembered that the GATT rules were drawn up in 1948 to govern the international trade of the post-war years, and that these were the first major negotiations to have attempted, and largely to have succeeded, in adopting those rules systematically to the changing world situation. They have thus reinforced the bases of international trade for the coming decade.

### **3. ADMINISTRATIVE PROBLEMS IN INTERNATIONAL TRADE**

217. Representatives of the Member States and of the Commission have watched closely the development of international trade and the specific problems which the Community has faced, taking account particularly of the difficulties which have been encountered as a result of the general world economic situation. The Article 113 Committee met frequently in Brussels and Geneva in order to establish the principles which the Community was to argue during the GATT negotiations, for the continued liberalization of international trade through resistance to various pressures of a protectionist nature, and for safeguarding in particular the Community's export interests.

It is relevant to mention here also the Community's participation in the efforts of the OECD to maintain the highest possible level of free trade. It is particularly on this account that the Community has accepted the renewal for a further period of one year of the OECD Trade Pledge of 30 May 1974.

#### 4. SECTORAL PROBLEMS

##### (a) *Textiles*

218. 1979 saw the continued implementation of the trade policy laid down by the Council at its meeting of 19 and 20 December 1977 aimed at enabling the Community to deal with the crisis in the textile sector.<sup>1</sup>

##### (i) Implementation of the textile trade policy

219. It should be noted that at its meeting of 29 October 1979 the Council defined the policy more precisely and the following minute was recorded:

'Bearing in mind the current situation in the Community textile sector and the extent to which the internal global ceilings adopted by the Council in December 1977 have been reached, the Council and the Commission hereby confirm the aims of the textile policy decided on by the former.

The Commission states that in any future negotiations it may hold with other supplier countries, it will continue to abide by these aims and will comply with the directives laid down for the negotiations. It will submit a report on the implementation of the Council Directives of December 1977 to the Council by the end of the year.

If it transpires that additional directives are necessary, the Commission will put the matter before the Council. The Council notes that the Commission will ask for such directives whenever the foreseeable outcome of negotiations is likely to depart significantly from Council Directives of 1977; moreover, the Commission states that the extent of the requests submitted for the continuation of certain arrangements in 1980 is such that the Council will have to take a decision on the matter.'

##### (ii) Bilateral agreements between the Community and certain contracting parties to the international Arrangement on trade in textile products (MFA)

220. During its meeting of 24 May 1979 the Council authorized the signature of bilateral agreements with 23 supplier countries negotiated at the end of 1977. Since then, the agreements with the following

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<sup>1</sup> See 25th Review, paragraph 189 and 26th Review, paragraphs 231-233.

countries have been signed and concluded by the Council: the Argentine, Bangladesh, Guatemala, Indonesia, Korea, Macao, Pakistan, Peru, Singapore, Sri Lanka, Thailand.

(iii) Arrangements made for countries having preferential links with the Community

221. At its meeting of 21 December 1978<sup>1</sup> the Council indicated the desirability of moving towards multiannual arrangements, preferably with all of the Mediterranean preferential countries. On the strength of this decision long-term arrangements have since been made with Spain, Morocco, Tunisia, Portugal, Cyprus and Malta.

The Community was also able to reach an arrangement with Greece, though this related solely to the year 1979. For this reason the Council discussed during its meetings of 20 November and 18 December 1979 the arrangements to be made with Greece for 1980. This discussion led the Council to adopt directives enabling the Commission to open negotiations with Greece in order to establish terms for 1980.

(iv) China

222. As a result of a request received from the Chinese authorities at the end of 1978, negotiations began on 5 March 1979 with a view to concluding an agreement between the Community and the People's Republic of China in the textile sector.

The last stage of the negotiations took place in Peking in the presence of the Member States and resulted in the initialling of an agreement on 18 July 1979. This agreement which will remain in force for five years, controls Chinese exports to the Community of textiles and clothing made from cotton, wool and synthetic or artificial fibres.

The substance of these negotiations presented particular difficulties which the Council had cause to discuss on several occasions, being conscious of the political and economic importance of this first attempt to apply to one sector the 1978 trade agreement between the Community and the People's Republic of China. It was necessary to reconcile the interests of the Community's textile industry with Chinese demands for wider export markets within the Community,

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<sup>1</sup> See 26th Review, paragraph 233.

whilst retaining the global import limits adopted by the Council in 1977, and without prejudicing the interests of other contracting parties to the MFA supplying low-priced textile products to the Community.

With these constraints in mind the Council's aim was a *sui generis* agreement. This agreement allows Chinese textile products access to a notably wider Community market, thus terminating the unilateral arrangements which previously applied to Chinese exports to the Community. At the same time, there are a number of features in the agreement which distinguish it from the previously MFA agreements negotiated by the Community, in particular:

- a dual control system of both exports and imports which will be applied to the whole range of goods covered by the agreement,
- a strengthened safeguard system offering the best possible guarantees for the protection of the Community market,
- a price clause which will if necessary allow the suspension of imports,
- Chinese agreement to widen the Community's export market for textiles in China,
- the supply to the Community of certain raw materials including raw silk, cashmere and angora.

With a view to applying the whole of this agreement with effect from 1 January 1980 through to its termination on 31 December 1983, the Council adopted a Regulation on 20 December 1979 on common rules for imports of certain textile products originating in the People's Republic of China, where these are covered by the agreement.

#### (b) *Steel industry*

223. Because of the continuing crisis in the European steel industry, at its meeting of 18-19 December 1978 the Council renewed for 1979 its arrangements for dealing with the crisis by adopting a series of internal measures<sup>1</sup> complemented by a number of external measures, consisting of a combination of unilateral steps (minimum prices and anti-dumping rules) and of bilateral arrangements to be negotiated with third countries which export steel to the Community.

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<sup>1</sup> See paragraph 43 of this Review.

During the first quarter of 1979 the Commission, in accordance with the Council's mandate, negotiated 17 bilateral agreements with third countries which are major exporters of steel to the Community; covering approximately 80 % of its steel imports.

The manifest effectiveness of this package of measures led to a steadying of price levels within the Community and, during the first quarter of the year, kept Community imports at approximately the same level as in 1978.

Some improvement was also seen during the year in Community exports of steel, although this trend shows signs of declining.

While there was undoubtedly an improvement in the market for steel in 1979, by the end of the year the Council had to acknowledge that the prospects for 1980 did not appear to be as favourable as could have been wished.

At its meeting of 18 December 1979, the Council consequently decided to renew again for 1980 a package of measures which, apart from a number of measures relating to the internal situation,<sup>1</sup> includes some external measures based, as in the past, on a combination of unilateral steps (minimum prices, anti-dumping regulations) and of bilateral agreements with third countries, but there are nevertheless some relaxations as an indication of the Community's desire gradually to reintroduce normal market conditions.

(c) *Jute: Negotiation of new agreements on jute products with India and Bangladesh*

224. The 1976 agreements which regulated imports of jute products originating in India and Bangladesh were to expire on 31 December 1979. The Council therefore decided, on the basis of a Commission proposal, to authorize the latter to open negotiations with these two countries with a view to establishing rules for future years.

The main points of the Council's directives for the negotiations can be summarized thus:

- (i) the agreements will be for five years;

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<sup>1</sup> See paragraph 43 of this Review.



- (ii) imports will continue to be limited by quantity during a fixed period (until 31 December 1984) in order to allow the Community jute industry to continue its conversion; after that date, i.e. when the agreements expire, all restriction on jute products from the two countries will be lifted;
- (iii) putting into practice the offer made during the MTN concerning quantity restrictions, the Community will propose to the partners that in order to maintain quantity limits on imports during the five-year period, the quotas currently in force on certain products in certain member countries should be converted into voluntary restraint ceilings which would be administered by the exporting countries;
- (iv) duty-free status would be maintained within the framework of the GPS.

(d) *Coconut: Negotiation of a new agreement on trade in coconut products with India*

225. The agreement negotiated with India in 1976 was to expire at the end of 1979. For this reason the Council decided, on the basis of a Commission proposal, to authorize the latter to open negotiations with India with a view to establishing rules for future years.

The Council's directives can be summarized as follows:

- (i) the Agreement will be for four years, that is until 31 December 1983;
- (ii) it will include continued protection for the French market in coconut matting while the Community will propose to India that the quota currently in force should be converted into a voluntary restraint ceiling which would be administered by India. After 31 December 1983, i.e. when the Agreement expires, all restrictions on imports of coconut products into the Community will be lifted;
- (iii) duty-free status would be maintained within the framework of the GPS;
- (iv) the Community would seek renewed assurances from India on supplies for Community industry.

## **B – Development Cooperation policy and North-South Dialogue**

### **1. DEVELOPMENT COOPERATION POLICY**

(a) *Technical and financial aid to non-associated developing countries*

(i) Outline regulation

226. The conciliation procedure with Parliament is still in progress.<sup>1</sup> The Council, hopeful of reaching a solution which would be acceptable to all the Member States, the Commission and the Parliament, has continued its deliberations. Although some progress has been made, a complete solution to the problem has not yet been found.

(ii) Programme for 1979

227. At its meeting of 23 October 1979 the Council of Ministers responsible for development generally approved the detailed programme drawn up by the Commission following the guidelines already approved by the Council in October 1978. This programme involves 110 million EUA.

The priorities for the breakdown into projects are as follows:

- integrated rural development: 26 %,
- irrigation and water management: 12 %,
- agriculture and forestry development: 12 %,
- fisheries and stock farming: 11 %,
- storage infrastructure: 10 %,
- disaster fund: 10 %.

Regional projects will account for only 8 % of the total coverage of aid, a decrease in comparison with the 15 % allocated in 1978; this has occurred because of a shortage of projects suitable for financing.

Other countries and international organizations offering aid have faced the same problem. The allocations for 1979 are shared between Asia (73 %), Latin America (20 %) and Africa (7 %). Once again India is the major beneficiary since it receives slightly more than a quarter of the total aid. The other main direct beneficiaries in Asia are

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<sup>1</sup> See 26th Review, paragraph 240.

Bangladesh, Pakistan, Indonesia, Thailand, the Philippines and Burma. In Latin America the main direct beneficiaries are Haiti, Honduras, Bolivia and Ecuador. Six new countries are receiving financial benefits, namely: the Philippines, Burma, North Yemen, Ecuador, Peru and Nicaragua as well as two new regional organizations: the Mekong Committee and the Pan-American Health Organization (PAHO).

(iii) Programme for 1980

228. The Council of Ministers responsible for development gave general approval to the Commission's proposals at its meeting of 23 October 1979. These proposals are largely based on the general criteria used when drawing up previous programmes, namely:

- As a general rule the aid is intended for the poorest developing countries. With a view to applying this principle, the Community should ensure that it has a presence in the main regions of the world where the developing countries are situated while making an effort to establish a reasonable geographical balance between these regions.
- The main aim of the aid is to improve the living conditions of the most needy sections of the population in these countries.
- Particular importance is attached to developing the rural environment and improving food production.
- As a subsidiary measure, consideration may be given to involvement in regional projects.

(b) *Generalized preferences*

229. At its meeting on 20 November 1979, the Council indicated its approval for the 1980 generalized preference scheme for developing countries. After consultation with the European Parliament and the Economic and Social Committee, the Council adopted the scheme formally in December 1979.

The scheme adopted for 1980 is the final year of the initial 10-year period (1971–80) of generalized preferences. Under the circumstances, the structure of the 1980 scheme follows the general lines of previous schemes and does not prefigure the new policies to be defined during the overall review which is to take place in 1980 before the start of the second decade of preferences.

230. Two innovations have been included:

- (i) the People's Republic of China has been included amongst the beneficiaries of the Community's GPs for 1980 under special rules.
- (ii) the introduction of a new system of preferences in the textile products sector (the principal elements of which had already been approved in May 1979) dealing with the particular problems of this sector which already feature in the scheme set up as part of the Multi-fibre Arrangement. The new system results in an overall offer of 115 000 tonnes whilst under the old scheme the offer was of only 88 000 tonnes. For most textile products, which are covered by the MFA, the scheme allows for individual quotas to be allocated to each of those beneficiary countries which has agreed to a quantity control on its exports – this gives those countries the considerable advantage of knowing in advance the volume of exports they will be able to achieve under the preferential tariff system. The quotas were determined by reference to two objective criteria – the level of competitiveness in the textile sector and the level of general development as expressed by the gross national product.

231. Those products not covered by the MFA will, for all beneficiary countries and without individual quotas, will be allowed duty-free status on a volume equal to 55 % of the total import originating from those countries in 1977. This figure may not, however, exceed the preferences available in 1978 by more than 25 %.

In the textile sector, as in the case of other industrial goods, the least advanced of the developing countries will have the benefit of unlimited duty-free entry of goods.

232. The Community has, moreover, despite the economic situation, agreed to make fresh efforts to give developing countries easier access to Community markets, and improvements have been made to the system for most industrial products.

233. As regards agricultural products, because of the concessions on tropical products made at the GATT multilateral trade negotiations and already implemented by the Community, the principal improvements to the scheme for 1980 involve adjustments to certain quotas (Virginia tobacco, pineapple other than in slices, as well as palm oil).

Particular stress had already been in 1979 on concessions to the least advanced developing countries by exemption from all duties

of those products in Chapters 1 to 24 which were already covered by the generalized preference scheme. Certain quota-restricted products (e.g. cocoa, butter, soluble coffee) were the subject of further efforts for 1980 and henceforth imports of these products from the least advanced developing countries will not be restricted by quantity.

234. Bulgaria had made a formal request to be included in the list of countries benefiting from the Community's generalized preference scheme, and following the Council meeting on 24 July 1979, was informed that the Council give favourable consideration to ways in which Bulgaria could be included in the scheme from 1981.

(c) *Food aid and emergency aid*

(i) Annual programme for 1979

At its meeting on 8 May 1979, the Council adopted the food aid programmes for 1979 which involve:

- 150 000 tonnes of milk powder;
- 45 000 tonnes of butter oil;
- 720 500 tonnes of cereals.

235. It should be noted that the total tonnage of cereals related only to Community operations, i.e. those financed from the Community budget. National operations are to be added to this tonnage if they form an integral part of the joint commitment undertaken by the Community and the Member States under the Food Aid Convention. This joint commitment involves a total of 1 287 000 tonnes.

A fact of particular note is that the main beneficiaries of these operations are the poorest countries or those which are going through a critical phase in their food supplies.

For cereals the major beneficiaries are:

Bangladesh	100 000 tonnes
Egypt	90 000 tonnes
Vietnam	86 000 tonnes <sup>1</sup>
Pakistan	50 000 tonnes

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<sup>1</sup> Distributed to the Vietnamese refugees.

Sri Lanka  
Somalia  
Ethiopia  
Mozambique

15 000 to 20 000 tonnes each

236. Furthermore, major contributions have been allocated to various organizations distributing food aid, including WFP (65 000 tonnes) UNRWA (Palestinian refugees) (40 000 tonnes), the Red Cross and National Red Cross Societies 31 000 tonnes.

237. The largest beneficiary of the dairy products programme (skimmed milk and butter oil) is India, which is receiving a major contribution from the Community under the Flood II multinational programme, which is financed also by the World Bank: skimmed milk 31 000 tonnes; butter oil 12 000 tonnes. Other major beneficiaries of dairy products are Vietnam, Bangladesh, and of course, international organizations, more particularly the WFP (30 000 tonnes) and non-governmental organizations.

(ii) Outline Regulation

238. The Council continued to study the communication from the Commission on the adoption of a new procedure in food aid policy and administration, more particularly at its meeting on 23 October 1979 on development; examination of the document is not yet completed.

(iii) Negotiation of a new Food Aid Convention

239. Following the failure of the negotiations towards a new International Wheat Agreement, which was to be in two parts, namely an agreement on cereal trade and an agreement on food aid, the existing agreement was renewed for two years together with the Food Aid Convention.<sup>1</sup>

Consultations have nevertheless continued in the bodies administering the wheat agreement with a view to establishing a new Food Aid Convention which would guarantee meeting a world wide target of 10 million tonnes of cereals and which therefore calls for increased contributions from donor countries.

<sup>1</sup> See paragraph 248 of this Review.

At its meeting in November 1979, the Council decided that in view of the difficulties encountered in negotiations for a new agreement on trade in wheat and the particularly difficult situation of several developing countries as regards food supplies, it would negotiate the two agreements separately. The Council accordingly agreed that the Community should indicate its willingness to take part in a conference to work out a new Food Aid Convention. This Convention, built on the foundations laid by previous discussions and aimed at reaching the worldwide target of 10 million tonnes of cereals, would provide a framework in which the Community would be able to increase its aid commitments to the same extent as other donor countries.

It was also agreed by the Council that this new Convention should be restricted to the period ending on 1 July 1981, the date of expiry fixed for the recent extension to the 1971 International Wheat Agreement, and to which the new Food Aid Convention remains tied. If the Convention is in force after that date, it should, in the view of the Community, remain tied to a new convention on trade in wheat.

(iv) Refugees from South-East Asia

240. The Community put into effect a major operation to assist refugees and displaced persons in South-East Asia as well as Cambodian refugees, including those going to Thailand. The Community's operation was largely combined with international efforts under the auspices of the United Nations, in which the Community and its Member States proved to be a driving force. Thus, at the July 1979 Geneva Conference on South-East Asian refugees and the New York Conference of November 1979 on Cambodia, the Community and its Member States agreed to contribute more than 45% of the funds needed to complete the programmes agreed.

Aid from the Community as such decided by the Council comprises the following items:

- refugees from South-East Asia: 30 700 tonnes of rice, 1 500 tonnes of skimmed-milk powder and 15 million EUA made available from the emergency funds for the victims of disasters other than natural ones,
- Cambodia: 5 000 tonnes of rice, 1 500 tonnes of skimmed-milk powder and 29 million EUA made available from the fund for the victims of disasters other than natural ones,

- Laos: 5 000 tonnes of cereals; 1 000 tonnes of skimmed-milk powder and 500 tonnes of butter oil.

## 2. NORTH-SOUTH DIALOGUE

241. It has become an accepted practice that at all conferences and negotiations in the context of the North-South Dialogue the Community and its Member States adopt a joint position. This position is first established by the Council in Brussels in the form of general guidelines, which are then put into practice and adapted jointly on the spot in the light of progress in the negotiations. The Nine's ability to define and defend joint positions adds great strength to their capacity to influence various international discussions.

1979 was notable for a number of significant initiatives, meetings and discussions, particularly the conference which finally defined the basic elements of a Common Fund, the fifth UNCTAD Conference of ministers, and the proposal from the Group of 77 that worldwide negotiation should be opened under the auspices of the United Nations.

### (a) *Action in the UN Committee of the Whole and in the General Assembly*

242. The Committee of the Whole held three meetings in 1979. At the January meeting the Committee adopted by consensus a text on the transfer of real resources to the developing countries. In March a series of conclusions were adopted, also by consensus, relating to problems in agricultural production and outside assistance required, the action and resources needed to ensure food supplies, trade in agricultural products, processing industries, rural development and nutrition.

243. Discussions at the September meeting concerned the industrialization of the least advanced developing countries, those which are landlocked or islands and those which are most disadvantaged. No agreement on a final text was possible except in the case of island countries. However the most notable aspect of the September meeting was the series of proposals of the Group of 77 to start a new series of worldwide negotiations on international economic cooperation. This proposal was not examined in detail by the Committee but was remitted to the General Assembly with the



recommendation that it should be given priority at the General Assembly's 34th session with a view to reaching a decision.

The discussions at that session led to the adoption by consensus of resolution 34/138 in which the General Assembly:

- (i) decided to launch at its special session in 1980 a round of global and sustained negotiations on international economic cooperation for development, such negotiations being action-oriented and proceeding in a simultaneous manner in order to ensure a coherent and integrated approach to the issues under negotiations;
- (ii) agreed that such negotiations should:
  - take place within the United Nations' system with the participation, in accordance with the procedures of the relevant bodies, of all States and within a specified time-frame without prejudice to the central role of the General Assembly;
  - include major issues in the field of raw materials, energy, trade, development, money and finance;
  - contribute to the implementation of the international development strategy for the third United Nations Development Decade;
  - contribute to the solution of international economic problems, within the framework of the restructuring of international economic relations, and to steady economic development, in particular the development of developing countries, and, to this end, reflect the mutual benefit, the common interest and the responsibilities of the parties concerned, taking into account the general economic capability of each country;
- (iii) further agreed that these negotiations should not involve any interruption of, or have any adverse effect upon the negotiations in other United Nations forums but should reinforce and draw upon them;
- (iv) agreed that the successful launching and ultimate success of global negotiations require the full commitment of all participants to careful and thorough preparations, including efficient procedures for negotiation.

The Committee of the Whole was given the responsibility of acting as organizing committee for the worldwide negotiations and

presenting a final report to the General Assembly at its 1980 extraordinary session, giving details of recommendations for the procedures, timescale and detailed agenda of the global negotiations so that the General Assembly could at that session decide on an early start to the negotiations.

As usual, a common position was also prepared, ready for the debates of the 34th session of the General Assembly with regard to matters within the Community's scope.

244. Three meetings of the Steering Committee for a new international development strategy for the third decade were held in 1979. The last of these, in September, concentrated on the examination of a draft preamble which allowed some progress to be made.

(b) *The UNCTAD integrated programme for commodities*

245. The most significant development in the UNCTAD integrated programme, one which must also be considered as a significant step in the general framework of the North-South Dialogue, was the agreement, at the third session of the United Nations Negotiating Conference on a Common Fund in March 1979, on a resolution defining the principal elements of a common fund. A compromise has thus been reached between the industrialized countries and the developing countries on this cornerstone of the integrated programme, which had been under discussion since the fourth UNCTAD. The contribution of the Community and Member States to this Conference followed the general guidelines set out by the Council at its meeting on 6 March 1979. Basically the agreed compromise provides that the fund will finance international buffer stocks, and if necessary national buffer stocks regulated on an international scale, according to product-by-product international agreements bringing together producers and consumers. These buffer stocks will be financed from the Fund's first 'window' which will have 400 million dollars available from direct contributions. From its second 'window' with 70 million dollars plus voluntary contributions of 280 million dollars, the Fund will finance measures other than the building-up of buffer stocks (e.g. research and development, commercial development, processing).

With these basic principles established, detailed work is now in progress both in the Interim Committee in Geneva and within the

OECD (where the position of the industrialized countries is being defined) on the terms of the legal instrument establishing the Common Fund.

246. The Community and its Member States have meanwhile continued to take an active part in discussions or negotiations towards the conclusion of commodity agreements. 1979 saw the successful conclusion of negotiations on a first agreement for a major product: natural rubber. Following the lines set by the Council on 26 March 1979, the Community was able to take an active part in the negotiations and to act as mediator between the extreme positions adopted by the producing countries and certain major consumer countries.

The new agreement will be open for signature from 2 January 1980. It includes a price stabilization mechanism which is centred on a buffer stock of 400 000 tonnes plus an emergency stock of 150 000 tonnes and a system of price levels activating stock operations.

The discussion of other commodities is continuing.

247. As regards existing commodity agreements, the Community is an active party to the international agreements on wheat, olive oil, cocoa, coffee and tin. As most of these agreements expired during 1979 negotiations to renew them took place during the year.

248. Negotiations towards the renewal of the existing International Wheat Agreement, which expired on 30 June 1979, formed part of the agricultural element in the GATT multilateral trade negotiations, and one of the Community's objectives in the negotiations was an international agreement for this commodity. In the event such an agreement was not possible, the negotiating conference being unable to reconcile differing views on certain fundamental questions (particularly the general level of stocks, their distribution between the member countries, the method by which the developing countries could participate in the stockholding and the activation levels for the bringing-in and release of stock). As a result it was decided that the 1971 Agreement should be renewed for a further two years, including the Food Aid Convention. The Council approved the results of these renewal negotiations on 12 June 1979.<sup>1</sup>

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<sup>1</sup> OJ L 152 of 20. 6. 1979.

249. As regards olive oil, the current Agreement expired on 31 December 1979, and the United Nations Conference which was held at Geneva from 20 March to 6 April 1979 was able to agree on the terms of a new agreement. For these negotiations the Community followed the guidelines set out by the Council on 19 March 1979. The Council approved the results of the negotiations on 12 November 1979. It will be noted that the new Agreement largely meets the objectives which the Council set, namely that it should continue to be flexible, that its aims should take into account the present surplus on the market, and that it should accordingly be directed not towards the expansion of production but towards the restoration of a balance between supply and demand.

It should be noted that the Council agreed that only the Community as such would be a party to the new Agreement, thus abandoning the usual procedure of 'mixed' signatures (that is where the Community and the nine Member States signed and ratified the Agreement). The new International Olive Oil Agreement was thus signed on 16 November 1979, thereby committing the Community.<sup>1</sup>

249a. Under the UNCTAD Integrated Programme a conference was held in Geneva to negotiate a new Agreement on cocoa. This conference met in three sessions: January/February, July/August and November.

The Community played an active role in these negotiations, along the lines established by the Council, seeking an agreement to stabilize the market by means of a buffer stock, price machinery and any necessary supplementary measures.

Major difficulties were encountered during the discussions in identifying the price levels at which buffer stock operations would be triggered and because of this the negotiations did not arrive at an agreement. As a result consultations will be held with the bodies managing the existing Agreement, which has been extended until 31 March 1980, to decide when the negotiations can be resumed.

250. Under the International Agreement on coffee, which lasts for six years until 30 September 1982, the contracting parties were to indicate their intention to continue participating in this agreement by the end of

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<sup>1</sup> OJ L 327 of 24. 12. 1979.

the third year (30 September 1979). On 25 September 1979 the Council decided that the Community would continue to support the Agreement.<sup>1</sup>

(c) *Fifth ministerial session of UNCTAD (UNCTAD V)*

251. The fifth session of the United Nations Conference on trade and development (UNCTAD) which took place in Manila from 3 May to 3 June 1979, was one of the principal events of 1979 in the North-South Dialogue. This Conference had been carefully prepared at Brussels by the Community and its Member States, and throughout it continuous close cooperation enabled the Nine to maintain a common position in all but a few instances.

The agenda of UNCTAD V covered a wide range of subjects including practically all the major international monetary, economic and trade problems related to development. It was of course not expected that common ground could be found on all of these problems during the Conference.

Agreement was however possible on a number of fundamental questions which were at the heart of the Conference's deliberations and which were the subject of resolutions adopted by consensus. These concerned the following subjects:

- (i) institutional problems;
- (ii) trade:
  - protectionism and sectoral adjustment,
  - restrictive business practices;
- (iii) commodities:
  - continuation of the Integrated Programme,
  - international trade in food products,
  - United Nations Conference to negotiate an international arrangement to replace the International Wheat Agreement of 1971,
  - tungsten;
- (iv) monetary and financial issues:
  - transfer of resources to developing countries;

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<sup>1</sup> OJ L 248 of 2. 10. 1979.

- (v) technology and shipping:
  - industrial property,
  - strengthening the technological capacity of the developing countries,
  - brain drain,
  - code of conduct for liner conferences;
- (vi) least developed, land locked and island developing countries;
- (vii) economic cooperation among developing countries;
- (viii) miscellaneous resolutions:
  - special problems of Zaire,
  - offer by the republic of Cuba to host the sixth session of the Conference.

It was not possible, however, to reach a compromise on other important questions. It was agreed by consensus to continue discussion of a number of these issues in UNCTAD's standing bodies. It was accordingly decided to refer the following issues to the Trade and Development Council or to other UNCTAD committees:

- (i) the GATT multilateral trade negotiations;
- (ii) multilateral export credit guarantees;
- (iii) the code of conduct on technology transfer;
- (iv) relations between countries having different economic and social systems.

The 77 were not able to agree to the referral of some issues and asked for a vote on them. The resolutions were then adopted by majority vote, with the EEC and group B countries generally voting against:

- (i) additional facility for deficits in export earnings;
- (ii) reform of the international monetary system;
- (iii) equal participation in shipping for developing countries;
- (iv) financing of ship purchases;
- (v) economic situation of Jibuti and Tonga;
- (vi) exploitation of deep sea resources;
- (vii) protectionism in the services sector;
- (viii) aid to liberalization movements.

(d) *Other conferences*

252. The United Nation Conference on Science and Technology for Development (UNCSTED) took place in Vienna from 20 to 31 August 1979 and reached agreement on most of the problems under discussion. The Conference adopted a programme of action for the developing countries and a set of recommendations aimed at strengthening and restructuring the scientific and technological capacity of the developing countries. At the institutional level the Conference decided to set up an Intergovernmental Committee on science and technology for development which will have the task of helping the United Nations General Assembly to draw up policy guidelines to harmonize the activities of the various UN bodies operating in the field of science and technology. Financing machinery has also been provided; for an interim period a fund financed by voluntary contributions and administered by the United Nations Development Programme (UNDP) would have to be set up, with a target of at least USD 250 million for the period 1980/81.

253. The World Food Council held its fifth session in Ottawa from 3 to 7 September. The Council adopted conclusions and recommendations on a framework for national and international action, on international action, on world food security and on international trade.

254. The World Conference on agrarian reform and rural development took place in Rome from 12 to 20 July under the aegis of the FAO. The Conference adopted a declaration of principle and a programme of action designed to transform all aspects of rural life and activities, whether economic, social, cultural, institutional or human. In this connection specific medium-term targets were set, to be reached by 1990.

The FAO Plenary Conference, which meets every two years to decide on the policy for the next two years, was held in Rome from 10 to 29 November 1979. The two most important resolutions adopted at the conference concerned:

- (i) protectionism, trade in raw materials and agricultural adjustment: (It should be noted that the Community supported this resolution on condition that it did not jeopardize the common agricultural policy, that the GATT multilateral trade negotiations were considered to be completed, and that any Community participation

in the International Sugar Agreement would be determined on the basis of the results of negotiations on the commodity and on the interaction of those results with the Community's sugar policy.)

(ii) world food security:

By this resolution the Conference approved the action plan on world food security which had been adopted by the FAO council, and appealed to all governments to take appropriate steps to put this plan into effect.

The Conference also adopted a number of resolutions primarily concerning the follow-up to the plan of action drawn up by the World Conference on agrarian reform and rural development, the World Food Programme target and the development and exploitation of exclusive economic fishing zones.

## **C – Relations with the ACP States and the overseas countries and territories**

255. Even though most of the efforts in 1979 were directed towards the negotiation of a successor to the ACP-EEC Lomé Convention which was due to expire on 1 March 1980, the year saw a number of achievements in the administration of the Lomé Convention or arising out of the Council's Decision of 29 June 1976 on the association of the Overseas Countries and Territories with the EEC.

### **1. NEGOTIATION OF THE SECOND ACP-EEC CONVENTION**

256. The principal activity of 1979 in this sector was the intense negotiations which resulted in the signature of the second ACP-EEC Convention at Lomé (Togo) on 31 October 1979. Three ministerial-level conferences took place during the period, on 22–23 March in the Bahamas, and 24–25 May and 24–25 June in Brussels; each of these meetings required a great deal of work and many preparatory meetings both within the Community and with the ACP States.

The end result of the negotiation was final agreement on the second ACP-EEC Lomé Convention. Apart from the more generous financial resources (5 607 million EUA for the period ending 1 March 1985) and the improvement and extension of measures relating to



trade development, the stabilization of earnings from exports and industrial cooperation, the Convention has opened new avenues for cooperation between the Community and the 58 ACP States party to the Convention particularly in agricultural cooperation and the ACP States' mineral production; a special chapter is devoted to each of these areas of cooperation in the new Convention which with its joint institutional arrangements, remains a model of cooperation between industrialized and developing countries.

## **2. ADMINISTRATION OF THE LOMÉ CONVENTION**

257. The administration of the Convention gave rise to a number of meetings, both of the governing bodies,<sup>1</sup> and of the various bodies whose role is to assist them, and went forward in all the fields covered by the Convention.

### *(a) Trade cooperation*

258. The pattern of trade during the first nine months of 1979,<sup>2</sup> showed a net surplus on the balance of payments of the ACP States in their trade with the Community (2 514 million EUA); even though oil exports from three ACP States, principally Nigeria, had some effect on these figures, the fact remains that EEC exports to the ACP States seem to be declining whilst EEC imports from the ACP States increased by 22 % over the previous year.

The meeting of the ACP-EEC Subcommittee on Trade Cooperation of 5 March 1979 was, as it had been in 1978, something of a forum for exchanges of information and consultations. The proposed Community policy for the textile sector was outlined to the ACP partners, who expressed their doubts and fears; in order to devise a better approach to the problems it was decided to keep in close contact.

In 1977 the ACP States had asked the Community to supply surplus agricultural products and this question was again broached: the ACP States took the opportunity of expressing their disappointment at the Community's response. The aim of this had been to extend to all the ACP States the possibility of buying cereals, white sugar and any

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<sup>1</sup> See paragraph 258 *et seq.* of this Review.

<sup>2</sup> The final figures for 1979 were not available when this Review went to press.

other food products available through normal commercial channels, at prices stabilized for deliveries throughout a marketing year by the advance fixing of refunds. This offer, however, went as far as the Community considered the constraints of CAP administration and a market economy would allow.

It was decided in any case to set up a joint technical group to consider the implementation of the Community's proposals. The Group met on 7 May 1979, but discussion of the matter was ultimately continued in the negotiations for the second ACP-EEC Lomé Convention.

This meeting of the Subcommittee also discussed the report of the ACP-EEC Working Party set up in 1977 to investigate the effects of the EEC generalized preference scheme and heard the biennial report to GATT on the Lomé Convention.

The special arrangements approved for previous years in the beef and veal sector remained in force, having been renewed by a Council Regulation in December 1978<sup>1</sup> until 1 March 1980.

With regard to tomatoes, as in 1978, a regulation was adopted by the Council on 29 October 1979,<sup>2</sup> which opened a tariff quota of 700 tonnes for the period 15 November 1979 to 29 February 1980.

Pursuant to Protocol No 7 on rum, on 25 June 1979 the Council adopted the Regulation required each year; on this occasion the Regulation is effective only until 29 February 1980, when the Lomé Convention expires, and opens a quota of 177 404 hectolitres of pure alcohol.

#### (b) *Customs cooperation*

259. The only meetings dealing with this part of the Convention held in 1979 were those negotiating the second ACP-EEC Convention. None the less the ACP-EEC Council of Ministers adopted a waiver 4 relating to 1 600 tonnes of canned tuna exported by Mauritius from 25

<sup>1</sup> Regulation (EEC) No 2993/78, OJ L 357 of 21. 12. 1978.

<sup>2</sup> Regulation (EEC) No 2430/79, OJ L 277 of 6. 11. 1979.

<sup>3</sup> Regulation (EEC) No 1253/79, OJ L 160 of 28. 6. 1979.

<sup>4</sup> Decision No 2/79 of the ACP-EEC Council of Ministers of 23. 3. 1979.

November 1978 to 24 November 1979, while the Council of the European Communities adopted the Regulation implementing this Decision on 8 May 1979.<sup>1</sup>

In addition, the Council of the European Communities adopted on 5 February 1979 two Regulations implementing Decisions Nos 4/78 and 5/78<sup>2</sup> of the ACP-EEC Council of Ministers providing for derogation from the rules of origin for Kenya and Malawi (artificial fishing flies) for the period from 1 June 1978 to 31 December 1979.

(c) *Stabilization of export earnings*

260. In 1979 the Community made 23 transfers relating to loss of export earnings by 19 ACP States during the financial year 1978 totalling approximately 164 million EUA.

The ACP-EEC Council of Ministers also adopted, through the Committee of Ambassadors, Decision No 1/79 of 7 March on the scope of Article 17 (4) of the Convention (exports to all destinations taken into consideration) for the benefit of the Cape Verde Islands, Solomon Islands and Tuvalu, which acceded to the Convention in 1977, 1978 and early 1979.

On 31 October 1979, the ACP-EEC Council of Ministers adopted Decision No 9/79, relating to the early use of a fraction of the 1979 tranche for transfers under the Stabex arrangements during the 1978 accounting period.

On 22 March 1979 the Council asked the Commission to process three transfer requests relating to 1975 which had not been submitted until 1977, that is after the end of the financial year following the year for which the request was made.

(d) *Sugar*

261. Under Protocol No 3 of the Convention the agreement on guaranteed prices for cane sugar must be negotiated each year between the Community and the 14 ACP States, and this was signed

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<sup>1</sup> Regulation (EEC) No 927, OJ L 117 of 12. 5. 1979.

<sup>2</sup> Respectively Regulations (EEC) Nos 215 and 216, OJ L 31 of 7. 2. 1979.

on 15 October 1979; on the same date the Council of the Communities adopted a regulation implementing the agreement.<sup>1</sup>

This fixed the price of raw sugar at 34.13 ECU per 100 kg and white sugar at 42.30 ECU per kg for the period from 1 July 1979 to 30 June 1980.

The ACP-EEC Subcommittee on sugar met for the first time in 1979, on 28 February. Views were exchanged on Zambia's application for accession to Protocol No 3 and on the Community's negative reply. The Subcommittee also considered the Commission's decisions concerning failures to deliver during the 1977/78 marketing year<sup>2</sup> and, in the same context, the consultation procedure which had been agreed in 1977 for cases of *force majeure*. The negotiations leading to guaranteed prices for the year 1979/80 were the subject of certain comments and observations by both parties<sup>3</sup> whilst the ACP States took the opportunity offered by the annual examination of the working of Protocol No 3 to express their fears concerning the Community's policy on isoglucose, and, because of the small quantities agreed, to deny vehemently that imports of sugar from the ACP States accounted for part of the cost of the EAGGF because of Community reexports.

At this meeting the Community also gave the ACP States details of its own recent activity under the International Sugar Agreement.

The ACP-EEC Subcommittee met again on 27 April 1979 with only one item on the agenda: that of non-delivery of sugar during the 1977-78 marketing year, after the Commission had decided to reduce the quotas of the four ACP States involved.<sup>4</sup> The Community agreed that the Commission should reexamine the cases of Surinam and Uganda.

#### (e) *Industrial cooperation*

262. 1979 saw both negotiation and administration activity in this important and radically new field of EEC-ACP relations. The principles, methods and bodies established under the 1975 Lomé Convention had, when put into practice, shown certain inadequacies and

<sup>1</sup> Regulation (EEC) No 2298, OJ L 264 of 20. 10. 1979.

<sup>2</sup> Four States were involved: Congo, Kenya, Surinam and Uganda.

<sup>3</sup> The ACP States' view, expressed in a memorandum presented in November 1978, referred to increased production, transport, etc. costs.

See 'Notice from the Commission' - OJ C 97 of 18. 4. 1979.

weaknesses which were, of course, raised by the negotiation of the second Convention as they considered new arrangements for industrial cooperation.

For negotiating purposes, the Council, during its ordinary meetings and during special meetings, decided the position the Community should adopt for the ACP-EEC Ministerial Conference of 22 and 23 March, 24 and 25 May and 24 to 26 June 1979. A stance was just taken on the fundamental questions of the objectives and resources of industrial cooperation, industrial consultation, cooperation on energy, the Centre for Industrial Development, and the financing of industrial cooperation. The Council also dealt with investment matters. Its views on the problems outstanding after negotiations had ended were decided at the meeting of 18 September 1979 and at Lomé on 31 October 1979.

As regards management, the meetings of the Committee on ACP-EEC Industrial Cooperation were prepared by the Council, more particularly by an *ad hoc* working party on industrial cooperation which met on several occasions.

The Committee met three times in 1979, adopting five decisions connected with its responsibility for the guidance and supervision of the Centre for Industrial Development. The Centre's budget for the accounting year 1979, which totals 2 581 000 EUA, was approved at the meeting of 13 February 1979 and at the same meeting the Committee received the auditors' report for the year 1977. Other decisions concerned pay adjustment of the Centre's staff. The main business of the meetings of 5 March and 13 November 1979 was the discharge of the Centre's accounts for the 1977 financial year and the examination of the annual report on its activities, together with a preliminary exchange of views – which will be brought forward to further meetings – on the role and functioning of the Committee.

Lastly, the Committee was represented by its chairman at two regional seminars on industrialization which were organized by the Centre jointly with the Commission, for central Africa at Douala (21–24 November 1979) and for eastern and southern Africa at Addis Ababa (26–28 November 1979). The aim of these seminars was to draw the attention of the public authorities and economists in the ACP States involved to the possibilities offered by the Lomé Convention in the field of industrial cooperation.

(f) *Financial and technical cooperation*

263. The negotiations towards the renewal of the Convention accounted for much of the activity in this sector also. The most noteworthy result was a significant improvement in the administration arrangements, and much closer cooperation between the Community and the ACP States, achieved by the establishment of a mixed committee of experts with the responsibility of supervising the administration of aid and seeking means of avoiding any stalling or delays. The significant increase in the amount of aid<sup>1</sup> should be noted, as should the additional attention given to regional cooperation, small scale projects and the problems of the least-developed, landlocked and island ACP States.

As regards management, the ACP-EEC Council of Ministers recorded its agreement<sup>2</sup> to the fiscal and customs arrangements applicable in the ACP States to contracts financed by the Community.

The draft general conditions which had already been approved by the Community are, however, still being studied by the joint administrative bodies.

The annual joint report of the Commission and the European Investment Bank on the management of financial and technical cooperation for 1978 was submitted to the ACP-EEC Council of Ministers at the end of July 1979. In accordance with the Fiji resolution of 14 February 1977, examination of the report was entrusted to a group of ACP-EEC experts which met at Brussels on 25/26 February 1980.

At the end of November 1979, the Commission submitted to the Council a similar report on the overseas countries and territories,<sup>3</sup> for which the Council's approval will be sought during 1980.

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<sup>1</sup> 5 227 million EUA compared with 3 390 million EUA for Lomé I. It is also true that the number of ACP States has increased from 46, when Lomé was signed, to 58 by Lomé II (59 if St. Vincent and the Grenadines are included).

<sup>2</sup> Decision No 6/79 of the ACP-EEC Council of Ministers of 23. 3. 1979.

<sup>3</sup> See also the chapter on overseas countries and territories for further details of financial and technical cooperation regarding these countries, in the various Council Decisions concerning the parallel adjustment of the total aid involved in Decision 76/568/EEC and the total of the EDF, following successive accessions to the Lomé Convention by overseas countries and territories which have become independent. OJ L 176 of 1. 7. 1976.

On 24 May 1979 the Council adopted a Decision<sup>1</sup> amending the Decision of 18 December 1979 fixing the schedule for Member States' contributions to the fourth EDF (1975) (200 million EUA) for the financial year 1979. This brought forward to 1 June 1979 the call for the second instalment of Member States' contributions for 1979, which had initially been due on 2 July.

On 24 July 1979 the Council adopted a further decision amending for the second time the same decision of 18 December 1979. As a result of updated expenditure forecasts additional payments were required from the Member States totalling 200 million EUA in two instalments (15 September 1979 and 15 December 1979).

Finally on 20 December 1979 the Council adopted two Decisions fixing the schedule of contributions from the Member States for 1980, one of 6 500 000 EUA for the third EDF (1969), the other of 538 million EUA for the fourth EDF (1975) in two instalments on 15 January and 1 July 1980.

In addition on 8 May 1979 the Council adopted four decisions giving a discharge to the Commission in respect of operations under the first, second, third and fourth EDFs for the financial year 1977.

#### *(g) Institutional questions*

264. During 1979 the ACP-EEC Council of Ministers met once only in connection with Lomé I, on 22 March 1979 at Freeport, Bahamas.<sup>2</sup> There the Council adopted five Decisions,<sup>3</sup> of which one delegated authority to the ACP-EEC Committee of Ambassadors to adopt the annual report of the ACP-EEC Council of Ministers.

In the event, because of the pressure of work caused by the negotiations this annual report for 1978 was neither drafted nor presented to the Consultative Assembly which held its annual meeting on 10–12 October 1979 at Luxembourg (its fourth since Lomé 1 came

<sup>1</sup> OJ L 132 of 30. 5. 1979.

<sup>2</sup> At the same time and place as the Conference negotiating the second Convention.

<sup>3</sup> The ACP-EEC Council of Ministers adopted five further Decisions during 1979, either by written procedure, by correspondence or even, as was the case with Decision No 10/79 by delegating authority to the ACP-EEC Committee of Ambassadors to adopt transitional measures on the expiry of the Lomé Convention, during a ministerial Conference (in this case that of the signing of the second ACP-EEC Convention at Lomé on 31 October 1979).

into effect). The ACP-EEC Joint Committee held its second meeting of the year from 8–10 October 1979, also at Luxembourg, having already met from 29 January to 2 February in Bordeaux.

The Committee of Ambassadors also met, on 7 March 1979 in Brussels, to prepare the meeting of the ACP-EEC Council of Ministers already mentioned above; as has already been reported the other bodies set up to assist the ACP-EEC Council of Ministers also met at least once.

(h) *Accessions to the Lomé Convention*

265. During 1979 four overseas territories under the jurisdiction of the United Kingdom of Great Britain and Northern Ireland became independent and, having deposited their instruments of accession to the Lomé Convention became full parties to that Convention. They were:

Tuvalu: 17 January 1979

Dominica: 26 February 1979

St. Lucia: 28 June 1979

Kiribati (formerly Gilbert Islands): 30 October 1979.

In addition, on 5 November 1979 the State of St. Vincent and the Grenadines requested accession to the Convention.<sup>1</sup>

### 3. ASSOCIATED OVERSEAS COUNTRIES AND TERRITORIES

266. On 5 March, 1 August and 18 December 1979, the Council took three Decisions<sup>2</sup> relating to the provisional application to St. Lucia, Kiribati (formerly the Gilbert Islands) and St. Vincent and the Grenadines respectively, after their independence, of the arrangements laid down in Decision 76/568/EEC<sup>3</sup> on the association of the OCT, so that the countries concerned could continue to enjoy those arrangements pending their accession to the Lomé Convention.

On 19 March 1979, as a result of the accession to the Lomé Convention of the Solomon Islands, (formerly the Ellice Islands) and

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<sup>1</sup> After approval by the ACP-EEC Council of Ministers, this country acceded to the Convention on 27 February 1980.

<sup>2</sup> OJ L 66 of 16. 3. 1979, L 208 of 17. 8. 1979 and L 7 of 11. 1. 1980.

<sup>3</sup> OJ L 176 of 1. 7. 1976.



Dominica, the Council adjusted Decision 76/568/EEC<sup>1</sup> on the association of the OCT, in particular by reducing the total amount of Community aid to 101 733 000 EUA and decided<sup>2</sup> on the (proportional) adjustment of the amounts made available to the EDF (1975) as regards the ACP States on the one hand and the overseas countries and territories on the other.<sup>3</sup>

In the same context the Council also adopted on 19 March 1979 Regulation No 527/79<sup>4</sup> amending Regulation No 706/76 applicable to agricultural products originating in the ACP States or the OCT as regards the list of countries and territories.

By Decision of 29 October 1979 the Council extended the list of States exempted from the obligation to reconstitute stocks under the Stabex arrangements, found in Article 25 (5) of Decision 76/568/EEC on the association of the OCT, to include the Gilbert Islands (still at that time an overseas territory of the United Kingdom of Great Britain and Northern Ireland) and the New Hebrides.

Lastly, on 25 June 1979 the Council adopted Regulation (EEC) No 1254/79,<sup>5</sup> by analogy with the Lomé Convention, on the opening, allocation and administration of a Community tariff quota for rum, arrack and tafia originating in the OCT (from 1 July 1979 to 29 February 1980, and on 15 October 1979 Regulation (EEC) No 2299/79<sup>6</sup> fixing the guaranteed prices applicable to cane sugar originating in the OCT for 1979/80.

## **D – Relations with the Mediterranean and Euro-Arab Dialogue countries**

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

267. At the end of November 1979, after the internal procedures necessary for the implementation of the ECSC agreements with the

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<sup>1</sup> OJ L 176 of 1. 7. 1979.

<sup>2</sup> OJ L 72 of 23. 3. 1979.

<sup>3</sup> The corresponding articles of the internal agreement were amended accordingly.

<sup>4</sup> OJ L 71 of 22. 3. 1979.

<sup>5</sup> OJ L 160 of 28. 6. 1979.

<sup>6</sup> OJ L 264 of 20. 10. 1979.

Mashreq countries<sup>1</sup> had all been notified, instruments of notification were exchanged with those countries and the agreements will come into force on 1 January 1980.

## **2. IMPLEMENTATION OF EXISTING AGREEMENTS WITH MEDITERRANEAN COUNTRIES**

### *(a) Association agreements*

#### *(i) Greece<sup>2</sup>*

268. With the acts signed in Athens at the end of May by which the Hellenic Republic accedes to the European Communities expected to come into force on 1 January 1981, work on the EEC-Greece Association was mainly limited to the administration of the Athens Agreement. Under the circumstances it was not considered necessary to convene the Association Council during 1979.

The Association Committee met four times at counsellor level; these meetings were chiefly concerned with the examination of certain problems concerning the implementation and obligation of the customs union, and consultations with Greece on the proposal for a regulation extending the Community arrangements for Greek olive oil for the 1979/80 marketing year. It should also be noted that the Committee met at the Community's request in December 1979 for preliminary consultations on new measures announced by the Hellenic Government on 30 November 1979 invoking the safeguard clause of Article 60 of the Agreement dealing with balance of payments difficulties.

269. The Greek request of 20 December 1978, for an extension until 31 December 1979 of Protocol No 10 was agreed by the Community in March 1979, on the understanding that this extension did not prejudice the concessions on dried grapes which the Community had granted under the 1979 generalized preference scheme to the least-advanced developing countries. It may be remembered that Protocol No 10 annexed to the Athens Agreement gave Greece certain rights with regard to the Community's tariff policy on five products, namely tobacco, dried grapes, olives, rosin, and spirits of turpentine.

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<sup>1</sup> See 25th Review, paragraph 273.

<sup>2</sup> For details of the accession negotiations with Greece, see paragraph 295 of this Review.

By a letter dated 19 November 1979, Greece requested the extension of this Protocol until 31 December 1980. The Community delegation gave its agreement to this request at the meeting of the Association Committee held on 20 December 1979, on the understanding that this was without prejudice the Community's decisions taken at the end of 1979 on certain products covered by Protocol No 10.

270. In connection with the implementation of the second EEC-Greece Financial Protocol which came into force on 1 August 1978, the EIB put forward six investment projects to be financed from Community budget resources. The first of these was a loan of 10 million u.a. on special terms to the Greek Agricultural Bank to finance small-scale irrigation schemes; the other five loans total 123.6 million u.a. and are granted under normal terms but with a 3 % interest rebate to develop irrigation projects in Western Crete and Evros, forestry projects in Eastern Macedonia and Thrace and an energy project at Sfikia-Assomate. Aid was also granted to small and medium-sized firms to help them get established in the industrial estates of Thessalonika and Heraklion. All these projects were agreed by the Member States under the *ad hoc* procedure within the Council; this was the procedure agreed in December 1978 pending a solution to the problem, which was being considered under the conciliation procedure with Parliament, concerning a draft regulation implementing the Financial Protocols concluded with Mediterranean partners.<sup>2</sup>

(ii) Turkey

271. The problem of relations between the Community and Turkey was raised at several Council meetings during 1979. The Commission's communication on the possibilities of relaunching the Association between the Community and Turkey was received on 14 February 1979 and the Council's subordinate bodies immediately began to prepare the Community's reaction to the proposals made by the Turkish Government in October 1978.<sup>3</sup> On 8 May the Council approved the substance of a Community offer which was sent to the Turkish delegation by letter dated 21 May 1979 and which dealt with four areas: customs union, social affairs, agriculture and cooperation.

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<sup>1</sup> See 26th Review, paragraph 298.

<sup>2</sup> See 26th Review, paragraph 296.

<sup>3</sup> See 26th Review, paragraph 301.

At the invitation of the Turkish government, Mr O'Kennedy, President of the Council and Mr Haferkamp, Commission Vice-President, visited Turkey from 19 to 21 September, in order to clarify the offer made by the Community and to stress the importance which the Community attached to the Association with Turkey. The Turkish delegation underlined the value which their country placed on the Association, but indicated that the Community's offer, which they considered too restrictive, would have to be considerably improved before negotiations on the relaunching of the Association could be opened.

At the end of November 1979 Mr Demirel replaced Mr Ecevit as Prime Minister of Turkey. The Turkish Permanent Delegate, acting on instructions from his Government, advised the President of the Council of the European Communities in a letter dated 28 December 1979 that the Turkish Government was resolved to strengthen its ties with the Community with the long-term aim of reaching the final objective of the Association, and that with this in mind, the Turkish Government had decided to *withdraw* the Turkish proposals of October 1978.

272. In a letter dated 28 December 1978 the Turkish Permanent Delegation to the EEC had advised the Association Council that the Turkish Government had decided, under Article 60 (1) of the Additional Protocol, to defer the application of Articles 10 and 11 of the Protocol. Under those provisions a fourth reduction of 10 % and a third reduction of 5 % on tariff duties and charges with equivalent effect on Turkish imports from the Community would have been allowed by Turkey on 1 January 1979.

The Turkish delegation indicated that these were safeguards applied in view of the scale of Turkey's economic difficulties and of the crisis which threatened the country's external financial stability, and were additional to those adopted in January 1978.<sup>1</sup>

Being fully aware of the difficult situation in this associated State, the Community went no further than to take note of this communication and refrained from requesting the consultations provided for under Article 60 (3) of the Additional Protocol.

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<sup>1</sup> See 26th Review, paragraph 302.

273. Under the implementation of the Council's decisions of December 1978 on external textile policy, and because Turkey had not been willing to agree an arrangement covering the year 1979 regarding the export to the Nine of certain sensitive textile products, in November 1979, as in September 1978, the Community was prompted to invoke the safeguard clause of Article 60 of the Additional Protocol in order to restrict the export of Turkish cotton yarn to the United Kingdom. The Turkish delegation none the less protested strongly against the Commission's Regulation (EEC) No 2465 of 8 November 1979,<sup>1</sup> which introduced a quantitative limit of 428 tonnes for Turkish cotton yarns imported into the United Kingdom until the end of 1979.

274. Even before the act of Greece's accession to the European Communities was signed, Article 56 of the EEC-Turkey Additional Protocol had been invoked; under this Article adequate consultations must take place in the Association Council should a third State accede to the Community, to ensure that the mutual interests of the Community and Turkey defined by the Ankara Agreement are considered.

The meeting of the EEC-Turkey Association Council was prepared by an Association Committee which met on 19 February 1979. At this meeting the Community gave the Turkish delegation precise details of the acts of accession. The Turkish delegation stressed the general problems which would be set by Greece's accession, and Turkey's own concern for future trade in the light of the enlargement of the Community to the south.

At the meeting of the EEC-Turkey Association Council on 16 March 1979, which was held at ambassador level, the Turkish delegation gave an account of the economic and political consequences the Ankara Government expected from the second enlargement of the Community, stressing that Turkey's ultimate objective was still accession to the Communities, and that this had been the underlying reason for their proposals to relaunch the Association. The Community reminded the Turkish delegation of the terms of the declaration adopted by the Council on 24 June 1975 after Greece had formally applied to accede to the Communities, in which the Council had stressed the Community's interest in maintaining and

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<sup>1</sup> OJ L 280 of 9. 11. 1979.

developing close relations of association with Turkey, and affirmed that consideration of Greece's application would neither affect relations between the Community and Turkey nor result in any change to the rights guaranteed by the Association Agreement.<sup>1</sup>

The outcome of the Association Council meeting was an agreement that, should Turkey request it, the question of Greece's accession to the Communities would be placed on the agenda of the ministerial session of the EEC-Turkey Association Council which would have to make the final decisions on the relaunching of the Association. Because of the attitude adopted by Turkey towards the Community's proposals on the relaunching of the Association,<sup>2</sup> this ministerial meeting has not yet taken place; the problems raised by the enlargement of the Community were discussed during the visit to Ankara made at the end of September 1979 by the Council President and the Commission Vice-President.

275. The third Financial Protocol, signed on 12 May 1977, was ratified by Turkey and came into effect on 1 May 1979. As a result of preparatory work which had already been done in collaboration with the Turkish authorities, before the end of 1979 the European Investment Bank was able to present the following three projects, totalling more than 120 million u.a., which will be the subject of special loans to be financed from Community budget resources:

- a hydroelectric power station at Keban,
- forestry development at Akdeniz, southern Turkey,
- a thermal energy project at Elbistan.

These three projects were approved unanimously by the delegations under the Council's *ad hoc* procedure. This was the procedure agreed in December 1978 pending a solution to the problem, which had arisen under the conciliation procedure with Parliament, concerning the draft regulation implementing the provisions of the Financial Protocols concluded with Mediterranean partners.<sup>3</sup>

276. The Association's standing bodies operated as follows: during 1979 the Association Council met once at ambassador level; the

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<sup>1</sup> See 23rd Review, paragraph 236, last subparagraph.

<sup>2</sup> See paragraph 271 of this Review.

<sup>3</sup> See 26th Review, paragraph 296.

Association Committee met on three occasions. The Joint EEC-Turkey Parliamentary Committee met once, in Ankara on 9 and 10 April 1979. The main topics of the discussions were the relaunching of the Association and Turkish misgivings concerning the enlargement of the Community. At the meeting the Council of the European Communities was represented by Mr Bernard-Reymond, French Secretary of State for Foreign Affairs.

(iii) Malta

277. During 1979 the Community sought to improve relations with Malta, which had gone through a number of difficulties in 1978<sup>1</sup>. Therefore, in early February 1979, the Council's subordinate bodies completed a set of guidelines the initial aim of which was to establish a number of Community measures to aid Malta in three areas, namely the campaign against swine fever in Malta, food aid, and Community sales on advantageous terms of beef, veal and pigmeat to Malta. These guidelines were meanwhile confirmed by the Council's adoption of the appropriate regulations and decisions.

The Community also indicated to the Maltese authorities its willingness for the Commission to go ahead with exploratory talks to review the problems which remained to be solved in relations between the Community and Malta. These exploratory talks began in Spring 1979 and the Commission reported to the Council on 30 November 1979; the Council will comment on the results in due course.

Under the provisional examination procedure agreed by the Council<sup>2</sup>, in connection with the implementation of the Financial Protocol with Malta which came into force on 1 November 1978, a loan of 8 million EUA (of which 3 million EUA is lent by the EIB from its own resources with 2% rebate on interest, and 5 million EUA is lent on special terms under Community budget arrangements) has been granted to Malta as aid for improving and developing the port at Valetta.

In addition, at the end of 1979, the Council adopted Regulations implementing the Association Agreement for 1980. It also adopted a regulation totally or partially suspending CCT duties for 1980 on certain agricultural products originating in Malta.<sup>3</sup>

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<sup>1</sup> See 26th Review, paragraphs 306 *et seq.*

<sup>2</sup> See 26th Review, paragraph 294.

<sup>3</sup> OJ L 334 of 28. 12. 1979 and L 306 of 3. 12. 1979.

(iv) Cyprus

— Fifth meeting of the EEC-Cyprus Association Council

278. The EEC-Cyprus Association Council held its fifth meeting at ministerial level on 30 October in Luxembourg under the chairmanship of Mr M. O'Kennedy, Irish Foreign Minister and President of the Council of the European Communities.

The Cypriot delegation was led by Mr Nicos Rolandis, Minister for External Affairs of the Republic of Cyprus.

The meeting was devoted to the question of the operation and progress of the Association Agreement.

As to the operation of the Agreement, the attention of the two delegations was concentrated on the development of trade since the last meeting of the Association Council on 22 November 1977.

It was noted that although the analyses of the trade pattern showed that the Community had a considerable balance of payments surplus in its trade with Cyprus, it was also the case that despite its social and structural difficulties the Cypriot economy was developing in an encouraging fashion.

As to progress, the first stage of the Agreement was due to expire on 31 December 1979, and the Cypriot delegation confirmed that Cyprus was ready to enter on the second phase, which provides for the establishment of a customs union between the EEC and Cyprus, and to start negotiations very soon.

The Community delegation looked forward to moving on to the second stage of the Association Agreement; in order to prepare for the negotiations which would define the terms of the second stage, the Commission would be undertaking exploratory talks to investigate the various problems and consequences likely to arise.

The exploratory talks are expected to start in January 1980.

In addition the Community delegation indicated that in view of the short time remaining before the first stage of the Agreement expired on 31 December 1979, a transitional protocol should be negotiated with Cyprus to define the trade rules to apply from 1 January 1980.



— Negotiation of the transitional Protocol

279. As a result of the conclusions reached at the fifth session of the Association Council, on 18 December 1979 the Council adopted directives for negotiating the transitional Protocol with Cyprus; these negotiations were completed on 21 December 1979.

The transitional Protocol provides for the 1979 trade rules to be carried forward into 1980 as they stand, which means that:

- the concessions on agricultural products from Cyprus will be the same as those for 1979 set out in the two 1978 agricultural Protocols (Supplementary Protocol and Protocol laying down certain provisions relating to trade in agricultural products between the EEC and the Republic of Cyprus);<sup>1</sup>
- no supplementary reduction in tariffs will be required of Cyprus during the validity of the transitional Protocol.

— Administration of the Association Agreement

280. In the context of the administration of the Association Agreement between the EEC and Cyprus the Council adopted for 1979 several regulations to implement the Protocol which came into force on 1 July 1978, laying down certain provisions relating to trade in agricultural products between the Community and the Republic of Cyprus.

(b) *The other Mediterranean agreements*

(i) The Maghreb countries

— EEC-Morocco Cooperation Council

281. The EEC-Morocco Cooperation Council held its first meeting at ministerial level on 12 June 1979 under the chairmanship of Mr M'Hamed Boucetta, the Moroccan Minister of State for Foreign Affairs and Cooperation. The Community delegation was led by Mr Jean François-Poncet, the French Foreign Minister and President of the Council.

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<sup>1</sup> OJ L 172 of 28. 6. 1978.

The Cooperation Council examined the results of the application of the provisions for trade<sup>1</sup> and financial and technical cooperation of the cooperation Agreement. It then adopted certain decisions, notably concerning procedure, for the implementation of economic cooperation and there was also an exchange of views on the implementation of the provision in the Agreement relating to labour.

Lastly, the Cooperation Council exchanged views on the Moroccan delegation's concern at the effect of enlargement on the future of cooperation between Morocco and the Community.

#### Administration of the agreements

282. In order to implement the Financial Protocols with the Maghreb countries which came into force on 1 November 1978, a number of financing projects were approved under the Council's provisional examination procedure.

Under this heading non-refundable aid and/or special loans have been committed from the Community budget to finance, *inter alia*:

- trade promotion activities on behalf of the Maghreb countries;
- a programme of scientific cooperation with the Tunisian Centre national universitaire de documentation scientifique et technique;
- a multiannual training programme on behalf of the Tunisian Office national d'assainissement;
- assistance to industry and industrial promotion in Morocco;
- technical assistance to the Moroccan export promotion centre.

In addition, the European Investment Bank granted loans from its own resources with a 2 % interest rebate which were in some cases combined with special-term loans financed from the Community budget.

Amongst them loans financing the following projects are of particular note:

- construction of the port at Jorf Lasfar (Morocco);
- investment in industry and tourism through a block loan to the Tunisian Banque de développement économique;

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<sup>1</sup> The trade provisions of the Cooperation Agreement entered into force in anticipation on 1 July 1976 under an Interim Agreement.

— railway realignment as part of the overall water resources plan for Northern Tunisia.

283. To administer the Cooperation Agreements with the Maghreb countries, the Council adopted a number of regulations implementing these Agreements for 1980 and, as in previous years, concluded a number of agreements, in the form of exchanges of letters with the Maghreb countries, on the procedures for applying the concessions contained in the Agreements regarding certain agricultural products including processed products.

Finally, throughout the second half of the year, the Council continued, on the basis of a Commission communication, to study the implementation of the provisions of the Agreement in respect of labour (social security).

— Review Clause

284. Article 55 of the Cooperation Agreement<sup>1</sup> between the EEC and the Kingdom of Morocco provides that:

'The Contracting Parties shall review, in accordance with the procedure adopted for negotiating the Agreement itself, in the first place, from the beginning of 1978 and again from the beginning of 1983, the results of the Agreement and any improvements which could be made by either side as from 1 January 1979 and 1 January 1984, on the basis of the experience gained during the functioning of the Agreement and of the objectives defined therein.'

Exploratory talks took place between the Commission and the Moroccan delegation in May 1979 in accordance with this procedure. In September 1979 the Commission reported to the Council the results of these exploratory talks, adding a recommendation that the Council should authorize the Commission to proceed with negotiations with Morocco.

On the basis of that recommendation the Council issued directives for negotiating an agreement with Morocco under Article 55 of the EEC-Morocco Cooperation Agreement.

(ii) Arab Republic of Egypt, Jordan, Syria and Lebanon

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<sup>1</sup> OJ L 264 of 27. 9. 1978.

285. In connection with the implementation of the Financial Protocols with the Mashreq countries which came into force on 1 November 1978, a number of financing projects were approved under the Council's provisional examination procedure.

Under this heading commitments were made for non-refundable aid and/or special loans to finance:

- trade promotion activities on behalf of these four countries;
- loans for small farmers in Jordan, surveys for a programme of land improvement in Hamoul, Egypt, and for improvements to storage facilities for agricultural supplies, also in Egypt;
- assistance to intermediate technology institutes in Syria and to the Royal Scientific Society of Jordan.

In addition, the European Investment Bank granted loans from its own resources with a 2 % interest which were in some cases combined with special-term loans financed from the Community budget. Of these, loans to help finance the following projects may be noted:

- a road linking Alep in Western Syria with Tall Kojak on the Iraq-Syria frontier;
- a power station Egypt and work on widening and deepening the Suez canal;
- small and medium-scale industrial and tourist developments in Jordan, and the development of crafts;
- small and medium-scale industrial and tourist developments in Egypt, through the Industrial Development Bank.

(iii) Spain

286. The EEC-Spain Joint Committee set up under the 1970 Agreement met on 24 January 1979 to look into the difficulties which were arising in the implementation of the Agreement. At this meeting it was decided that the Committee and the Spanish authorities should continue their work on technical matters to establish precisely what problems existed and to seek out solutions. After this work had been completed, the Joint Committee met again on 11 June and improvement was noted since the January meeting on a number of problems, particularly those relating to Spanish restrictions on imports. The Community none the less still had reservations concerning other

problems, particularly the Spanish tax system, and the two sides agreed to continue exchanging views.

287. In addition, following its practice of previous years, the Council adopted a number of regulations implementing the 1970 Agreement for 1980.<sup>1</sup>

(iv) Israel

288. At the end of November 1978 the Commission had addressed to the Council a communication on the results of its exploratory talks with Israel on the implementation of Article 22 of the Agreement, which provides for an examination of the Agreement's results and of ways in which its provisions can be improved by either side.

289. On the basis of this communication, the Council adopted directives in February 1979 authorizing the Commission, on behalf of the Community to negotiate with Israel concerning the amendment of certain provisions in the Agreement.

Negotiations for this purpose were opened between the Community and the Israeli delegation on 21 March 1979, but because of desiderata presented by the Israeli delegation which were additional to the Community's offer, no agreement was reached.

290. In June 1979, arising out of this phase of the negotiations, the Commission addressed a communication to the Council recommending an addition to the negotiating directives adopted in February 1979. The Council's subordinate bodies examined this communication on several occasions, but arrived at no conclusion.

In view of this situation the Commission forwarded a further communication to the Council at the end of December 1979 recommending it to put into action the February 1979 negotiation directives, without waiting for the outcome of the examination of the supplementary negotiations directives forwarded in June 1979.

The Council's subordinate bodies will be continuing their scrutiny of this matter in 1980.

291. The EEC-Israel Cooperation Committee, which was set up by the EEC-Israel Cooperation Council and whose particular role is to

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<sup>1</sup> OJ L 306 of 3. 12. 1979.

assist the Council in its work, met on 26 September 1979 to examine the development of trade between the Community and Israel and certain matters connected with the application of the Agreement. The Committee also reviewed the progress of industrial, agricultural, scientific and financial cooperation. Finally, and more especially, the Committee exchanged views on the enlargement of the Community.

292. In addition as in previous years, the Council adopted certain regulations implementing the Agreement.<sup>1</sup>

### **3. EURO-ARAB DIALOGUE**

293. Work proceeded in the Community bodies during the first quarter of 1979 in the light of the fourth session of the General Committee of the Dialogue which took place at Damascus on 9-11 December 1978,<sup>2</sup> and of the considerations of the European side in 1978 on the Dialogue and its future.<sup>3</sup> The purpose of this review was to bring together those aspects of economic cooperation which were likely to help the resumption of the Dialogue by responding to the desiderata of the Arab-side, which were restated at the Damascus General Committee session.

294. Meanwhile, at their meetings in Dublin on 11 September 1979 and Brussels on 20 November 1979, the Foreign Ministers of the Nine reiterated that the Community set great store by the Euro-Arab Dialogue and that the European side was quite prepared to resume it.<sup>4</sup> To this end the Ministers authorized exploratory talks with the Secretary-General of the Arab League in Tunis, under certain conditions.

### **4. ACCESSION NEGOTIATIONS WITH GREECE, PORTUGAL AND SPAIN**

#### **(a) Greece**

295. As was reported in last year's Review,<sup>5</sup> the essential points of the accession negotiations with Greece had been concluded by the

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<sup>1</sup> OJ L 306 of 3. 12. 1979 and L 333 of 27. 12. 1979.

<sup>2</sup> See 26th Review, paragraph 326.

<sup>3</sup> See 26th Review, paragraph 325.

<sup>4</sup> See press statements by Mr O'Kennedy, President of the Council.

<sup>5</sup> See 26th Review, paragraph 322.

end of 1978, which was the target the Conference had originally set itself. During the first months of 1979 the Conference met on six further occasions: five at deputy ministerial level, and one at ministerial level on 3 April 1979, to deal with certain issues which the negotiations had left unresolved.

The acts relating to Greece's accession to the European Communities were signed in Athens on 28 May 1979 in the presence of the President of the French Republic, Mr Valéry Giscard d'Estaing. The signing ceremony was presided over by Mr Jean François-Poncet, the French Foreign Minister, in his capacity as President of the Conference and of the Council of the European Communities. The Greek delegation was led by Mr Constantin Karamanlis, the Prime Minister. The Commission of the European Communities was represented by Mr Roy Jenkins and Mr Lorenzo Natali, President and Vice-President respectively.

Also present at the ceremony were the presidents or representatives of other institutions and bodies of the European Communities, members of the Government of Greece, former presidents of the institutions of the European Communities, senior civil servants of the Member States, Greece and the European institutions who had taken part in the accession negotiations, and distinguished guests.

During the ceremony speeches were made by Mr François-Poncet, Mr Jenkins and Mr Karamanlis. In his speech the President of the Council stressed that Greece's joining the Community was an accomplishment for Europe, and he paid particular tribute to the courage and dedication of Mr Karamanlis in attaining the goal he had set himself of achieving Greece's accession to the European Communities.

The acts relating to Greece's accession are now passing through the procedures of ratification by all the contracting parties and will come into force on 1 January 1981.

As was the case for the first enlargement of the Community, a special arrangement for mutual information and consultation on certain issues has been agreed between Greece and the Community for the period between the date the acts were signed and the date they come into effect. The procedure allows for any proposals or communications

from the Commission of the European Communities likely to lead to a decision of the Council to be made available to Greece. If Greece then has reasonable grounds for doing so she may request consultations through an interim committee consisting of representatives of the Community and of the Hellenic Republic, although management decisions will not as a general rule be the subject of consultations.

It should lastly be noted that the first paragraph of Article 118 of the Act of Accession stipulates that the Hellenic Republic shall from 1 January 1981 abide by the terms of the agreements concluded between the Community and various third countries which are listed in Article 120 of the Act.<sup>1</sup> Furthermore Article 118 stipulates that transitional measures and adjustments must be the subject of protocols concluded with the co-contracting third countries which are to be annexed to the agreements in question. On 4 December 1979 the Council received from the Commission a recommendation for a decision on the opening of negotiations with those countries, which is currently being studied by the Council.

#### (b) *Portugal*

296. The principal subject of discussion between the European Communities and Portugal during 1979 was the identification in a number of areas of negotiation of the basic problems which remained to be resolved at a later stage. The subjects under review were those of the customs union and the free movement of manufactured goods, external relations, the ECSC, the EAEC, taxation, capital movements, transport, regional policies, free movement of labour and social policy.

The Community delegation sought to explain the substance and implications of the *acquis communautaire* which Portugal would be expected to accept for each of these areas, subject if necessary to any agreed transitional arrangements. For its part the Portuguese delegation specified the transitional arrangements which it considered necessary if the *acquis communautaire* were to be taken up.

Five meetings were held at deputy ministerial level, on 27 February, 4 April, 6 June, 19 October and 7 December and one at ministerial level on 12 June 1979.

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<sup>1</sup> These countries are: Algeria, Austria, Cyprus, Egypt, Finland, Iceland, Israel, Jordan, the Lebanon, Malta, Morocco, Norway, Portugal, Spain, Sweden, Switzerland, Syria, Tunisia and Turkey.



(c) *Spain*

297. Accession negotiations between Spain and the Communities were formally opened at ministerial level on 5 February 1979. Both sides emphasized the importance and political significance they attached to the occasion. It was also indicated that the negotiations would be on a wide scale owing to the complexity and interaction of the problems which would have to be solved. Finally they expressed the belief that a common political will to succeed would bring the negotiations to the desired conclusion.

During 1979 this first session of the Spanish accession negotiations was followed by several others either at ministerial or deputy ministerial level. After it had defined the negotiation procedures, the Conference started by building up an overall review of the principal areas for negotiation, on the basis of which the detailed negotiations could be undertaken one heading at a time.

As regards negotiation procedure, one of the particular points agreed was that at least three ministerial level meetings should be held each year and two deputy ministerial meetings per quarter, and that the frequency of meetings could be increased if it were felt necessary.

The jointly established overall review which would identify the underlying problems to be solved during the next phase of negotiations has so far dealt with the following areas of negotiation: customs union and free movement of manufactured goods, taxation, external relations, ECSC and capital movements.

In accordance with the Council's decision of 19 September 1978<sup>1</sup>, during the period between the opening of negotiations with Spain, and September, when a joint overall review began, the Council's subordinate bodies completed the internal aspects of a 'Common basis for negotiation', the results of which were approved by the Council at its meeting of 18 September 1979.

The aim of this common basis for negotiation was an in-depth joint appraisal without commitment of the internal implications to the Community of the various areas for discussion mentioned in the Commission's opinion on Spain.<sup>1</sup>

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<sup>1</sup> See 26th Review, paragraph 272.

This joint appraisal included a primary analysis of the principal problems and advantages which are likely to result from Spain's accession in the spheres of industry, social policy, agriculture, fisheries and external relations.

(d) *Consequences of enlargement on relations with third countries*

298. At its meeting of 19 January 1979 the Council asked the Commission to prepare as quickly as possible a detailed analysis of the possible consequences on Community policy towards third countries – particularly the Mediterranean countries – of enlargement of the Community: the problems, the steps to be taken and the costs.

299. The Commission presented this report to the Council at the end of June 1979; it is at present being studied by the Council's subordinate bodies.

## **E – Relations with other third countries**

### **1. INDUSTRIALIZED COUNTRIES**

(a) *Member countries and associates of EFTA*

(i) Administration of the EEC-EFTA Agreement

300. The Joint Committees established by the free trade Agreements concluded in 1972 between the Community and each EFTA country met on two occasions<sup>1</sup> during 1979 in order to examine the working of the Agreements. Before these meetings the Council had adopted a joint position which would enable the Community to take the necessary decisions in the Joint Committees for making certain amendments to Protocol No 3 of each Agreement.

In December the Council established target ceilings and Community monitoring in respect of certain sensitive products originating in Austria, Finland, Norway and Sweden.<sup>2</sup> In this instance, the Council decided on the procedure for internal consultation should the ceilings be exceeded.

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<sup>1</sup> Except for the EEC/Portugal Joint Committee which met only once: see paragraph 296 of this Review.

<sup>2</sup> OJ L 330 of 27. 12. 1979.

Also in December, the Community concluded an agreement by exchange of letters with Finland which modified certain zero-duty quotas opened by the United Kingdom for 1979 in accordance with protocol No 1 of the Agreement between the EEC and the Republic of Finland.<sup>1</sup>

(ii) EEC-Austria and EEC-Switzerland 'Community transit' Joint Committees

301. The Joint Committees met in December 1979. The Council had previously decided on a joint position which would allow the Committees to take the decisions needed to amend Appendix II of each Agreement. The Council then accordingly adopted the Regulations implementing those decisions.

(iii) Cooperation with EFTA countries

302. During 1979 the Council, following the initial working guidelines which it had laid down in December 1979, continued its examination of the development of cooperation with the EFTA countries. The Council took note of the reactions to the December 1978 initial working guidelines expressed by the EFTA countries, and of their decisions and actions during the first half of 1979.

At its June 1979 meeting the Council instructed the Committee of Permanent Representatives to continue the study of the Development of cooperation between the Community and each EFTA country and to report back in June 1980.

(iv) Relations with Portugal under the 1972 Free Trade Agreement with the additional protocol of 1976

303. The Portuguese delegation to the EEC-Portugal Joint Committee which met on 23 January 1979 had asked for amendments to the EEC-Portugal Agreement which would take account of the difficulties facing Portugal as a result of the country's attempts to restructure and develop its economy, and also to prepare for joining the Community at a later date.

In response to this request the Council issued directives for negotiations between the Community and Portugal with a view to amending some of the provisions of the 1972 EEC-Portugal

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<sup>1</sup> OJ L 322 of 18. 12. 1979.

Agreement and its additional Protocol of 1976. These negotiations resulted in the conclusion of a further Protocol signed on 19 December 1979.

This Protocol contains derogations from the terms of the Agreement which will give Portuguese imports a certain level of protection which should facilitate the country's restructuring and development effort particularly in the motor vehicle sector and the emergent industries. The Protocol also makes provision for an increase in the volume of Community imports from Portugal in the paper sector, tariff concessions for pineapples and capers, increased tariff preferences for canned sardines, tuna, bonito, mackerel, anchovies and olives, an increase in the tariff quota for bottled port and Madeira wine and the inclusion in the preference system of Verde and Dao wines.

This Protocol comes into force on 1 January 1980.<sup>1</sup>

(b) *Non-European industrialized countries*

304. As in previous years the Council was kept informed by the Commission of its regular consultations with the main non-European industrialized trading partners – the United States, Japan, Canada, Australia and New Zealand.

These consultations concern all the matters of mutual interest as well as the specific problems which may arise in bilateral relations. The specific trading problems were, for the most part, dealt with in the much wider arena of the GATT multilateral trade negotiations.

(i) Japan

305. Relations between the Community and Japan, however, received the attention of the Community's highest authorities on several occasions during the year, in the Council of the European Communities and in the European Council.

At its Paris meeting on 12 and 13 March 1979 the European Council observed that trading relations between Japan and the Community continued to be seriously out of balance, to the detriment

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<sup>1</sup> OJ L 348 of 31. 12. 1979.

of the latter. It was anxious that the consultations which the Commission had started with the Japanese Government should lead during the year to substantial progress towards the opening of the Japanese market to imports of manufactured products from the Community. The European Council also pointed out that it was important for the Japanese Government to carry out its expressed intention of increasing its public aid to development significantly.

These matters were also on the agenda of the Council at its meetings of 2/3 April and 12 June 1979. The high-level consultations which took place between the Commission and the Japanese authorities in May revealed that, although Japan's overall balance of payments surplus was now being reduced, the Community's trade deficit with Japan showed no signs of diminishing, even though certain sectors looked more promising. At its meeting of 12 June 1979 the Council received a communication from the Commission which identified the problems, analysed previous policies, considered the results achieved and made certain recommendations for action. The Council approved the general approach towards further consultations proposed in the Commission's document. Lastly, at its meeting in Strasbourg on 21 and 22 June 1979 the European Council adopted the following conclusions:

'The European Council noted that the imbalance in trade relations between the Community and Japan was continuing and deepening. Wishing to expand and strengthen cooperation with Japan in all fields, it expressed the wish that the Japanese Government, bearing in mind the place and the responsibilities of Japan in the world economy, would help by means of appropriate measures to redress the situation which gave particular cause for concern. It hoped that the regular consultations between the Commission and Japan would rapidly result in wider openings for EEC exports on the Japanese market and enable broader and more equitable relations to be envisaged.'

The high-level consultations with Japan took place in Tokyo on 30 November and 1 December 1979. A measure of improvement in the situation was noted on the macro-economic level (changes in the overall Japanese balance of payments situation) as well as on certain specific problems, such as Japan's simplification of standard testing and approval procedures for imports of certain Community products. It

was also noted that the Community's problems were being better understood.

Difficulties do nevertheless remain: the Community's trading deficit with Japan, which is at approximately the same level as in 1978, continues to cause concern, and various obstacles remain to the importation of Community products on the Japanese market, particularly imports of leather footwear and various processed agricultural products.

(ii) United States of America

306. During the first half of 1979 a particular problem arose in the synthetic textile fibres sector. A sudden and considerable increase in imports of synthetic textile fibres from the United States was noted in certain Community markets. The Member States concerned found the situation disturbing and the Council, which was kept regularly informed of developments, set out at its meeting on 2/3 April 1979 its initial position in the following terms:

'In the event that artificial differences in energy and feedstock prices available to world synthetic fibre producers might lead to or threaten disruption in the Community market for textiles the Community will have recourse without delay to the appropriate provisions of the GATT.'

The Commission then went on to study in depth the American system of double pricing of oil and natural gas, in order to establish whether American manufacturers of fibres thereby gained special advantages which were incompatible with the rules of the GATT. This problem was also the subject of bilateral consultations between the Commission and the United States and of discussions with the United States under GATT Article XXIII (1). In addition, at the end of November 1979 the Commission decided to impose provisional anti-dumping duties on the import of certain acrylic fibres from the United States.

During its final session of the period under review, the Council received a report from the Commission on the latest developments in the situation and particularly on the Commission's own actions to date.

The delegations involved again drew the Council's attention to the serious problems being created in their countries by the increase in

these imports, which still gave cause for concern. It was agreed that the Commission would continue its scrutiny of the situation and would present a report and conclusions, on the basis of which the Council would decide what action was appropriate.

(iii) Canada

307. As in previous years, the Council followed with interest the Commission's work on the implementation of the 1976 Outline Agreement on economic and social cooperation between the EEC and Canada, and held discussions in preparation for the third meeting of the Joint Cooperation Committee, which met in Brussels on 17 December 1979.

One result of the meeting was the signing of a 'Memorandum of Understanding' on cooperation in the development of the 'energy bus', a project designed to increase cooperation between the two parties in an area which will be of great importance in the future.

## **2. LATIN AMERICA**

308. Relations between the Community and the Latin American countries continue to develop through two channels, namely the bilateral agreements concluded with four countries (the Argentine Republic, Brazil, Mexico and Uruguay), and the dialogue procedure between the Community and the Latin American group of countries.

In particular it should be noted that Brazil has put forward the idea of a wider-ranging agreement than the commercial agreement which came into force in 1974. After initiating exploratory discussions with Brazil, the Commission addressed to the Council proposals for the opening of negotiations with Brazil aimed at concluding an outline agreement on commercial and economic cooperation. These proposals are currently being studied by the Council.

Two Joint Committees met during the year under the existing bilateral agreements, namely the EEC-Brazil and EEC-Mexico Joint Committees.

With reference to the dialogue procedure, a meeting was held at ambassadorial level in Brussels on 13 June 1979.

The meeting agreed that joint efforts should be made to find ways of improving and restructuring the dialogue procedure in order to

hasten the development in this new setting of relations between the Community and the Latin American group of countries. Discussions are continuing.

### 3. ASIA

#### (a) *Indian sub-continent*<sup>1</sup>

309. Relations between the Community and the four countries of the Indian sub-continent (Bangladesh, India, Pakistan and Sri Lanka) continue to develop through the procedures set up under the bilateral agreements in force. The four Joint Committees each held meetings during the period under review.

In the case of India, it may be noted that after exploratory conversations the Commission has addressed to the Council proposals for opening negotiations with India with a view to drawing up an outline agreement on commercial and economic cooperation to replace the commercial cooperation agreement concluded with that country in 1974. The proposals are at present being considered in detail by the Council.

#### (b) *ASEAN*

310. In the light of a number of exploratory talks held with member countries of ASEAN and as a result of the ministerial conference which took place at Brussels on 20 and 21 November 1978,<sup>2</sup> the Commission addressed to the Council proposals for opening negotiations with the Asean countries in order to conclude a cooperation agreement.

At its meeting on 30 October 1979 the Council authorized the opening of negotiations and issued the appropriate directives; the results of the negotiations between the Commission and ASEAN were approved by the Council on 18 December 1979 and it is expected that the agreement will be signed in March 1980 at Kuala Lumpur.

It is to be a non-preferential outline agreement which will run initially for five years and subsequently for two-year periods unless revoked.

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<sup>1</sup> See also paragraphs 224 and 225 of this Review.

<sup>2</sup> See 26th Review, paragraph 348.



When compared with the outline agreements previously negotiated with the countries of the Indian sub-continent and with Mexico,<sup>1</sup> the new agreement with ASEAN shows two noteworthy innovations:

- (i) it is the first agreement of this type to have been negotiated with a regional group of developing countries;
- (ii) in its range, the agreement covers not only the traditional areas of commercial cooperation but also economic cooperation (which has been defined with fairly wide terms of reference in that it will be applied in all areas where the contracting parties consider it desirable) and development cooperation.

#### **4. STATE-TRADING COUNTRIES**

##### **(a) *China***

311. The first meeting of the Joint Committee established by the EEC-China Trade Agreement of 3 April 1978 was held in Peking in July 1979. This meeting, especially important because it was the first, led results which may be considered as very favourable.

Apart from the initialling of the textile agreement which took place at the same time,<sup>2</sup> each party was able to announce during the meeting of the Joint Committee a number of tangible measures aimed at the reciprocal development of trade which is the fundamental purpose of the Trade Agreement.

On the Community side, offers were made towards the improvement of Chinese export possibilities through the liberalization of certain products and quite considerable increases in the amounts of some quotas. The Community was also able to advise the Chinese authorities that from 1980 China would be included in the generalized preference scheme under special terms.<sup>3</sup>

For their part, the Chinese authorities gave details of the instructions which had been passed on to the ministries and import organizations concerned to the effect that offers from Community firms should be given favourable treatment under the terms of the 'most favoured nation' clause in the Trade Agreement.

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<sup>1</sup> See 22nd Review, paragraph 240 (India) and 23rd Review, paragraph 322 (Mexico).

<sup>2</sup> See paragraph 222 of this Review.

<sup>3</sup> See paragraph 230 of this Review.

Apart from these immediately tangible results, the principal point of this first meeting of the Joint Committee is that a permanent official contact has been established between the Community and the Chinese authorities, representing a country which will be an important trading partner in the future and which attaches particular – even privileged importance to its relations with the Community.

(b) *Romania*

312. In November 1974 the Community, having established a common commercial policy towards State-trading countries, offered to conclude Community trading agreements with those State-trading countries with which bilateral trade agreements already existed, to replace those bilateral agreements as they expired.

In a verbal note of July 1978, Romania asked for negotiations to be opened for the purpose of concluding an agreement on various industries to be accompanied by an agreement setting up a Joint Committee with general responsibilities. This request may be considered as a response to the Community's 1974 offer to negotiate, and represents a further Romanian effort to those spread over several years to regulate all aspects of her trading relations with the Community.

Romania has been a beneficiary of generalized preferences at her own request since 1974. A textile agreement for five years was concluded under the MFA, and a steel arrangement was also concluded in 1978 and renewed in 1979.

During its meeting of 6 February 1979, the Council authorized the Commission to open negotiations with Romania and issued negotiation directives to that effect. On the basis of those directives, three phases of negotiation were completed during 1979.

(c) *Conference on Security and Cooperation in Europe*

313. The second meeting under the Final Act of Helsinki will be held in Madrid starting on 11 November 1980 to discuss the implementation of the Final Act and the development of cooperation and *détente* in Europe.

During the second half of 1979 the Council began work on the Community's contribution to the preparations for the Madrid meeting.

For the Nine these preparations are part of a wider target and strategy in the field of political cooperation. The preparation work is being carried out in the light of the Belgrade Conference<sup>1</sup> and in the more general context of East-West relations, and should lead to the definition of the Community's position, particularly as regards the questions raised by the second Basket.

It should also be noted that after preparation within the Council's subordinate bodies<sup>2</sup> the Community was able to provide an active contribution to the first meeting under the CSCE held at Valletta in February/March 1979.

(d) *ECE*

314. The 34th meeting of the Economic Commission for Europe was held at Geneva from 27 March to 27 April 1979. This meeting was the subject of in-depth preparatory work by the Council which enabled the Community to define its position, firstly on the holding of a high-level conference on environmental protection and secondly on the question of further cooperation on energy. The cohesion of the Community was demonstrated by close and intensive coordination during the difficult negotiations which took place throughout the meeting.

As regards energy, a preliminary meeting of the ECE government advisers' group on energy took place in Geneva from 29 October to 1 November 1979. Preparation for this meeting by the Council's subordinate bodies enabled the Community to define a joint position and put forward precise proposals on the various subjects discussed at the meeting.

In accordance with the decisions taken at the 34th meeting of the ECE, a high level conference on the environment took place in Geneva from 13 to 16 November 1979. The Community, represented by the Irish environment minister and Commission Vice-President Mr Haferkamp, signed a convention on long-distance trans-frontier air pollution.<sup>3</sup> It should be noted that one of the clauses of this Convention expressly stipulates that the Community is a party to it in its own right; after difficult negotiations this is the first time that the East European countries have acknowledged this status for the Community.

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<sup>1</sup> See 26th Review, paragraph 351.

<sup>2</sup> See 26th Review, paragraph 352.

<sup>3</sup> See also paragraph 184 *et seq.* of this Review.

## **5. YUGOSLAVIA**

315. The Permanent Representatives Committee, as requested by the Council at the end of 1978,<sup>1</sup> completed early in 1979 its work on the draft additional negotiating guidelines. The Council adopted these at its meeting of 6 February 1979 and asked the Commission to continue the negotiations with Yugoslavia begun in 1978 with a view to concluding a new agreement to replace the non-preferential trade agreement of 1973.

During the succeeding months the Commission examined with the Yugoslav delegation the outlook for further negotiations. The Council meanwhile was completing its negotiation directives for the Commission on the subject of financial aid to Yugoslavia under the financial protocol which was to be concluded at the same time as the proposed new agreement with the country.

316. Negotiations took place in Brussels on 2 and 3 July 1979, after which each side expressed its willingness to examine in depth the view of the other side on those points where agreement had not already been reached so that a mutually acceptable agreement would be reached as quickly as possible.

The Council meanwhile, at its session of 24 July 1979, asked the Community administration to do its utmost to ensure that the negotiations made effective progress and were concluded in a time which would satisfy both sides. In July and October the Commission had contacts with the Yugoslav authorities which allowed further study of each side's views. As a result the Commission was able to make suggestions on the basis of which the Council could improve the Community's offer in the light of the basic views expressed by Yugoslavia. These would allow negotiations to start again early in 1980 with a view to reaching an agreement.

## **F – Fisheries Policy (external aspects)**

317. During 1979 the Community pursued its policy of ensuring that Community fishermen obtained fishing rights in the waters of third countries through appropriate Community Agreements.

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<sup>1</sup> See 26th Review, paragraph 329.

318. Framework Agreements were negotiated and initialled with Finland and Guinea Bissau. Framework Agreements were concluded with Canada and signed with the Republic of Senegal and a Decision of the Council was adopted permitting the provisional application of the latter.

The Council was not able to conclude the Framework Agreements previously signed with Sweden and the Faroe Islands or the new Agreement with the Republic of Senegal nor to agree to the signature of the Framework Agreements with Norway, Spain, Finland and Guinea Bissau because of the interdependence between third-country arrangements and progress towards a common fisheries policy on the internal level.

319. Despite these difficulties the Community was able to ensure that there was no break in the activities of Community fishermen in third-country waters. Following consultations, practical arrangements were agreed with Canada, the Faroe Islands, Norway, Spain and Sweden which gave Community fishermen access to the waters of these countries.

The Council adopted several decisions and regulations which allowed the third countries concerned to fish within appropriate limits in Community waters. The Council also adopted a Regulation allowing several third countries<sup>1</sup> to fish in Community waters off the coast of the French department of Guyana.

The Council adopted Regulations allocating the quotas obtained in the waters of third countries among Member States.

320. An Agreement was signed with the Government of Sweden which provided for a financial contribution by the Community to the cost of measures adopted by the Swedish authorities to promote the reproduction of salmon in the Baltic Sea. The Council adopted a Decision permitting the provisional application of this Agreement and the transfer of funds to Sweden to cover costs incurred during 1979.

321. The Council authorized Italy to agree upon the provisional maintenance throughout 1979 of fishing arrangements laid down in an Agreement between Italy and Yugoslavia dated 15 June 1973. This

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<sup>1</sup> Barbados, Guyana, Japan, Korea, Surinam, Trinidad and Tobago, United States of America.

permitted Community fishermen to continue their activities in Yugoslav waters, pending the negotiation of a Framework Agreement on Fisheries between Yugoslavia and the Community. The Council agreed that the Community should reimburse the Italian authorities for the expenditures incurred under the Italo-Yugoslav Agreement, less certain fees paid by the Italian fishermen themselves.

322. The Council adopted a Decision authorizing the Commission to begin negotiations with Tunisia, the Seychelles and Mauritius with a view to concluding Framework Agreements on Fisheries.

323. The Regulation concluding the agreement setting up a new fisheries organization for the North-West Atlantic came into force on 1 January 1979. In June 1979, the Community participated as a full member in the work of the first annual meeting of the North-West Atlantic Fisheries Organization, a body created to take into account the extension of fisheries jurisdiction to 200 miles.

The Council adopted a Regulation laying down certain technical measures for the conservation of fishery resources applicable to Community vessels fishing in the Regulatory Area defined in the NAFO Convention.

324. The Community participated as an observer in the work of several international organizations which deal with fishery questions, amongst others, the NEAFC, FAO, OECD, ICSEAF and ICCAT.

325. The Community participated as an active observer in the fifth Session of the International Baltic Sea Fishery Commission which laid down rules for fishing in the Baltic and fixed total allowable catches for certain species for 1980.

## **G – Conference on the Law of the Sea**

326. The Community took part as an observer in the seventh and eighth sessions of the United Nations Conference on the Law of the Sea, held in four parts in the spring and summer of 1978 and 1979. Several coordination meetings were held in Brussels to prepare for these sessions.

Since the close of the eighth session, several groups of experts have been preparing for the ninth, which will again be in two parts, at New York in March 1980 and at Geneva in August.

At the close of the eighth session, although an acceptable compromise was reached on the question of marine pollution, and considerable progress was made – in the view of the industrialized countries – on a system for the exploitation of the seabed beyond the continental shelf, further discussions are still required in this field, and also on the definition of the outer limit of the continental shelf when it is more than 200 nautical miles from the coastline, and the delimitation of waters as between States which face or border on each other, as well as scientific research and some final clauses. The Community is particularly concerned that the latter should include an 'EEC' clause enabling the Community to be party to the Convention when it is concluded. The Community was active throughout the eighth session in ensuring that such a clause would be included.





## CHAPTER V

# Agriculture

### **A – Problems concerning all the sectors covered by the common agricultural policy**

#### **1. 1979/80 AGRICULTURAL PRICES**

327. On 2 February 1979 the Commission submitted to the Council a set of proposals on fixing prices for most agricultural products for the forthcoming 1979/80 marketing year, accompanied by various related measures. These proposals recommended a total freeze on agricultural prices, but with adjustments in certain markets.

The proposals were examined in detail at several meetings held by the Council in February and March, and lastly at the 'marathon' meeting on 18–22 June 1979, which ended with an overall compromise.

The average increase in common prices expressed in units of account adopted by the Council was 1.5 %, except for the prices for milk and milk products. The Council fixed the co-responsibility levy rate for milk products at 0.5 % of the target price for milk, while laying down for the next marketing year a possible increase of one point in this rate if the quantity of milk sold by the producers in 1979 exceeded the 1978 level by 2 %.

Lastly, the overall agreement reached by the Council differs from the Commission's proposals on a number of points, in particular on price increases with the budgetary consequences which this implies.

In reaching these decisions the Council was conscious of the need to take simultaneous account of the effect of market and

price-policy decisions on producers' incomes, of the interests of consumers faced with difficulties because of inflation (at rates varying from one Member State to another), and lastly of the budgetary burdens which the Community could bear.

The prices actually received by farmers also reflected the various changes made in the representative rates for certain currencies and in the monetary compensatory amounts. As a result, at the agri-monetary level these decisions led to a readjustment in the green currency rates and finally to price increases in national currencies which varied from 0.4 % for the Federal Republic of Germany to 7.12 % for the United Kingdom, with an average of 6.4 % for the Community.

Overall, this compromise on prices, related measures and agri-monetary arrangements (see following sections for details) served to maintain the basic pattern of the CAP, despite certain necessary adjustments.

## **2. REPERCUSSIONS OF THE MONETARY SITUATION ON THE OPERATION OF THE COMMON AGRICULTURAL POLICY.**

328. The consensus which was reached at the Council's meeting on 5-6 March 1979 on a package of agri-monetary measures enabled the European Monetary System, which had officially been established by a Resolution of the European Council of 5 December 1978, to enter into force effectively on 13 March 1979, and on 29 March 1979 the Council was able to adopt formally Regulation No 652/79 on the impact of the European Monetary System on the common agricultural policy.<sup>1</sup>

This Regulation contains three elements of importance for the operation of the common agricultural policy and the agri-monetary system. Firstly, it provides for the unit of account used hitherto to be replaced in the common agricultural policy legislation by the ECU, on which the EMS is based. Secondly, it provides for the common prices and representative rates applicable in agriculture to be adjusted by a coefficient indicating, for the currencies of the countries party to the joint float agreement, the relationship between the ratio of their central rates to the European monetary unit of account, and the ratio of their central rates to the ECU on the date of entry into force of the European

<sup>1</sup> OJ L 84 of 4. 4. 1979.

Monetary System. This adjustment of the prices and representative rates was necessary in order to conform with the Resolution of the European Council of 5 December 1978, which stipulated that '... the introduction of the EMS should not of itself result in any change in the situation obtaining prior to 1 January 1979 regarding the expression in national currencies of agricultural prices, monetary compensatory amounts and all other amounts fixed for the purposes of the common agricultural policy.' Thirdly, this Regulation allowed the Member States coming into the EMS with a depreciated currency, namely France, Ireland and Italy, to apply the same franchise to their monetary compensatory amounts as they enjoyed when their currencies were floating freely. Provision was also made for a franchise on monetary compensatory amounts for the other Member States whose currencies appreciated after the Regulation came into force.

This Regulation was adopted as a temporary measure, valid only until 30 June 1979. However, its validity was extended until 31 March 1980 by Council Regulation No 1264/79,<sup>1</sup> which the Council adopted as one of its decisions on agricultural prices for the 1979/80 marketing year.

329. A major feature of the consensus referred to above<sup>2</sup> concerned the question of the progressive elimination of monetary compensatory amounts. Although the Council as a whole was unable to reach agreement on the subsequent proposals from the Commission aimed at eliminating the monetary compensatory amounts by adjusting the representative rates regularly and automatically, it nevertheless announced, at its meeting on agriculture on 5–6 March 1979, its determination to reduce the existing monetary compensatory amounts over a period so as to re-establish uniform common agricultural prices, taking due account of the pricing policy (it being possible for the Member State concerned to accelerate this reduction on its own initiative). In addition, at the same meeting of the Council, eight Member States agreed on certain rules concerning the reduction or, if possible, the non-introduction of the new monetary compensatory amounts following modifications to the central rates within the EMS.

These two agreements were confirmed at the Council's meeting on agriculture on 26–27 and 29 March 1979. The provisions relating to

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<sup>1</sup> OJ L 161 of 29. 6. 1979.

<sup>2</sup> See paragraph 328 of this Review.

the franchises to be applied to the monetary compensatory amounts were inserted into Regulation (EEC) No 652/79<sup>1</sup> on the impact of the European Monetary System on the common agricultural policy, which was formally adopted at the same meeting of the Council.

A number of decisions were taken which will help towards attaining the objectives of these agreements. The existing monetary compensatory amounts were reduced, in some cases substantially, by the end of 1979 for the Benelux countries, France, the Federal Republic of Germany, Italy and the United Kingdom, by adjusting the representative rates, and in the same way the monetary compensatory amounts for Ireland remained suspended.<sup>2</sup> In addition, the representative rates were adjusted<sup>3</sup> to avoid increasing the monetary compensatory amounts for France, Italy and the United Kingdom and the introduction of compensatory amounts for Denmark and Ireland, which would have resulted from the change in the EMS central rates which was made on 24 September 1979.

330. In addition, the application of the franchise provided for in Regulation (EEC) No 652/79<sup>4</sup> made it possible to hold the German compensatory amount at its previous level. Lastly, the amendment to the representative rate for the Danish Krone avoided introducing the compensatory amounts which would have resulted from the downward adjustment of the central rate for this currency made on 30 November 1979.<sup>5</sup>

331. It will be seen from the above that the different measures which were taken in the agri-monetary sphere in 1979, combined with the performance in the currency markets of the Italian Lira and the Pound Sterling, substantially reduced the discrepancy between the highest and lowest national agricultural prices, i.e. from approximately 37 % at the beginning of March 1979 to approximately 15 % at the end of the year for most products.

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<sup>1</sup> OJ L 84 of 4. 4. 1979.

<sup>2</sup> Council Regulations (EEC) Nos 643/79, OJ L 83 of 3. 4. 1979; 1265/79 and 1266/79, OJ L 161 of 29. 6. 1979; and 2835/79, OJ L 320 of 15. 12. 1979.

<sup>3</sup> Council Regulation (EEC) No 2139/79, OJ L 246 of 29. 9. 1979.

<sup>4</sup> See paragraph 328 of this Review.

<sup>5</sup> Council Regulation (EEC) No 2717/79, OJ L 309 of 5. 12. 1979.

### 3. ADJUSTMENTS TO THE COMMON AGRICULTURAL POLICY

332. In a communication dated 4 December 1979 the Commission forwarded to the Council ten proposals for achieving a better balance of the markets and rationalizing expenditure. These proposals were also forwarded to Parliament and to the Economic and Social Committee for their opinion, and concern the following sectors: milk products, beef and veal, sugar, cereals, starch products and processed fruit and vegetables. Examination of these proposals is in progress and will be integrated into work on fixing the prices for certain agricultural products and related measures for the 1980/81 marketing year.

### 4. OTHER MATTERS

#### (a) *Nomenclature of agricultural products*

333. In 1978 a proposal was forwarded to the Council regarding the procedure for amending the CCT nomenclature for agricultural products.<sup>1</sup> After consulting Parliament, on 5 February 1979 the Council adopted the Regulation concerned,<sup>2</sup> which enables the Commission, under the Management Committee procedure, to make technical amendments to the tariff nomenclature used in the agricultural Regulations and, in the case of agricultural products, in the CCT, when these follow decisions by the Customs Cooperation Council, or are the result of some other legal measure taken by the Council.

#### (b) *Rules governing exports of agricultural products*

334. With a view to enabling an agreement, concluded during the multilateral trade negotiations on exports of certain types of Community cheese to the United States' to be implemented as from 1 January 1980, on 20 December 1979 the Council adopted a Regulation on the granting of assistance for the exportation of agricultural products which may benefit from a special import treatment in a third country.<sup>3</sup>

This Regulation is not restricted to milk products, but, in view of other agreements, contributes to forming general basic legislation

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<sup>1</sup> See 26th Review, paragraph 366.

<sup>2</sup> Regulation (EEC) No 234/79, OJ L 34 of 9. 2. 1979.

<sup>3</sup> Regulation (EEC) No 2931/79, OJ L 334 of 28. 12. 1979.

which is valid for all agricultural products. It authorizes the competent authorities of the Community to issue a document, on demand and after appropriate checks, certifying that the conditions laid down in certain agreements have been met.

335. In addition, on 17 September 1979 a proposal for a Regulation was forwarded to the Council aimed at codifying the provisions of Regulation (EEC) No 441/69 on pre-financing export rebates, and at the same time making a number of general or technical amendments to the present text. This proposal is at present being studied by the Council.

## **B – Drafting of regulations on the common organization of markets and basic amendments**

### **1. DRAFTING OF NEW BASIC REGULATIONS**

#### *(a) Mutton and lamb*

336. On 31 March 1978 the Commission had submitted to the Council a proposal for a Regulation on the common organization of the market in mutton and lamb, on which Parliament and the Economic and Social Committee were consulted.

In the opinion of the Commission, the proposed common organization ought to guarantee the free movement of mutton and lamb while at the same time offering the producers certain support measures in the form of aid to compensate for any loss in income.

During the period under review the Council continued its examination of the delicate problems raised by setting up a common organization of the market in this sector.

On 20 December 1979, on the basis of a new communication from the Commission, the Council agreed on guidelines for negotiating agreements on voluntary restraint with the main third-country suppliers of mutton and lamb, whether fresh, chilled, frozen or as live animals.

Work is continuing on the various aspects of the internal arrangements which must be made alongside those for trade with third countries.

#### *(b) Potatoes*

337. During 1979 the Council continued its examination of the Commission's proposal on establishing a common organization of the

market in the potatoes sector. As a result of this work certain compromise solutions are now in sight for the outstanding problems, in particular those concerning producer groups. However, there are still some differences, mainly on possible market support measures and the question of early potatoes, so that the Council will have to continue its work in 1980.

(c) *Ethyl alcohol of agricultural origin*

338. In 1978 the Commission had announced that it would be forwarding amendments to its amended proposal for the common organization of the market in the ethyl alcohol of agricultural origin sector,<sup>1</sup> with a view to taking account of the examination of this proposal by the Council's subordinate bodies and the Economic and Social Committee.

These amendments were forwarded on 16 May 1979 and studied in detail by the Council's technical bodies as part of a second overall reading of the proposed measures. The Council has still to make a statement on the fundamental problems raised by setting up a common market system for agricultural ethyl alcohol. The main problems concern the definition of neutral alcohol and the effects of this definition on the machinery proposed by the Commission, the extent to which the Regulations should apply to flavoured wines and vermouths, and also to alcohol distilled from molasses, the volume of alcohol to be covered by the sales guarantee system, the principle of reserved sectors and their extent, and lastly the system for financing these measures.

**2. ADJUSTMENTS OR AMENDMENTS TO THE BASIC REGULATIONS CONCERNING SEVERAL SECTORS**

(a) *Sugar*

(i) Basic Regulation

339. Under the basic Regulation on sugar No 3330/74, the Council should have stated its position by 31 December 1979 on the Community's future sugar policy as from 1 July 1980. The relevant proposal was forwarded to the Council on 4 December 1979 as part of a set of proposals aimed at adjusting the common agricultural policy with a view to achieving a better balance of the markets and

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<sup>1</sup> See 26th Review, paragraph 372.

rationalizing expenditure,<sup>1</sup> and was subsequently forwarded to Parliament and the Economic and Social Committee for their opinions. The Commission proposes to adjust the Community's present sugar policy so as to:

- establish a Community production level of 10 300 000 tonnes, to which price and marketing guarantees would apply;
- develop production of sugar beet and cane, taking account of the 'specialization' factor for all the Community regions;
- provide for off-setting good harvests against poor harvests;
- ensure that losses incurred in selling Community surpluses are covered by payments from producers;
- ensure a fair income to producers of sugar beet and sugar cane;
- enable the Community to become a party to the International Sugar Agreement;
- lay down provisions under which obligations concerning preferential sugar imports could be discharged.

The Commission's proposal states that these aims will be achieved by adjusting the quota arrangements, and it contains parallel provisions for the isoglucose sector.

These proposed measures are being examined in detail by the Council so that the new Regulation can be implemented on 1 July 1980.

## (ii) Quotas

340. Since the development of sugar production in the various French overseas departments had become increasingly divergent,<sup>2</sup> on 25 June 1979 the Council amended Regulation (EEC) No 3331/74 on the allocation and alteration of the basic quotas for sugar<sup>3</sup> by increasing, from 10 % to 30 % for the 1979/80 sugar marketing year, the percentage limit up to which the French Republic may modify the basic quotas for the undertakings in Guadeloupe and Martinique in favour of the undertakings in Réunion, where there is scope for increasing the area of land under sugar cane.

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<sup>1</sup> See paragraph 327 of this Review.

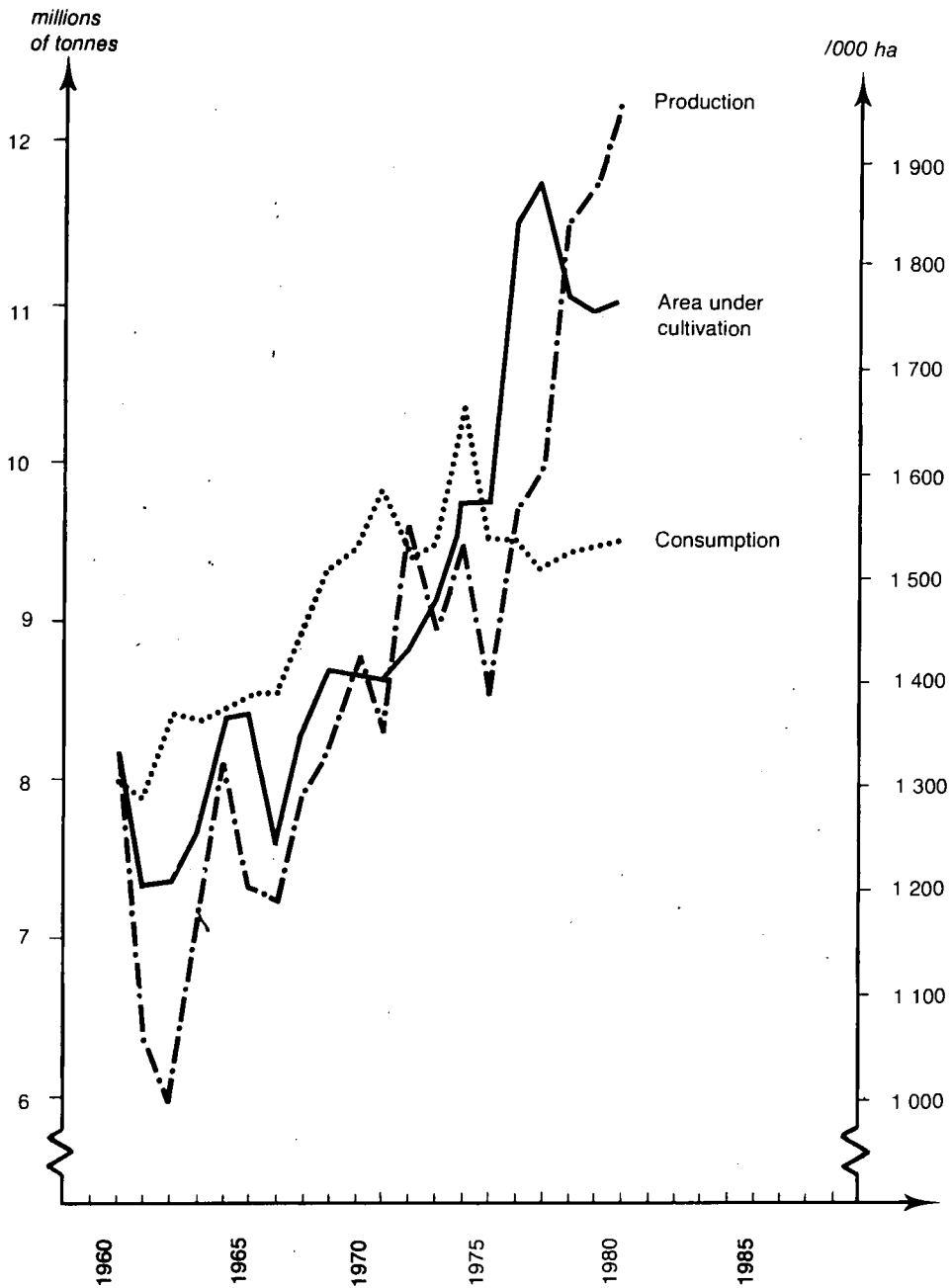
<sup>2</sup> See 26th Review, paragraph 381.

<sup>3</sup> Regulation (EEC) No 1292/79, OJ L 162 of 30. 6. 1979.



# Production, consumption and area under cultivation

'EUR 9'



(b) *Isoglucose*

341. In the light of the judgment of the Court of Justice in cases 103/77 and 145/77,<sup>1</sup> on 25 June 1979 the Council amended Regulation (EEC) No 1111/77 laying down common provisions for isoglucose.<sup>2</sup> The Council's amendment replaces the title 'System of levies' with the title 'Quota arrangements' with effect from 1 July 1977. For the period 1 July 1979 to 30 June 1980 a basic quota was established for isoglucose. The same coefficient (127.5 %) is applied as in the sugar sector, so as to determine the maximum quota. There is a levy on production falling between the basic and maximum quotas equal to the share of the production levy borne by the sugar manufacturers.

The Commission's proposal was forwarded to Parliament for its opinion in March 1979, but Parliament was not in a position to deliver this opinion by 1 July 1979, the date on which the production period began. However, in view of the judgment of the Court of Justice the Council considered it advisable to make this limited amendment to the basic Regulation.

With regard to the arrangement after 1 July 1980 the Commission forwarded an overall proposal to the Council for a Regulation providing for the common organization of the markets in the sugar and isoglucose sectors.<sup>3</sup>

(c) *Wine*

342. With regard to general matters, at its meeting on 10 and 11 December 1979 the Council gave its assent in principle to a large number of measures concerning the organization of the market and the wine-growing potential, and both structural and administrative measures.

The Council is expected to adopt formally the legal provisions embodying these on 1 March 1980, once the technical and legal aspects of the eight Regulations concerned are finalized.<sup>4</sup>

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<sup>1</sup> Reports of Cases before the Court 1978, page 2037.

<sup>2</sup> Regulation (EEC) No 1293/79 OJ L 162 of 30. 6. 1979.

<sup>3</sup> See paragraph 339 of this Review.

<sup>4</sup> This set of provisions will be commented on in the next Review.

343. The Council had previously adopted various provisions relating to the following matters:

- (i) Revision of the basic Regulations, adjustment of production potential to market needs and consequent structural measures

344. In 1979 the Council continued work on laying down a medium and long-term action programme on wine-growing for the period 1979–85. It had undertaken this in 1978 on the basis of proposals forwarded by the Commission.

In view of the complexity and scale of this programme the Council concentrated initially on finalizing the most economically urgent points. In this connection, on 26 March 1979 it adopted Directive 79/359/EEC on the programme to speed up the conversion of certain areas under vines in the Charentes departments,<sup>2</sup> and also a Regulation<sup>3</sup> aimed at laying down measures supplementary to the general arrangement governing wine-growing potential and, in particular, prohibiting any new vine planting in the Charentes departments during the abovementioned period.

The Directive mentioned above provides for a system of payments to encourage the discontinuation of wine-growing on certain areas in the region concerned. Under this instrument areas whose suitability for wine-growing has not been confirmed and which could be used for other crops will be converted. In addition, these measures will relieve the white wine market situation in the Community, which is often under pressure because of the excessive supply of wines from the Charentes region which are not sent for the usual distillation.

345. It should be noted that in view of the administrative measures described above, on several occasions in 1979 the Council had to extend the temporary derogations from these measures concerning the coupage of German red wines with imported red wines and also to the practice of adding sucrose in aqueous solution to certain German wines.

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<sup>1</sup> See 26th Review, paragraph 385.

<sup>2</sup> OJ L 85 of 5. 4. 1979.

<sup>3</sup> Regulation (EEC) No 657/79, OJ L 85 of 5. 4. 1979.

These derogation measures were last extended to 28 February 1980.<sup>1</sup>

Pending the new system which will be introduced under the action programme on wine-growing, the prohibition on planting any new vines for the production of table wines was also extended to that date.<sup>2</sup>

346. In addition, before undertaking its general task of revising the basic system in the wine-growing sector, in 1979 the Council had occasion to amend once again the measures adopted in 1976 regarding conversion premiums in the wine-growing sector,<sup>3</sup> by extending the time limits laid down for lodging applications and for grubbing up the vines affected which related to the 1978/79 growing year. Regulation (EEC) No 361/79 of 20 February 1979<sup>4</sup> extended these limits to 1 May 1979 and 16 June 1979 respectively.

347. Lastly, following the introduction of the ECU into Community legislation, on 29 October 1979<sup>5</sup> the Council, acting on a proposal from the Commission and after consulting Parliament, adapted Annex V of the basic Regulation on wine in respect of the Common Customs Tariff.

This amendment converted the customs duties payable under sub-heading 22.05 C, which were expressed in units of account, into ECU.

(ii) Consolidation of Community legislation in the wine sector

348. In 1979 the Council completed the work which it had started in this sphere the previous year on the basis of a proposal from the Commission.

Thus, on 5 February 1979,<sup>6</sup> it adopted 23 Regulations comprising the basic legal instruments in the wine sector, such as the basic Regulation, the Regulation on quality wines p.s.r., and the

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<sup>1</sup> Regulations (EEC) No 2960/79 and No 2961/79 of 20. 12. 1979, OJ L 336 of 29. 12. 1979.

<sup>2</sup> Regulation (EEC) No 2962/79 of 20. 12. 1979, OJ L 336 of 29. 12. 1979.

<sup>3</sup> See 24th Review, paragraph 299.

<sup>4</sup> OJ L 46 of 23. 2. 1979.

<sup>5</sup> Regulation (EEC) No 2384/79, OJ L 274 of 31. 10. 1979.

<sup>6</sup> Regulations (EEC) Nos 337/79 – 359/79.

general regulations governing the different spheres laid down, and also the texts which are valid for only one wine-growing year, such as guide prices and activating prices.<sup>1</sup>

(iii) Sparkling wines

349. In this sphere the Council adopted Regulation (EEC) No 2383/79 of 29 October 1979,<sup>2</sup> which extends the list of varieties of vine from which quality sparkling wines of the aromatic type may be obtained.

Two varieties of vine traditionally used for producing certain sparkling wines in this category, but which had not been included when the Regulation on sparkling wine was drafted in 1974, were added to this list.

(iv) Liqueur wines

350. As part of the continuing process of supplementing Community legislation in the wine sector, in 1979 the Commission forwarded to the Council two proposals for Regulations governing liqueur wines produced in the Community, by adding to the definition of liqueur wine given in the basic Regulation on wine. The Council's subordinate bodies have continued their examination of these proposals without prejudice to the opinions which Parliament and the Economic and Social Committee are to deliver on this matter.

(d) *Milk and milk products*<sup>3</sup>

(i) Implementation of the GATT multilateral trade agreements

351. On 18 December 1979 the Council adopted Regulation (EEC) No 2915/79<sup>4</sup> which, following the multilateral trade agreements negotiated under the GATT talks, implements these agreements in the milk sector and constitutes a *de facto* new version of the former Regulation (EEC) No 823/68,<sup>5</sup> which lays down the groups of products and special provisions for calculating levies in the milk and milk-products sector.

<sup>1</sup> These Regulations were published in OJ L 54 of 5. 3. 1979.

<sup>2</sup> OJ L 274 of 31. 10. 1979.

<sup>3</sup> The measures to re-establish equilibrium in the sector are listed in the section on management.

<sup>4</sup> OJ L 329 of 24. 12. 1979.

<sup>5</sup> OJ L 151 of 30. 6. 1968.

(ii) New Zealand butter

352. On 17 September 1979 the Commission forwarded to the Council its report on the situation in the milk sector in the Community, in the world market and in New Zealand, which had been drawn up in connection with the United Kingdom imports of butter from New Zealand.

It was agreed that the situation should be examined and a decision made on the basis of concrete proposals to be presented by the Commission as to the arrangements which should operate after 1 January 1980 when the present agreement expires.

(e) *Poultry (GATT multilateral trade negotiations)*

353. On 20 December 1979 the Council adopted Regulation (EEC) No 2917/79,<sup>1</sup> which was one of five proposals concerning the agricultural sector and aimed at implementing in the Community the results of the multilateral trade agreements concluded under the GATT negotiations. This Regulation concerns poultry and provides for an amendment to CCT heading 16.02 on prepared and preserved poultrymeat or poultry offal, particularly turkey meat.

(f) *Fresh fruit and vegetables*

(i) Preventive interventions for apples and pears

354. On 19 February 1979<sup>2</sup> the Council adopted additional provisions governing the intervention arrangements for apples and pears, so that it could intervene at the beginning of the marketing year if there was a risk that the market for these two products might collapse.

Under the new provisions of Article 15a of the basic Regulation (EEC) No 1035/72, these products may be withdrawn from the market at the start of the marketing year if prices are between the buying-in price and 80 % of the basic price.

(ii) Extension of certain measures to improve the production and marketing of Community citrus fruit

<sup>1</sup> OJ L 329 of 24. 12. 1979.

<sup>2</sup> Regulation (EEC) No 325/79, OJ L 45 of 22. 2. 1979.

355. Regulation (EEC) No 2511/69 laid down that the Community, through the Guidance Section of the EAGGF, should give assistance with an Italian plan to improve the production, processing and marketing structures for oranges and mandarins.

It became apparent that Italy was unable to implement this plan fully within the original time limit, i.e. 31 December 1978. In particular, the measures on conversion to different varieties have not been implemented. For this reason the Council adopted Regulation (EEC) No 2226/79<sup>1</sup> extending the limit to 31 December 1986, provided that this work began no later than 31 December 1983.

(g) *Processed fruit and vegetables*

(i) Extension of the list of products eligible for production aid

356. In order to make the Community preserved fruit and vegetable industry, which is located mainly in the Mediterranean regions, more competitive *vis-à-vis* third country industries, whose production costs are considerably lower, in May 1978<sup>2</sup> the Council established a system of aid for sensitive products such as prunes, peaches in syrup, tomato concentrates, peeled tomatoes and tomato juice. This aid is equal to the difference between the price levels for the Community and third country products, provided that a minimum price is paid to the producers of raw materials for these products.

Since the Council considered that the industries using tomato flakes, peeled frozen tomatoes, and tomato juice at concentrations between 7 % and 12 %, and the industries producing Williams pears preserved in syrup and cherries preserved in syrup, were in a position identical to that of the industries producing the products mentioned above, in July 1979<sup>3</sup> the Council extended the aid to include these products. However, aid for Williams pears in syrup was restricted<sup>4</sup> to 57 100 tonnes because of the danger that the Community's production potential for this product might cause a major imbalance between production and market outlets for this product.

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<sup>1</sup> OJ L 257 of 12. 10. 1979.

<sup>2</sup> Regulation (EEC) No 1152/78, OJ L 144 of 31. 5. 1978.

<sup>3</sup> Regulation (EEC) No 1639/79 of 24. 7. 1979, OJ L 192 of 31. 7. 1979.

<sup>4</sup> Regulation (EEC) No 1640/79 of 24. 7. 1979, OJ L 192 of 31. 7. 1979.

(ii) Import levy on products containing additive sugars – GATT multilateral trade negotiations

357. The implementation of the results of the multilateral trade negotiations (MTN) made it necessary to amend Regulation (EEC) No 516/77 on the common organization of the market in products processed from fruit and vegetables.<sup>1</sup>

The levying of the additional duty of 2 % on the sugar contained in certain preserved fruits made it necessary to amend Article 2 of Regulation (EEC) No 516/77 accordingly.

To this end, on 20 December 1979 the Council adopted Regulation (EEC) No 2999/79.<sup>2</sup> This Regulation dispelled the uncertainty over the imposition of a levy on additive sugar in certain preserved fruits whose sugar content exceeded a certain percentage. In practice it had proved very difficult, if not impossible, to determine whether sugar had been added to preserved fruits or whether it was of natural origin. The flat-rate levy put an end to this uncertainty regarding the products concerned.

(h) *Oils and fats*

Olive oil

358. In the olive oil sector 1979 did not see any major activity concerning the basic regulations for this market, as was the case in 1978.<sup>3</sup> However, on a proposal from the Commission, the Council took action to correct an error which had occurred in the previous year when the new arrangements for aid for the consumption of olive oil were adopted. Regulation (EEC) No 590/79 of 26 March 1979<sup>4</sup> amends Article 11 (1) of Regulation No 136/66/EEC so as to provide that, when calculating the aid in question, no account shall be taken of the monthly increases in the representative market price. This amendment was made applicable retrospectively from 1 January 1979.

(i) *Proteins*

(i) Soya beans

359. In order to stimulate Community production of soya beans, which had not increased as much as was desirable, on 27 July 1979

<sup>1</sup> OJ L 73 of 21. 3. 1977.

<sup>2</sup> OJ L 341 of 31. 12. 1979.

<sup>3</sup> See 26th Review, paragraph 396.

<sup>4</sup> OJ L 78 of 30. 3. 1979.



the Council, after consulting Parliament, adopted Regulation (EEC) No 1614/79 laying down special measures in respect of soya beans.<sup>1</sup> The aim of this Regulation is to replace the present system of aid, which is partly on a flat-rate basis, by a system which provides for an aid to the initial purchaser for Community beans purchased on the basis of a contract concluded with the producer and providing for the payment of a price at least equal to the minimum price which will be fixed at a level very close to that of the guide price. For administrative reasons the new system will not apply before 1 November 1980, and the general rules for applying the system are at present being examined by the Council's subordinate bodies.

(ii) Linseed

360. Among its proposals on agricultural prices and related measures for the 1979/80 marketing year the Commission forwarded to the Council a proposal to establish a system of aid for linseed calculated on the basis of quantities actually produced instead of the present system, which operates partly on a flat-rate basis. Since it did not appear possible to apply this proposal to the 1979/80 marketing year for practical reasons, i.e. the overlap with the seed and textile sectors, at its meeting of 18-22 June 1979 the Council decided that no amendment would be made to the measures granting aid to linseed for the 1979/80 marketing year, but that the Commission's proposals would be examined in detail. The Council's subordinate bodies are at present making this examination with a view to implementing the measures as from 1 August 1980.

(iii) Dehydrated fodder

361. Pending the introduction of the new common organization of the market in potatoes,<sup>2</sup> on 15 October 1979 the Council, after consulting Parliament, extended until 30 June 1980 the system of aid for dehydrated potatoes laid down by Regulation (EEC) No 1117/78 on the common organization of the market in dried fodder.<sup>3</sup> This Regulation, which applies with effect from 1 July 1979, reflects the Council's wish not to imperil the continuity of the system of aid for dehydrated potatoes.

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<sup>1</sup> OJ L 190 of 28. 7. 1979.

<sup>2</sup> See paragraph 337 of this Review.

<sup>3</sup> Regulation (EEC) No 2285/79, OJ L 263 of 19. 10. 1979.

(j) *Tobacco*

Intervention measures

362. Experience in implementing the intervention measures at the Community's disposal in the tobacco sector, namely lowering of the intervention price level and quantitative restrictions on intervention buying<sup>1</sup> showed that these measures had the desired effects on production and the market only after a long delay, which considerably reduced their effectiveness. In order to correct this situation, on 24 July 1979 the Council adopted Regulations (EEC) Nos 1579/79 and 1580/79.<sup>2</sup>

The first of these Regulations will allow action to be taken on any over-production of a variety or group of varieties of tobacco as soon as it appears likely that the quantities offered for intervention buying for two consecutive marketing years exceed a certain limit. This will make it possible to intervene more quickly than hitherto, since under the previous regulations the intervention level could be exceeded in real terms for two marketing years, with the result that the measures adopted by the Community Institutions took effect only in the third year.

The second Regulation will make it possible to reinforce the effects of the first by lowering the levels at which measures to establish market equilibrium are introduced, by slightly reducing the intervention quantities.

(k) *Seeds*

363. In order to improve the quality of the rice produced in the Community and to improve the yield, the Council considered that it should encourage the production of certified rice seed. To this end, on 17 December 1979 it adopted the Regulation amending Regulation (EEC) No 2558/71,<sup>3</sup> so as to allow production aid to be extended to rice seed. Since hitherto rice seed had been governed by the Regulation on the common organization of the market in rice (Regulation (EEC) No 1418/76), this latter Regulation had to be amended.<sup>4</sup>

At the same time the Council adopted Regulation (EEC) No 2879/79<sup>3</sup> converting into ECU, in accordance with Regulation (EEC)

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<sup>1</sup> Regulation (EEC) 727/70, Article 13, OJ L 94 of 28. 4. 1970.

<sup>2</sup> OJ L 189 of 27. 7. 1979.

<sup>3</sup> OJ L 325 of 21. 12. 1979.

<sup>4</sup> Regulation (EEC) No 113/80, OJ L 16 of 15. 1. 1980.

No 652/79,<sup>1</sup> the amounts of aid relating to all the seed varieties, which were previously laid down in units of account.<sup>2</sup> The same Regulation fixes the aid for rice seed for the marketing years 1978/79 to 1981/82.

## C – Management of the common organization of the markets

### 1. CEREALS

#### (a) Cereal prices for the 1979/80 marketing year

364. Under the agreements on fixing prices and related measures concluded at its meeting of 18-22 June 1979 the Council fixed the following prices for cereals:

Product	Type of price or amount	Fixed amounts 1978/79 u.a./ tonne	1979/80		
			u.a. tonne	ECU/ tonne	%
1	2	3	4	5	6
Durum wheat	Target price	224.27	229.43	277.37	+ 2.30 <sup>1</sup>
	Single intervention price	203.01	206.06	249.12	+ 1.50
	Aid (restricted to certain regions)	63 u.a./ha	63.95 u.a./ha	77.31 ECU/ha	+ 1.50
Common wheat	Target price	162.39	166.61	201.42	+ 2.60 <sup>1</sup>
	Single common intervention price	121.57	123.39	149.17	+ 1.50
	Reference price for common wheat of bread-making quality	136.92 <sup>2</sup>	139.01	168.06	+ 1.50
Barley	Target price	147.23	151.28	182.89	+ 2.75 <sup>1</sup>
	Single common intervention price	121.57	123.39	149.17	+ 1.50
Rye	Target price	155.12	159.23 <sup>2</sup>	192.50	+ 2.65
	Single intervention price	130.25	132.20	159.82	+ 1.50
Maize	Target price	147.23	151.28	182.89	+ 2.75 <sup>1</sup>
	Single common intervention price	121.57	123.39	149.17	+ 1.50

<sup>1</sup> Transport costs updated by 1.84 u.a./tonne for cereals, and factory and transport costs updated by 6.06 u.a./tonne for rice.

<sup>2</sup> Special premium maintained at 4.50 u.a./tonne (= 5.4 ECU/tonne).

<sup>1</sup> OJ L 84 of 4. 4. 1979, amended by Regulation (EEC) No 1264/79, OJ L 161 of 29. 6. 1979.

<sup>2</sup> Regulation (EEC) No 1347/78, OJ L 165 of 22. 6. 1978 and Regulation (EEC) No 1582/79, OJ L 189 of 27. 7. 1979.

This table shows that only rye remains outside the 'silo' system,<sup>1</sup> which is intended to simplify the system of the common organization of the markets and to smooth the functioning of the market by fixing a single intervention price for common wheat, barley and maize and fixing a reference price for common wheat of bread-making quality.

(b) *Aid to producers of durum wheat*

365. The Council agreed to increase aid for durum wheat by 1.5%, which gives an amount of 63.95 u.a./t. (equivalent to 77.31 ECU/t.). The list of regions in which this aid is granted remains unchanged.<sup>2</sup>

(c) *Monthly price increases for cereals*

366. To take account of the increase in storage costs and interest charges for storing cereals in the Community and also of the need to market the existing stocks according to market requirements, the Council fixed the amounts of the monthly price increases for cereals, wheat and rye flour and wheat groats and meal at approximately 2% above the 1978/79 levels.<sup>3</sup>

(d) *Reduction of the levy on certain imports of feed grain into Italy*

367. The Council fixed this reduction of the levy at 6.84 ECU/t in Regulation (EEC) No 1556/79,<sup>4</sup> and the period of its validity was extended by Regulation (EEC) No 2930/79<sup>5</sup> to 31 March 1980.

## 2. STARCH PRODUCTS

368. At the meeting on 18-22 June 1979, the Council also agreed to maintain the production refunds in the cereals and rice sectors for the 1979/80 marketing year.

With regard to the minimum price payable to producers of potatoes for starch, the Council, taking account of the situation created at the beginning of the 1979/80 marketing year, in particular because of the increase which will affect the agricultural prices for this marketing year, adopted Regulation (EEC) No 1559/79.<sup>4</sup> This Regulation lays down that:

<sup>1</sup> See 24th Review, paragraphs 280-282.

<sup>2</sup> Regulation (EEC) No 1551/79, OJ L 188 of 26. 7. 1979.

<sup>3</sup> Regulation (EEC) No 1550/79, OJ L 188 of 26. 7. 1979.

<sup>4</sup> OJ L 188 of 26. 7. 1979.

<sup>5</sup> OJ L 334 of 28. 12. 1979.

- (i) the minimum price shall be fixed at 219.04 ECU/t;
- (ii) the Member States shall pay a premium of 16.93 ECU per tonne to the potato starch producers.

### 3. RICE

#### (a) *Rice prices*

396. The Council adopted Regulation (EEC) No 1553/79,<sup>1</sup> which increases the target price for husked rice by 4.96 % and the single intervention price by 3.33 %, which gives prices of 382.28 ECU per tonne (316.2 u.a. per tonne) and 218.58 ECU per tonne (180.8 u.a. per tonne) respectively.

#### (b) *Monthly increases*

370. The monthly price increases applicable from 1 October 1979 to 1 July 1980 were fixed at 2.21 ECU per tonne for the intervention price and 2.76 ECU per tonne for the target price.<sup>2</sup>

### 4. PIGMEAT

#### (a) *Management of the market*

371. When fixing the prices in the agricultural sector for the 1979/80 marketing year, on 24 July 1979 the Council adopted Regulation (EEC) No 1641/79,<sup>3</sup> which lays down the standard quality for pig carcasses and for the period between 1 November 1979 and 31 October 1980 provides for an increase in the basic price for this standard quality of 1.5 %, giving a price of 1 504.46 ECU per tonne.

Before adopting this Regulation the Council had already adopted Regulation (EEC) No 772/79<sup>4</sup> on 18 April 1979, which is concerned with the standard amount for overhead costs used in calculating the sluice-gate price for pig carcasses. This amount was raised from 20 u.a./100 kg to 38.69 ECU/100 kg to take account of the general increase in production and marketing costs recorded on the world market.

<sup>1</sup> OJ L 188 of 26. 7. 1979.

<sup>2</sup> Regulation (EEC) No 1554/79, OJ L 188 of 26. 7. 1979.

<sup>3</sup> OJ L 192 of 31. 7. 1979.

<sup>4</sup> OJ L 99 of 21. 4. 1979.

Thirdly, on 18 December 1979 the Council adopted Regulation (EEC) No 2896/79<sup>1</sup> amending Regulation (EEC) No 2762/75<sup>2</sup> establishing the list of representative markets for pigmeat in the Community. The market of Bruges in Belgium had ceased to market pig carcasses, and the activities of the quotation centres of Bielefeld and Krefeld in the Federal Republic of Germany had been taken over by those in Münster and Düsseldorf. Consequently these three names were deleted from the list of representative markets.

(b) *Survey statistics*

372. At its meeting on 5-6 February 1979 the Council took note of the Commission's report, which it had produced in accordance with Article 10 of Directive 76/630/EEC<sup>3</sup> of 20 July 1976 concerning surveys of pig production to be made by Member States.

On the basis of the conclusions of this report the Commission proposed to the Council an amendment to this Directive 76/630/EEC laying down a common definition of the term 'pig production' and extending the production forecast period by two months. After consulting Parliament, which delivered a favourable opinion, the Council adopted Directive 79/920/EEC,<sup>4</sup> which embodies this proposal, at its meeting on 29 October 1979.

## 5. EGGS AND POULTRY – MANAGEMENT OF THE MARKET

(a) *Water content of frozen and deep-frozen poultry*

373. The Council, pending the enactment of a set of general rules for the marketing of poultry, had adopted Regulation (EEC) No 2967/76<sup>5</sup> laying down common standards for the water content of frozen and deep-frozen chickens, hens and cocks.

The full implementation of this Regulation, which had originally been intended to enter into force on 1 December 1977, was held up by

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<sup>1</sup> OJ L 326 of 22. 12. 1979.

<sup>2</sup> OJ L 282 of 1. 11. 1975.

<sup>3</sup> OJ L 223 of 16. 8. 1976.

<sup>4</sup> OJ L 281 of 10. 11. 1979.

<sup>5</sup> OJ L 339 of 8. 12. 1976.

technical difficulties in laying down a uniform chemical method for determining the water content of poultry. Pending agreement among the scientific experts on a uniform method, the entry into force of the Regulation was postponed on several occasions. On the last occasion the Council adopted Council Regulation (EEC) No 641/79,<sup>1</sup> postponing it until 1 January 1980.

Since the problem of deciding on a uniform technical method had not been resolved by the experts at the end of 1979, the Commission informed the Council in December that it did not intend to forward a further proposal postponing the entry into force of the Regulation, which means in practice that the Regulation in question, with two different chemical methods of determining the water content of poultry, will apply with effect from 1 January 1980.

#### *(b) Marketing standards for eggs and poultry*

374. The Council was not able to complete its work on improving the quality of eggs<sup>2</sup> and fixing the marketing standards for poultry during the period under review. The problems that have arisen, particularly with regard to the application of the proposed standards by the industries concerned, will require additional study by the competent departments.

### **6. MILK AND MILK PRODUCTS**

#### *(a) Market situation and prices*

375. Notwithstanding the measures taken by the Council since 1977 to ensure the gradual re-establishment of equilibrium between supply and demand in this sector, 1979, like the previous years, was characterized by continuing structural production surpluses. There was a steady increase in the average yield per cow, and the measures adopted also proved inadequate. The result was a further increase in total milk production in the Community in 1979, whereas consumption did not increase.

The situation concerning intervention stocks in this sector, i.e. butter and skimmed-milk powder, had improved to some extent by the

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<sup>1</sup> OJ L 82 of 31. 3. 1979.

<sup>2</sup> Amendment to Regulation (EEC) No 2772/75. OJ L 282 of 1. 11. 1975.

end of 1979 compared with the end of 1978 as regards powder, as a result of additional marketing efforts.<sup>1</sup>

Nevertheless, these operations involved the EAGGF in considerable extra expenditure.<sup>1</sup>

376. Since it was not possible to conclude the discussions on prices and related measures for the 1979/80 marketing year by the beginning of this period the Council had to extend the current marketing year and the system of consumer subsidies for butter and premiums for the non-marketing of milk and for the conversion of dairy herds to 1 July 1979.<sup>2</sup>

377. On 25 June 1979, when fixing the agricultural prices for the 1979/80 marketing year, and in view of the situation described above, the Council decided to maintain the prices in this sector at the same levels as for the 1978/79 marketing year. This concerns the target price for milk and the intervention prices for butter, skimmed-milk powder and Grana Padano and Parmigiano Reggiano cheese.<sup>3</sup> At the same time the Council fixed the threshold prices for certain milk products.<sup>4</sup>

(b) *Measures to ensure the gradual re-establishment of market equilibrium*

378. In view of the surpluses the Council took a number of new measures and also improved a number of existing measures with a view to re-establishing market equilibrium in the milk sector.

(i) *Co-responsibility levy*

379. The Commission had proposed that for the 1979/80 marketing year the Council should confirm the co-responsibility levy system and reinforce it. It had proposed a flexible system providing for a basic levy of 2 % with the proviso that if total milk production rose by more than 1 % in relation to production over a reference period the levy would automatically be increased in line with this production increase. This

<sup>1</sup> Stocks at the end of 1978: (a) skimmed-milk powder: approximately 700 000 t;  
(b) butter: approximately 420 000 t.

Stocks at the end of 1979: (a) skimmed-milk powder: approximately 150 000 t;  
(b) butter: approximately 500 000 t.

<sup>2</sup> Regulation (EEC) No 640/79 of 29. 3. 1979, OJ L 82 of 31. 3. 1979.

<sup>3</sup> Regulation (EEC) No 1267/79 of 25. 6. 1979, OJ L 161 of 29. 6. 1979.

<sup>4</sup> Regulation (EEC) No 1268/79 of 25. 6. 1979, OJ L 161 of 29. 6. 1979.



automatic adaptation of the levy was opposed by Parliament as well as the Council, which did not adopt the proposal but decided on a fixed rate of 0.5 % of the target price for milk for the 1979/80 milk year,<sup>1</sup> but with the rider that if the system was extended to the 1980/81 year the 0.5 % rate would be increased by 1 point when an increase of 2 % or more was recorded in the total quantity of milk sold by producers in the Community.

(ii) Premiums for the non-marketing of milk and for the conversion of dairy herds

380. The Council maintained these systems for the 1979/80 milk year. They had proved effective even if the results at that stage were still not entirely satisfactory compared with the desired aim.<sup>2</sup>

(iii) Aid for butter consumption<sup>3</sup>

381. For the 1979/80 marketing year the Member States were given a choice on this matter between two formulae, namely:

- a general aid for butter on the market for direct consumption of up to a maximum 50 ECU/100 kg and financed by the Community at the rate of 75 %, or;
- a Community contribution of 100 % for certain periods of the year and quantities to be determined by the Commission
  - = the sale of butter in public storage at a price equal to the intervention price less at least 90 ECU/100 kg and at most 150 ECU/100 kg
  - and/or
  - = a subsidy of between 90 ECU/100 kg and 150 ECU/kg for butter in private storage or on the market.

However, it was laid down that in view of the particular situation in the United Kingdom market this country could grant a general aid for butter on the market of up to 45.94 ECU/100 kg and financed entirely by the Community.

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<sup>1</sup> Regulation (EEC) No 1271/79 of 25. 6. 1979, OJ L 161 of 29. 6. 1979.

<sup>2</sup> Regulation (EEC) No 1270/79 of 25. 6. 1979, OJ L 161 of 29. 6. 1979.

<sup>3</sup> Regulation (EEC) No 1269/79 of 25. 6. 1979, OJ L 161 of 29. 6. 1979, amended by Regulation (EEC) No 1768/79 of 9. 8. 1979, OJ L 203 of 11. 8. 1979.

(iv) Other measures

382. These were:

— aid for skimmed milk for cattle

Amendment to Regulation (EEC) No 986/68 laying down the general rules for granting aid for skimmed milk and skimmed-milk powder,<sup>1</sup> increasing the margin within which aid is fixed by the Commission from 38–48 u.a./100 kg for skimmed-milk powder to 52–64 ECU/100 kg;

— school milk

Amendment to Regulation (EEC) No 1080/77 on the supply of milk and certain milk products at reduced prices to school children,<sup>2</sup> increasing the Community's contribution to the aid to 100 % of the target price for milk with effect from 1 September 1979;

— intervention buying-in price

Amendment to Regulations (EEC) Nos 985/68 and 1014/68 regarding the buying-in price applicable on the date when butter and skimmed-milk powder is sold to the intervention agency;<sup>3</sup>

— final date for transfer of skimmed-milk powder to Italy

Amendment to Regulation (EEC) No 1763/78 extending the last date for transferring 100 000 tonnes of skimmed-milk powder from other Member States to the Italian intervention agency from 1 January 1980 to 1 November 1980;<sup>4</sup>

— fat content of standardized milk

on 20 December 1979, in accordance with the provisions of Regulation (EEC) No 1411/71,<sup>5</sup> the Council fixed the guideline figure for the fat content of standardized whole milk imported into Ireland and the United Kingdom from other Member States. These minimum figures for the 1979/80 milk year were laid down as follows:<sup>6</sup>

Ireland 3.60 %,

United Kingdom 3.84 %.

<sup>1</sup> Regulation (EEC) No 1273/79 of 25. 6. 1979, OJ L 161 of 29. 6. 1979.

<sup>2</sup> Regulation (EEC) No 1637/79 of 24. 7. 1979, OJ L 192 of 31. 7. 1979.

<sup>3</sup> Regulation (EEC) No 1272/79 of 25. 6. 1979, OJ L 161 of 29. 6. 1979.

<sup>4</sup> Regulation (EEC) No 1638/79 of 24. 7. 1979, OJ L 192 of 31. 7. 1979.

<sup>5</sup> OJ L 148 of 3. 7. 1971.

<sup>6</sup> Regulation (EEC) No 2932/79 of 20. 12. 1979, OJ L 334 of 28. 12. 1979.

## 7. BEEF AND VEAL

### (a) *Prices*

383. On 25 June 1979, after prolonging the 1978/79 marketing year,<sup>1</sup> and after obtaining the opinions of Parliament and the Economic and Social Committee, the Council fixed the following prices for the 1978/79 marketing year:<sup>2</sup>

- (i) a guide price of 154.58 u.a./100 kg liveweight for adult bovine animals;
- (ii) an intervention price of 139.12 u.a./100 kg liveweight for adult bovine animals.

The Council also decided, in view of the price situation in the beef and veal market and the accumulation of intervention stocks, and thus by derogation from Article 6 of the basic Regulation, to increase the flexibility of the standing intervention arrangements so as to enable each Member State or certain regions of each Member State to suspend the intervention buying of beef and veal during the 1979/80 marketing year when it is found that their price on the representative markets of the Member State or region in question exceeds their maximum buying-in price over a certain period.

### (b) *The premium system*

- (i) Premiums for the slaughter of certain adult bovine animals

384. On 25 June 1979,<sup>3</sup> after obtaining the opinion of Parliament and taking account of the danger of a fall in the incomes of cattle producers in view of the short-term prospects of the Community market in beef and veal, the Council once again authorized the Member States to grant these producers aid in the form of a premium for the slaughter of certain adult bovine animals intended for slaughter by prolonging the term of application of Regulation (EEC) No 870/77.<sup>4</sup>

<sup>1</sup> Regulation (EEC) No 639/79 of 29. 3. 1979, OJ L 82 of 31. 3. 1979.

<sup>2</sup> Regulation (EEC) No 1274/79 of 25. 6. 1979, OJ L 161 of 29. 6. 1979.

<sup>3</sup> Regulation (EEC) No 1275/79 of 25. 6. 1979, OJ L 161 of 29. 6. 1979.

<sup>4</sup> OJ L 106 of 29. 4. 1977.

(ii) Premium for the birth of calves

385. On 25 June 1979,<sup>1</sup> after obtaining the opinion of Parliament, the Council also authorized Italy to continue granting a premium, fixed at 42.948 u.a. and payable by the EAGGF in a single instalment, for every calf born in that country.

(c) *The system of trade with third countries*

386. On 16 July 1979 the Council decided, as in previous years, to open a tariff quota of 38 000 head of heifers and cows other than those intended for slaughter, certain mountain breeds falling within subheading ex 01.02 A II b) 2 of the CCT (Austrian quota)<sup>2</sup> and 5 000 head of bulls, cows and heifers, other than those intended for slaughter, of certain Alpine breeds falling within subheading ex 01.02 A II b) 2 of the CCT (Swiss quota).<sup>3</sup>

387. On 20 December 1979,<sup>4</sup> after taking note of a report from the Commission on the exhaustion of the 1978 quota, the Council adopted the Regulation opening, allocating and providing for the administration of a Community tariff quota of 50 000 tonnes of frozen beef and veal for the 1980 marketing year, in accordance with the undertakings given by the Community at the most recent GATT multilateral trade negotiations.

The breakdown of this quota is as follows:

Benelux	5 060 tonnes
Denmark	250 tonnes
France	5 310 tonnes
FR of Germany	9 560 tonnes
Ireland	—
Italy	14 860 tonnes
United Kingdom	14 960 tonnes

388. The Council approved the estimate of supply and demand for meat in the Community processing industry, including meat intended for the manufacture of preserved foods of the 'corned beef' type. It thus

<sup>1</sup> Regulation (EEC) No 1276/79 of 25. 6. 1979, OJ L 161 of 29. 6. 1979.

<sup>2</sup> Regulation (EEC) No 1482/79 of 16. 7. 1979, OJ L 181 of 18. 7. 1979.

<sup>3</sup> Regulation (EEC) No 1483/79 of 16. 7. 1979, OJ L 181 of 18. 7. 1979.

<sup>4</sup> Regulation (EEC) No 2956/79 of 20. 12. 1979, OJ L 336 of 29. 12. 1979.

fixed unanimously the Community requirement at 50 000 tonnes,<sup>1</sup> whereas the Commission had proposed 60 000 tonnes.

389. The Council also fixed the estimated import requirement for young male bovine animals weighing 300 kg or less and intended for fattening at 230 000 head for 1979.<sup>2</sup>

390. In addition, under the agreements reached during the GATT multilateral trade negotiations, the Council decided to open two tariff quotas for the importation, at a rate of 20 %, of 21 000 tonnes of high quality fresh, chilled or frozen beef and veal falling within subheading 02.01 A II a) and 02.01 A II b) of the CCT<sup>3</sup> (known as 'Hilton Beef'), and 2 250 tonnes of buffalo meat falling within subheading 02.01 A II b) 4 bb) 33 of the CCT.<sup>4</sup>

391. Lastly, it decided, pending the renegotiation of a trade agreement between the Community and Yugoslavia, to prolong until 31 December 1979 the modest reduction of the levy applicable to Yugoslavia when the full levy exceeds 100 %, in conjunction with a voluntary limitation of Yugoslav exports to the average monthly quantities of such exports in 1976.<sup>5</sup>

## 8. SUGAR

392. The sugar prices for the 1979/80 marketing year laid down by the Council on 25 June 1979<sup>6</sup> are as follows:

	<i>Prices in ECU/100 kg</i>
Target price for white sugar	43.26
Intervention price for white sugar	41.09
Derived intervention price for white sugar for Italy	43.03
Derived intervention price for white sugar for the French overseas departments	40.85
Derived intervention price for white sugar for Ireland and the United Kingdom	42.30
Intervention price for raw sugar	34.13
Minimum price for beet	3.183
Threshold price for white sugar	49.28
Threshold price for raw sugar	42.23
Price for molasses	3.87

<sup>1</sup> Council estimate of 20. 12. 1979 (80/13/EEC), OJ L 7 of 11. 1. 1980.

<sup>2</sup> Council estimate of 20. 12. 1979 (80/12/EEC), OJ L 7 of 11. 1. 1980.

<sup>3</sup> Regulation (EEC) No 2957/79, OJ L 336 of 29. 12. 1979.

<sup>4</sup> Regulation (EEC) No 2958/79, OJ L 336 of 29. 12. 1979.

<sup>5</sup> Regulation (EEC) No 1211/79, OJ L 153 of 21. 6. 1979.

<sup>6</sup> Regulations (EEC) Nos 1288/79 and 1289/79, OJ L 162 of 30. 6. 1979.

In the same Regulations the Council:

- (i) fixed the maximum quota at the same level as for the 1978/79 marketing year, namely 127.5 % of the basic quota, and decided to retain the special maximum quota of 227.5 % for the 1978/79 and 1979/80 marketing years;
- (ii) authorized the Italian Republic to grant a national aid to its processing industry of 6.17 ECU/tonne of beet used to produce the quantity of white sugar equal to the basic quantity, and 13.30 ECU/tonne for the quantity of beet used in the production of a further 170 000 tonnes of white sugar.

After consulting the countries concerned, the guaranteed prices for preferential sugar for the delivery period 1 July 1979 to 30 June 1980 were fixed at:

- (i) 34.13 ECU/100 kg for raw sugar;
- (ii) 42.30 ECU/100 kg for white sugar.<sup>1</sup>

These prices also apply to cane sugar from the French overseas countries and territories.<sup>2</sup>

The Council also fixed the differential charge to be levied on raw preferential sugar at 2.079 ECU/100 kg of white sugar and fixed the differential amount for raw sugar from the French overseas departments at the same level. Once again the differential charge will not apply to raw preferential sugar refined during the 1979/80 sugar marketing year in Ireland below a maximum quantity of 30 000 tonnes of sugar expressed as white sugar.<sup>3</sup>

Lastly the Council decided to maintain the level of aid for encouraging sales of sugar produced in the overseas departments to the European regions of the Community at 1.475 ECU/100 kg of white sugar.<sup>4</sup>

## 9. WINE

### (a) *Monitoring the market situation*

393. Following its annual practice, the Commission forwarded to the Council the report required under Article 17 of the basic Regulation, on

<sup>1</sup> Regulation (EEC) No 2298/79, OJ L 264 of 20. 10. 1979.

<sup>2</sup> Regulation (EEC) No 2299/79, OJ L 264 of 20. 10. 1979.

<sup>3</sup> Regulation (EEC) No 1290/79, OJ L 162 of 30. 6. 1979.

<sup>4</sup> Regulation (EEC) No 1291/79, OJ L 162 of 30. 6. 1979.

foreseeable trends in vine planting and replanting in the Community and on the relationship between production and utilization in the wine-growing sector during the 1978/79 wine-growing year. At its meeting on 10-11 December 1979 the Council took note of this report, which was drawn up by the Commission basically as a statistical supplement to its proposals with a view to the long-term reform of Community regulations in the wine sector.<sup>1</sup>

394. In addition, at its meeting on 15-16 October 1979 the Council took formal note of the final estimates of the market situation at the end of the 1977/78 wine-growing year. These estimates are provided annually by the Commission under Article 43 of the basic Regulation.

(b) *Price system*

395. On 24 July 1979<sup>2</sup> the Council fixed the different guide prices in the wine sector for the period 16 December 1979 to 15 December 1980 at levels which gave a linear increase of 1.5 % over those of the preceding 12-month period for the different table wines concerned. These guide prices were expressed in ECU.

396. With regard to the second category of prices concerning the wine sector, i.e. the activating prices which determine the threshold for intervention, in its Regulation (EEC) No 2819/79 of 11 December 1979<sup>3</sup> the Council differentiated between red and white wines as follows:

- (i) for red wines there was an increase of 1.5 % on the respective activating prices for the preceding one-year period, the ratio between these prices and the corresponding guide prices being maintained at 93 %;
- (ii) on white wines a smaller increase was granted, namely 0.5 %, in view of the market situation regarding these products, where there was persistent sluggishness and economic imbalance. This meant that the ratio between the two categories of prices for white wines was 91.2 %.

397. The following table illustrates the price situation in the wine sector for 1979/80.

<sup>1</sup> See paragraph 342 *et seq.* of this Review.

<sup>2</sup> Regulation (EEC) No 1615/79, OJ L 190 of 28. 7. 1979.

<sup>3</sup> OJ L 320 of 15. 12. 1979.

Type of wine	Guide price 16. 12. 1979 to 15. 12. 1980	Activating price 16. 12. 1979 15. 12. 1980	Representative price at the beginning of 1979/80
R I: red wine with an actual alcoholic strength of between 10 % vol and 12 % vol	2.54 ECU/% vol/hl	2.36 ECU/% vol/hl	2.47 ECU/% vol/hl
R II: red wine with an actual alcoholic strength of between 13 % vol and 14 % vol	2.54 ECU/% vol/hl	2.36 ECU/% vol/hl	2.27 ECU/% vol/hl
R III: red wine from vine varieties of the 'Portugieser' type	39.61 ECU/hl	36.84 ECU/hl	51.52 ECU/hl
A I: white wine with an actual alcoholic strength of between 10 % vol and 12 % vol	2.38 ECU/% vol/hl	2.17 ECU/% vol/hl	1.93 ECU/% vol/hl
A II: white wine from vine varieties of the 'Sylvaner or Müller- Thurgau' type	52.79 ECU/hl	48.14 ECU/hl	50.56 ECU/hl
A III: white wine from vine varieties of the 'Riesling' type	60.28 ECU/hl	54.98 ECU/hl	69.08 ECU/hl

As regards the 'wine deliveries' system (under which by-products of wine-making must be distilled) the Council adopted Council Regulation (EEC) No 1708/79 dated 24 July 1979,<sup>1</sup> which lays down the following prices for this system:

- (i) 0.77 ECU<sup>o</sup>/hl for the buying-in price to producers;

<sup>1</sup> OJ L 198 of 4. 8. 1979.



- (ii) 1.23 ECU/°/hl for the flat-rate price for alcohol from any source (marcs, lees, or wine);
- (iii) 1.32 ECU/°/hl for the price of alcohol from grape marcs;
- (iv) 1.16 ECU/°/hl for the price of alcohol from lees or wine.

These prices are valid for the period 1 September 1979 to 31 August 1980.

398. On the basis of its commitment undertaken in 1977 when the new system of representative prices was introduced into the basic Regulation on wine,<sup>1</sup> the Commission forwarded to the Council a report on the implementation of this system. On the basis of the experience gained the Commission's report was in favour of retaining this system.

The Council took formal note of this report in its meeting on 10-12 December 1979.

#### (c) *Intervention system*

399. On the basis of the proposal which the Commission had made in 1977,<sup>2</sup> and pending a complete revision of the procedures for implementing the distillation system in the wine sector, the Council adopted its Regulation (EEC) No 1709/79 of 31 July 1979<sup>3</sup> extending the period of validity of the provisions of Article 6 of Regulation (EEC) No 343/79,<sup>4</sup> which were due to expire on 31 July 1979.

The new rules apply until the end of 1979/80 wine-growing year.

#### (d) *Production system*

400. On 10 December 1979, in the absence of a Community organization for alcohol<sup>5</sup> and of provisions regarding the production of flavoured wines, the Council extended until 31 December 1980 the period of validity of the provisions of Regulation (EEC) No 351/79.<sup>6</sup>

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<sup>1</sup> See 25th Review, paragraph 376.

<sup>2</sup> See 25th Review, paragraph 431.

<sup>3</sup> OJ L 198 of 4. 8. 1979.

<sup>4</sup> This Regulation replaced Regulation (EEC) No 1931/76 when all the Council's legal instruments concerning the wine sector were consolidated (see paragraph 348 of this Review).

<sup>5</sup> See paragraph 338 of this Review.

<sup>6</sup> Regulation (EEC) No 2817/79, OJ L 320 of 15. 12. 1979.

These mainly concern the authorization – notwithstanding Article 42 of the basic Regulation on wine – to add alcohol to grape musts and wines intended for the preparation of flavoured wines.

(e) *Checks on adherence to Community and national provisions in the wine sector*

401. Continuing its work on legislation to ensure the uniform application of these provisions throughout the Community,<sup>1</sup> in 1979 the Council adopted a Regulation aimed at encouraging the national bodies, and to some extent the Community bodies to cooperate with each other directly on the downgrading of quality wines p.s.r. consigned from the producer Member State to another Member State.<sup>2</sup> This Regulation is based on a proposal which the Commission had forwarded to the Council in 1978.<sup>3</sup>

**10. FRESH FRUIT AND VEGETABLES**

(a) *Prices and marketing premiums for the 1979/80 marketing year*

(i) Prices

402. When fixing the prices for agricultural products for the year, on 25 June 1979<sup>4</sup> the Council adopted Regulation (EEC) No 1300/79, which fixes the basic and buying-in prices for the nine species of fruit and vegetables covered by the single price system.

In line with the Council's general guideline on agricultural prices, the abovementioned prices were increased by 1.5 % over the previous marketing year.

To provide continuity in these prices for certain products for which the marketing year begins as early as May or June, on 2 April 1979<sup>5</sup> the Council fixed the basic and buying-in prices at the 1978/79 levels for cauliflowers during May and June and for tomatoes, peaches and lemons during June.

<sup>1</sup> See 26th Review, paragraph 454.

<sup>2</sup> Regulation (EEC) No 460/79 of 5. 3. 1979, OJ L 58 of 9. 3. 1979.

<sup>3</sup> See 26th Review, paragraph 455.

<sup>4</sup> OJ L 162 of 30. 6. 1979.

<sup>5</sup> Regulation (EEC) No 679/79, OJ L 86 of 6. 4. 1979.

(ii) Premiums

403. In Regulation (EEC) No 1300/79<sup>1</sup> the Council also increased the marketing premium for oranges, mandarins, clementines and lemons by 1.5 % over the previous year's levels.

In addition, the period during which the premium for lemons would be paid was extended until 1 June 1980. The Council had already decided in May to extend this premium for one month, as provided for under Regulation (EEC) No 2511/69, until 1 June 1979<sup>2</sup> and fixed its value for this month at the same level as for the 1978/79 marketing year.

(b) *Basic and buying-in prices for apples for June 1979*

404. Because of the large stocks of apples it was likely that considerable quantities would be withdrawn in May 1979, mainly because no buying-in price had been fixed for June. To resolve this difficulty, on 24 May 1979<sup>3</sup> the Council fixed a basic price and a buying-in price for this product for June 1979.

(c) *Inclusion of leeks in the list of products covered by quality standards*

405. Since a large-scale intra- and extra-Community trade in leeks had grown up, on 19 June 1979<sup>4</sup> the Council decided to include this product in the list of products in Annex I to the basic Regulation (EEC) No 1035/72, for which standards are laid down in accordance with the Management Committee procedure.

## 11. PROCESSED FRUIT AND VEGETABLES

### *Aid payable to producers of tinned pineapples for the 1979/80 marketing year*

406. On 2 August 1979<sup>5</sup> the Council fixed the aid payable to producers of tinned pineapples, who operate mainly in Guadeloupe

<sup>1</sup> See paragraph 402 of this Review.

<sup>2</sup> Regulation (EEC) No 912/79, OJ L 116 of 11. 5. 1979.

<sup>3</sup> Regulation (EEC) No 1031/79, OJ L 130 of 29. 5. 1979.

<sup>4</sup> Regulation (EEC) No 1208/79, OJ L 153 of 21. 6. 1979.

<sup>5</sup> Regulation (EEC) No 1710/79, OJ L 198 of 4. 8. 1979.

and Martinique, and also the minimum price which the beneficiaries of this aid must pay to producers of the raw materials.

This production aid was increased by approximately 17 % over the previous year's levels and the minimum price was increased by 5.25 %.

## 12. VEGETABLE OILS

### (a) *Colza, rape seed and sunflower seeds*

#### (i) Procedure for implementing the basic Regulation

407. In view of the difficulties which the intervention agencies had encountered recently in marketing small quantities of colza seeds, on 29 October 1979 the Council amended Regulation No 724/67/EEC as regards the disposal of oil seeds bought in by intervention agencies.<sup>1</sup> This amendment will allow these agencies which are holding oil seeds to sell them, in certain cases, in accordance with procedures other than tendering, which hitherto was the only procedure authorized.

#### (ii) Price measures

408. All the prices and other amounts concerning these products were laid down by the Council at its meeting on 18-22 June 1979. The different Regulations fixing for the 1979/80 marketing year:

- the target prices and basic intervention prices;<sup>2</sup>
- the monthly increases;<sup>3</sup>
- the main intervention centres and the derived intervention prices applicable in them<sup>4</sup>

The Council also:

- took note of the Commission's statement where, in accordance with its 1978 commitment, it undertook to:
  - make a concentrated study of the question of using the type '00' variety of colza seed;

<sup>1</sup> Regulation (EEC) No 2382/79, OJ L 274 of 31. 10. 1979.

<sup>2</sup> Regulation (EEC) No 1294/79, OJ L 162 of 30. 6. 1979.

<sup>3</sup> Regulation (EEC) No 1295/79, OJ L 162 of 30. 6. 1979.

<sup>4</sup> Regulation (EEC) No 1296/79, OJ L 162 of 30. 6. 1979.

- report to the Council by 31 December 1979 on this subject if need be, appending a proposal, in the light of experience gained, for measures to be taken;
- requested the Commission to propose appropriate measures by 1 October 1979 to improve the Community market situation in colza seed and oil, with a view to regulating sales of the derived products until the consumption in the Community increased to a suitable level.

(b) *Olive oil*

409. Following the adoption of the new rules on the organization of the market in olive oil resulting from Regulation (EEC) No 1562/78,<sup>1</sup> in 1979 the Council adjusted the general rules relating to the production refund for olive oils used in fish and vegetable preserves.

Regulation (EEC) No 591/79, adopted on 26 March 1979 on the Commission's proposal,<sup>2</sup> replaced, with effect from 1 April 1979, Regulations (EEC) No 155/71 and No 1714/76, which had previously applied in this matter.

410. In the sphere of the other general rules implementing the basic Regulation on olive oil, in 1979 the Council undertook a major revision and extension of the main arrangements laid down under these general rules. These arrangements had been adopted on a temporary basis in 1978<sup>3</sup> with a view to smoothing the introduction of the new machinery and also to making it possible to take account of the experience gained.

Accordingly, on 29 October 1979<sup>4</sup> the Council adopted:

- (i) Regulation (EEC) No 2377/79 laying down the special measures applicable to olive oil producer organizations for the 1979/80 marketing year, which do not differ in substance from those adopted in 1978;
- (ii) Regulation (EEC) No 2378/79, which retains the general rules in respect of production aid for olive oil laid down in the Regulation

<sup>1</sup> See 26th Review, paragraph 396.

<sup>2</sup> OJ L 78 of 30. 3. 1979.

<sup>3</sup> See 26th Review, paragraphs 465-468.

<sup>4</sup> OJ L 274 of 31. 10. 1979.

- adopted in 1978, and in addition provides for the possibility of increased surveillance, until the end of the 1979/80 marketing year;
- (iii) Regulation (EEC) No 2380/79, amending the general rules in respect of aid for the consumption of olive oil, with a view to improving the system of securities provided for under these rules.

411. Before undertaking this work of revision and extension, on 8 May 1979 the Council, on a proposal from the Commission<sup>1</sup>, had adopted its Regulation (EEC) No 982/79, which in the course of the 1978/79 marketing year amended Article 4 of Regulation (EEC) No 2753/78, and laid down for the 1978/79 marketing year the general rules on production aid for olive oil. The aim of this amendment was to take account of the difficulties which had been encountered by olive oil producer organizations in submitting aid applications.

412. In the field of common prices for olive oil, at the beginning of 1979 the Council saw that it needed to make further adjustments to the periods of validity for the representative market prices and threshold prices for olive oil for the 1978/79 marketing year.

In view of the continuing difficulties in introducing the consumption aid machinery, it was decided, on a proposal from the Commission, to extend until 31 March 1979<sup>2</sup> the initial period of validity for these prices which under Regulation (EEC) No 3088/78<sup>3</sup> should have ended on 28 February 1979.

413. As regards the prices applicable during the 1979/80 marketing year, the Council, on a proposal from the Commission, adopted a series of Regulations fixing for this marketing year:

- (i) the production target price, the production aid and the intervention price for olive oil;<sup>4</sup>
- (ii) the representative market price, the threshold price and the percentage of the consumption aid to be allocated for promoting the consumption of olive oil in the Community;<sup>5</sup>

<sup>1</sup> OJ L 122 of 18. 5. 1979.

<sup>2</sup> Regulation (EEC) No 360/79 of 20. 2. 1979, OJ L 46 of 23. 2. 1979.

<sup>3</sup> See 26th Review, paragraph 469.

<sup>4</sup> Regulation (EEC) No 1612/79 of 24. 7. 1979, OJ L 190 of 28. 7. 1979.

<sup>5</sup> Regulation (EEC) No 2379/79 of 29. 10. 1979, OJ L 274 of 31. 10. 1979.

(iii) lastly, the monthly increases in the representative market price, the intervention price and the threshold price for olive oil.<sup>1</sup>

The table below gives the levels for the main components of the olive oil pricing system for the 1979/80 marketing year:

	ECU/100 kg
Production target price	235.04
Representative market price	147.00
Intervention price	173.19
Threshold price	144.96
Production aid	52.90
Consumption aid	35.14 <sup>2</sup>

Lastly, the standard amount for unprocessed olive oil imported from Greece, expressed in ECU, was maintained at the level fixed for the previous marketing year.<sup>3</sup>

414. In 1975 the Council had decided to establish an olive cultivation register; which would assist in managing the market system for olive oil, particularly in respect of production aids.<sup>4</sup> So far it has not been possible to introduce this instrument because the work involved is complex and the whole project is completely new. Nevertheless, following a great deal of preparatory work, it appears that practical work on drawing up this register will begin at an early date, probably some time during the first few months of 1980.

Meanwhile the Council was faced with the problem of financing the register, since the resources earmarked for this purpose under Regulation (EEC) No 154/75, i.e. deductions from the production aids granted for the 1973/74 and 1974/75 marketing years, had been found to be quite inadequate. On 11 April 1979 the Commission accordingly forwarded to the Council a proposal to amend Regulation (EEC) No 154/75 and to lay down that the additional finance required should be

<sup>1</sup> Regulation (EEC) No 1613/79 of 24. 7. 1979, OJ L 190 of 28. 7. 1979.

<sup>2</sup> Including 4.5 % to be allocated to sales promotion.

<sup>3</sup> Regulation (EEC) No 2381/79 of 29. 10. 1979, OJ L 274 of 31. 10. 1979.

<sup>4</sup> See 23rd Review, paragraph 428.

provided from a joint source, i.e. the producer Member State concerned to pay one third and the Community two thirds. The Community's payment would be made through the Guarantee Section of the EAGGF. After consulting Parliament the Council adopted its Regulation (EEC) No 1794/79 of 9 August 1979,<sup>1</sup> which embodies the Commission's proposal. However, in view of the legal and political difficulties involved, it decided that the establishment of the olive cultivation register would in future be financed from deductions from olive oil production aids. This principle has already been applied during two marketing years under Regulation (EEC) No 154/75, and will apply generally with effect from the 1979/80 marketing year.

(c) *Castor oil seed*

415. On 24 July 1979 the Council fixed the guide price<sup>2</sup> and the minimum price<sup>3</sup> for castor oil seed at 51.54 ECU/100 kg and 49.08 ECU/100 kg respectively, and in addition decided, in order to stimulate the development of this crop, to introduce a supplementary aid of 12.09 ECU/100 kg, payable over a period of three marketing years starting on 1 October 1979.<sup>4</sup>

(d) *Linseed*

416. Since the Council had decided to re-examine the possibility of amending the aid system for linseed at a later date,<sup>5</sup> on 24 July 1979 it fixed the guide price for this product for the 1979/80 marketing year at 39.79 ECU/100 kg.<sup>6</sup>

(e) *Cotton seed*

417. On 24 July 1979 the Council fixed the amount of aid for cotton seed at 133.38 ECU/ha.<sup>7</sup>

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<sup>1</sup> OJ L 206 of 14. 8. 1979.

<sup>2</sup> Regulation (EEC) No 1608/79, OJ L 190 of 28. 7. 1979.

<sup>3</sup> Regulation (EEC) No 1609/79, OJ L 190 of 28. 7. 1979.

<sup>4</sup> Regulation (EEC) No 1610/79, OJ L 190 of 28. 7. 1979.

<sup>5</sup> See paragraph 360 of this Review.

<sup>6</sup> Regulation (EEC) No 1583/79, OJ L 189 of 27. 7. 1979.

<sup>7</sup> Regulation (EEC) No 1584/79, OJ L 189 of 27. 7. 1979.



### 13. PROTEINS

#### (a) *Dried fodder*

418. On 25 June 1979 the Council fixed the flat-rate production aid and the guide price for dried fodder for the 1979/80 marketing year (at 6.14 ECU/tonne and 126.40 ECU/tonne respectively), as well as the other factors for calculating the supplementary aid for the products concerned.<sup>1</sup> The Council fixed the flat-rate production aid for dehydrated potatoes<sup>2</sup> on 15 October 1979, but with effect from 1 July 1979.<sup>3</sup>

#### (b) *Peas and field beans*

##### (i) Procedures for implementing the basic Regulation

419. In order to enable the manufacturers of animal feed who use peas and field beans to calculate the production price of these feedingstuffs at the time of concluding purchase contracts with a Community farmer, on 19 June 1979 the Council amended Regulation (EEC) No 1418/78 adopting general rules in connection with the special measures for peas and field beans used in animal feed.<sup>4</sup> This amendment specifies that the amount of aid must be that applying on the date when the manufacturer of animal feed submits the contract.

When adopting this Regulation the Council took note of the Commission's statement in which it undertook to forward:

- by 30 June 1980, a report to the Council on the implementation of this amendment to Regulation (EEC) No 1418/78, together with appropriate proposals if need be;
- by 30 September 1979, a proposal for a Regulation with a view to extending with effect from 1 January 1980 the scope of the aid system for peas and field beans to cover the by-products for animal feed from the production of bean protein concentrates. This proposal was addressed to the Council on 21 December 1979.

<sup>1</sup> Regulation (EEC) No 1299/79, OJ L 162 of 30. 6. 1979.

<sup>2</sup> See paragraph 361 of this Review.

<sup>3</sup> Regulation (EEC) No 2286/79, OJ L 263 of 19. 10. 1979.

<sup>4</sup> Regulation (EEC) No 1212/79, OJ L 153 of 21. 6. 1979.

(ii) Price measures

420. On 25 June 1979 the Council fixed the prices for the 1979/80 marketing year for the products in this sector.<sup>1</sup> The amounts concerned are:

- activating price: 34.97 ECU/100 kg;
- minimum purchase price: 21.48 ECU/100 kg.

(c) *Soya beans*

421. Since the Council had decided not to implement the new aid system for soya beans until the 1980 crop,<sup>2</sup> on 24 July 1979, as part of the overall compromise agreement on agricultural prices for the 1979/80 marketing year, it fixed the guide price for soya beans at 39.48 ECU/100 kg.<sup>3</sup>

#### 14. HOPS

*Production aids*

422. On 26 March 1979 the Council added Alsace<sup>4</sup> to the list of regions<sup>5</sup> in which production aids for hops are granted only to recognized producer groups.

For the 1978 harvest the amounts of aid granted to producers of the following varieties were fixed by the Council on 19 June 1979<sup>6</sup> at the following levels:

Group of varieties	ECU/ha
Aromatic	423
Bitter	363
Others	484

<sup>1</sup> Regulation (EEC) No 1298/79, OJ L 162 of 30. 6. 1979.

<sup>2</sup> See paragraph 359 of this Review.

<sup>3</sup> Regulation (EEC) No 1611/79, OJ L 190 of 28. 7. 1979.

<sup>4</sup> Regulation (EEC) No 593/79, OJ L 78 of 30. 3. 1979.

<sup>5</sup> See 26th Review, paragraph 477.

<sup>6</sup> Regulation (EEC) No 1209/79, OJ L 153 of 21. 6. 1979.

## 15. TOBACCO

### (a) *Prices and premiums for the 1979/80 marketing year and amendment of the list of varieties*

423. In accordance with its general guidelines on prices for agricultural products, on 24 July 1979<sup>1</sup> the Council granted an increase of 1.5% over the previous year in the target and intervention prices except for the intervention prices of leaf tobacco and the derived intervention prices of baled tobacco. However, the Council adopted specific measures for the Erzegovina and Beneventano varieties which are summarized below under (b).

The increases in the premiums granted to purchasers of leaf tobacco, which averaged approximately 3.4%, were adjusted in accordance with the market situation and outlook for each variety. For this reason the largest increases were granted for the Burley 1 (approximately 6%), Kentucky and Round Tip (approximately 7%) varieties.

In the same Regulation the Council updated the list of varieties and the reference qualities in order to have an accurate parameter for classifying the different varieties by price.

### (b) *Reduction of intervention prices for the Perustitza and Erzegovina varieties as market management measures*

424. The Commission addressed a report to the Council in October 1978 which showed that the quantities of tobacco of the Perustitza and Erzegovina varieties harvested in 1976 and bought in by the intervention agencies were considerably above the minimum percentages of the harvest and the quantities for introducing market management measures (cf. Article 13 of Regulation (EEC) No 727/70).

Consequently, to re-establish a better balance between production and demand for these varieties and to reduce the existing stocks, on 24 July 1979<sup>2</sup> the Council decided to reduce the intervention prices of these two varieties for the 1979 and 1980 harvests by 10%.

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<sup>1</sup> Regulation (EEC) No 1581/79, OJ L 189 of 27. 7. 1979.

<sup>2</sup> Regulation (EEC) No 1557/79, OJ L 188 of 26. 7. 1979.

## 16. SEEDS

### *Production aids – fixing the amount of the aid*

425. In accordance with its general guidelines on agricultural prices, on 24 July 1979<sup>1</sup> the Council increased the existing production aids for seeds by 1.5 % for the two marketing years 1980/81 and 1981/82.

However, while the amount of aid for fibre flax and flax seed were maintained at the 1978/79 and 1979/80 levels, the aids for the 'trifolium repens L' and 'var giganteum' varieties were increased by a higher percentage than the other varieties.

## 17. TEXTILE FIBRES AND SILKWORMS

### (a) *Flax and hemp*

426. The Council fixed the amounts of aid for the 1979/80 marketing year in the flax and hemp sector as follows:<sup>2</sup>

- (i) 248.55 ECU/ha for flax (compared with 202.55 u.a./ha for the previous year);
- (ii) 225.74 ECU/ha for hemp (compared with 183.96 u. a./ha for the previous year).<sup>3</sup>

### (b) *Silkworms*

427. The aid for the 1979/80 marketing year was fixed by the Council<sup>4</sup> at 67.50 ECU per box of silkworm eggs used, which is an increase of approximately 1.5 % on the previous year's price.

## 18. FISHERIES – MARKET QUESTIONS

### *Management of the market*

428. As laid down in the basic regulation in December the Council fixed the prices in the fisheries sector for the following fishing year. In this case the year coincides with the calendar year 1980, i.e.

<sup>1</sup> Regulation (EEC) No 1582/79, OJ L 189 of 27. 7. 1979.

<sup>2</sup> Regulation (EEC) No 1616/79, OJ L 190 of 28. 7. 1979.

<sup>3</sup> One unit of account = 1.208953 ECU.

<sup>4</sup> Regulation (EEC) No 1297/79, OJ L 162 of 30. 6. 1979.

1 January-31 December, and the prices<sup>1</sup> concerned are the guide prices for certain fresh<sup>1</sup> and frozen products,<sup>2</sup> the intervention price for sardines and anchovies<sup>3</sup> and the Community producer price for tunny intended for the canning industry.<sup>4</sup>

The guide prices for the fresh products were adjusted, taking account of the market situation for the various species, by percentages ranging between - 7.5 % (for anchovies) and + 4 % (for saithe and haddock), as shown in the following table:

Species	Percentage increase	Amount (ECU/tonnes)
Herrings	0	313
Atlantic sardines	- 4	511
Mediterranean sardines	0	370
Redfish	+ 2	629
Cod	+ 2	756
Saithe	+ 4	449
Haddock	+ 4	581
Whiting	+ 1	585
Mackerel	0	267
Anchovies	- 7.5	475
Plaice		
from 1 January to 31 March 1980	+ 1 (rounded off)	708
from 1 April to 31 December 1980	+ 3 (rounded off)	774
Hake	+ 2	1 689
Shrimps	+ 2	1 246

## D – Trade arrangements

### 1. GOODS NOT COVERED BY ANNEX II OF THE TREATY AND RESULTING FROM THE PROCESSING OF AGRICULTURAL PRODUCTS

429. The Commission put before the Council three proposals to codify and update Community regulations on trade with third countries

<sup>1</sup> Regulation (EEC) No 2813/79 of 10. 12. 1979, OJ L 320 of 15. 12. 1979.

<sup>2</sup> Regulation (EEC) No 2814/79 of 10. 12. 1979, OJ L 320 of 15. 12. 1979.

<sup>3</sup> Regulation (EEC) No 2815/79 of 10. 12. 1979, OJ L 320 of 15. 12. 1979.

<sup>4</sup> Regulation (EEC) No 2816/79 of 10. 12. 1979, OJ L 320 of 15. 12. 1979.

in goods based on agricultural products which are not covered by Annex II of the Treaty. These proposals concerning the consolidation of Regulations (EEC) Nos 1059/69, 1060/69 and 2682/72 are at present being closely examined by the Council's subordinate bodies.

## **2. EXTENSION OF THE LUXEMBOURG PROTOCOL (AGRICULTURE – WINE SECTOR)**

430. Harmonization of taxes on wines in the Community had not been achieved by 31 December 1979, and the application of the specific provisions of the Luxembourg Convention on the Economic Union of Belgium and Luxembourg in favour of Luxembourg wines continued to contribute to the agricultural income of the Grand Duchy of Luxembourg. In its Regulation (EEC) No 2933/79 of 20 December 1979 the Council therefore extended for a further year the period of validity of the provisions of the second subparagraph of Article 1 (1) of the Protocol in respect of the Grand Duchy of Luxembourg.<sup>1</sup> These provisions thus remained applicable until the entry into force of the provisions relating to the harmonization of excise duties on wine in the Community, or until 31 December 1980 at the latest.

## **E – Structural policy**

431. During 1979, when the Council met on 6 February, it adopted a second series of structural measures concerning the Mediterranean regions and Ireland, which are supplementary to the measures adopted earlier when the agricultural prices for 1978/79 were fixed.<sup>2</sup> On the basis of a communication from the Commission dated 20 March 1979, which was accompanied by proposals, the Council also undertook an overall re-examination of the Community's social and structural policy.

### **1. MEASURES ADOPTED BY THE COUNCIL ON 6 FEBRUARY 1979**

(a) *Regulation (EEC) No 269/79 establishing a common measure for forestry in certain Mediterranean zones of the Community*<sup>3</sup>

432. This regulation aims to improve the geophysical and growing conditions in the forestry sector, where these are unfavourable for agriculture, with particular regard to soil and water conservation.

<sup>1</sup> OJ L 334 of 28. 12. 1979.

<sup>2</sup> See 26th Review, paragraphs 485, 488, 498 and 499.

<sup>3</sup> OJ L 38 of 14. 2. 1979.

This common measure concerns afforestation projects, improvement of poor quality forests and other necessary additional measures.

Half the cost of carrying out these projects will be provided by the EAGGF, the minimum financial contribution from each State will be 40 % of the cost and that of the owner of the land in general at least 5 %.

The estimated cost of this common action to be borne by the EAGGF is 184 million u.a. for a period of five years.

(b) *Regulation (EEC) No 270/79 on the development of agricultural advisory services in Italy*<sup>1</sup>

433. The purpose of this regulation is to ensure that Italian farmers have constant access to information and guidance services in the agricultural sectors. It is based on the training and deployment of advisory officers.

The EAGGF will reimburse the Italian Republic for the cost of training and employing advisory officers. The grant for training will be a maximum of 6 million u.a. while the costs of employing the advisory officers will be reimbursed at the rate of 50 % for the Mezzogiorno and 40 % for the other regions.

The estimated total cost of this common measure to be borne by the Community is 66 million u.a. over a period of 12 years.

(c) *Directive on the programme for the acceleration and guidance of collective irrigation works in Corsica*<sup>1</sup>

434. This Directive aims to accelerate collective irrigation works and promote improved production methods, thus increasing agricultural revenue in Corsica by improving basic agricultural structures, in such a way that farms can be modernized.

The Community funds must be used under a programme put forward by France covering all the areas concerned which are to be irrigated. The expenditure incurred by France is then eligible for

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<sup>1</sup> OJ L 38 of 14. 2. 1979.

reimbursement by the EAGGF subject to an upper limit of 12 000 ha irrigated and a total sum of 24 million EUA.

The share of eligible expenditure to be borne by the EAGGF is fixed at 50 %. However, the eligible expenditure must not exceed 3 000 u.a. per hectare irrigated.

The estimated total cost of the common measure to be borne by the Community budget is 12 million EUA over a period of five years.

(d) *Directive concerning the flood protection programme in the Hérault Valley*<sup>1</sup>

435. This directive aims to improve the agricultural situation in the valley of l'Hérault by water-engineering works for flood control, and in particular with a view to creating the conditions required for converting vineyards to other crops, and to facilitate the implementation of development plans. The purpose of this common measure is to protect this valley from floods by constructing an impounding dam and embankments.

The Community funds must be used under a programme put forward by France, covering all the flood control measures in the regions concerned. Expenditure on constructing the impounding dam and embankments will then be eligible for reimbursement by the EAGGF up to a sum of 23 million EUA. The proportion of the EAGGF share is fixed at 35 %.

The total estimated cost of the common measure to be borne by the Community budget is 9 million EUA for a period of seven years.

(e) *Directive on a programme to promote drainage in catchment areas including land on both sides of the border between Ireland and Northern Ireland*<sup>2</sup>

436. This Directive aims to promote public arterial drainage works in certain regions on either side of the border between Ireland and Northern Ireland. The expenditure incurred by Ireland and the United Kingdom is eligible for reimbursement by the EAGGF up to a maximum of 15.1 million u.a.

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<sup>1</sup> OJ L 38 of 14. 2. 1979.

<sup>2</sup> OJ L 43 of 20. 2. 1979.



The share of eligible expenditure to be borne by the EAGGF is fixed at 50 %.

The estimated total cost of this common measure to be borne by the Community budget is 8 million EUA over a period of five years.

## **2. OTHER PROPOSALS UNDER STUDY**

437. At the beginning of 1979 a number of proposals were put forward to the Council which, in accordance with the desiderata of the European Council when it met on 12-13 March 1979, are aimed at giving fresh impetus to the common structural policy.

This package comprises amendments to the existing basic Directives<sup>1</sup> which replace those of 1977,<sup>2</sup> and new measures, some individual and some in integrated programmes concerning the regions.

In support of the new proposed measures the Commission mainly referred to the conclusions of the third report on the implementation of the 1972 Directives.

These are, firstly, that the main objective of the structural policy, which is to allow farm workers to attain an income comparable with wage-earners in the non-agricultural sector in their region, has been only partially attained. There were various reasons for this, mainly changes in the general social and economic situation and in particular reduced growth rates.

The Commission's proposed solution to this problem is based mainly on the following principles. The system established in 1972 must be made more flexible so that a greater number of farm workers may enjoy the benefits which it offers. It is also important to increase the Community's financial aid to the least-favoured regions where it has not been possible to implement the existing Community social and structural measures effectively because they imposed too heavy a burden on the national budgets. Furthermore, since even these improvements would not be sufficient to ensure full exploitation of the existing Directives in all the regions of the Community, the Commission

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<sup>1</sup> Directives 72/159/EEC, 72/160/EEC, 72/161/EEC and 75/268/EEC, OJ L 96 of 23. 4. 1972 and OJ L 128 of 19. 5. 1975.

<sup>2</sup> See 26th Review, paragraph 494.

considers that it is essential to supplement these with specific measures which will apply to the least-favoured regions.<sup>1</sup>

Secondly, experience has shown that more must be done to reconcile the objective of rationalizing structures with the essential requirement of balance in the markets by adapting the nature and scale of the aids to the economic situation in the various production sectors and, more generally, by modifying developments in Community agriculture so that these evolve more slowly.

Consequently the Commission proposed not to allow investment aids in the sectors concerning milk, pigmeat and crops under glass except, under certain conditions, for producers of milk or pigmeat whose income was particularly dependent on these production sectors and who could not increase production because of the structure of their holdings.

Throughout the year the Commission proposals were discussed in detail by the subordinate bodies of the Council, and on several occasions by the Council itself. While it was more or less unanimously recognized that the existing structural policy must be improved, no successful conclusion was reached because of the technical complexity of the matter and the political problems involved in adapting the common structural policy to the wide diversity of situations in the Member States.

### **3. OTHER DECISIONS**

438. In order not to prejudice the new guidelines which might emerge from the radical re-examination of the structural policy, at the end of 1979 the Council adopted the Commission's proposal allowing the

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<sup>1</sup> The Commission considers that in such cases there should be specific action programmes, and proposes such programmes for the development of beef cattle and sheep production in Italy, for the development of agriculture in the West of Ireland and for the development of sheep farming in Greenland. Further, the Commission points out that in certain regions agricultural development needs to be accompanied by regional investment programmes aimed at developing alternative non-agricultural activities, and in consequence proposes 'integrated development programmes' for the Western Isles of Scotland, for the Lozère Département in France and for the Belgian Province of Luxembourg. Finally, the Commission has proposed a special measure to improve facilities for pig slaughtering and pigmeat processing in France and in the United Kingdom.

Member States to continue to grant national aids until 31 December 1980, under Article 14 (2) of Directive 72/159/EEC, to farmers who are not in a position to submit a development plan and who are not yet eligible for the aid payable on cessation of farming provided for in Directive 72/160/EEC.<sup>1</sup>

In addition, without prejudice to the Opinion of Parliament, the Council delivered its agreement in principle, on a proposal from the Commission, to a specific Decision which concerned Italy alone. This provided for the extension to 31 December 1980 of the authorization to increase the interest subsidy which could be granted for investments under a development plan. This Decision takes account of the continuous rise in interest rates in Italy, which is a serious obstacle to implementation of the measures provided for in Directive 72/159/EEC.<sup>2</sup>

## **F – Financing of the common agricultural policy**

### **1. FINANCIAL REGULATIONS**

439. It became apparent in 1978, which was the year when the Council adopted the first series of new structural measures, and received a number of other proposals in this field,<sup>3</sup> that as from 1980 the annual amount set aside for the Guidance Section of the EAGGF, which had remained at 325 million units of account since 1973, would not be sufficient, even taking account of the remainder of the appropriations which had been kept back during previous budgetary years (and known as the Mansholt reserve), to cover the expenditure incurred under the common structural policy.

440. For this reason, on 8 May 1979 the Council adopted a Regulation amending Regulation (EEC) No 729/70 concerning the amount allotted to the Guidance Section of the EAGGF.<sup>4</sup> This Regulation provides that from 1980 onwards the total amount of financial assistance which may be charged to the Guidance Section of

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<sup>1</sup> Extension not yet published in the Official Journal of the European Communities.

<sup>2</sup> Decision not yet published in the Official Journal of the European Communities.

<sup>3</sup> See 26th Review, paragraphs 484–500.

<sup>4</sup> OJ L 117 of 12. 5. 1979.

the Fund should be fixed for five-year periods. The exact value of the appropriations to be entered in the budget is to be fixed annually through the budgetary procedure on the basis of the volume of expenditure to be financed for the common measures and special measures. For the period 1980–84 the total appropriations will be 3 600 million European units of account.

It should also be noted that it is possible under this Regulation to increase the five-yearly amounts, for common measures, and a number of financial guarantees connected with the transition to the new system and the transition from one five-year period to the next may also be increased.

On 24 May 1979<sup>1</sup> the council amended the Regulation of 2 August 1978<sup>2</sup> laying down general rules for financing of interventions by the Guarantee Section of the EAGGF, which has an annex listing the measures which comply with the concept of intervention intended to stabilize the agricultural markets. The amendment updated this annex to take account of measures complying with this concept which had been adopted or extended meanwhile.

## **2. MEASURES TO MITIGATE IRREGULARITIES**

441. Considerable progress was made in studying a proposal for a Regulation on mutual assistance among Member States and between Member States and the Commission which would guarantee that Community provisions in the spheres of tariff duties and agriculture were applied correctly. A decision on this matter is expected in the course of 1980.

## **3. FINANCIAL EFFECTS OF THE COMMON AGRICULTURAL POLICY**

### *(a) Pattern of expenditure by the Guarantee Section*

442. During the 1979 financial year the actual expenditure by the Guarantee Section of the EAGGF proved to exceed the appropriations allocated in the 1979 budget which was adopted by Parliament on 15 December 1978.<sup>3</sup> Consequently a supplementary budget No 3<sup>4</sup>

<sup>1</sup> Regulation (EEC) No 1030/79, OJ L 130 of 29. 5. 1979.

<sup>2</sup> Regulation (EEC) No 1883/79, OJ L 216 of 5. 8. 1978.

<sup>3</sup> OJ L 23 of 31. 1. 1979.

<sup>4</sup> Not yet published in the Official Journal.

was adopted which provided for a total of 802 million u.a. to cover additional expenditure on agriculture.

The reasons for this increase mainly concern two factors. The first was the Council's decision on prices on 22 June 1979, involving approximately 200 million u.a., most of which was allocated as an aid for butter consumption. The second concerned developments in the trading situation in certain agricultural markets, in particular milk products, beef, veal, fruit and vegetables, and also the fact that payments for the olive oil aids in Italy were speeded up.

In addition, a substantial economy of the order of 300 million EUA was achieved during the budget year in the cereals sector, mainly because of increased prices on the world market. As far as monetary compensatory amounts were concerned, the economies achieved (40 million EUA) turned out to be less than forecast because of increased exports in the beef and veal sector.

In conclusion, it should be noted that the pattern of expenditure on agriculture during the year was such that more than 73 % of the overall finance available under the 1979 budget went to the Guarantee Section of the EAGGF.

*(b) Pattern of expenditure by the Guidance Section*

443. The total appropriations in the 1979 budget for financing measures to improve agricultural structures amounted to 332 million EUA in payment appropriations. Out of this total a large proportion was allocated to common measures in the field of the reform of agricultural production structures (in particular the 'modernization' and 'mountain areas' projects). As regards common measures in individual sectors, the most important from the financial point of view is concerned with the non-marketing subsidies for milk and milk products and the conversion of herds of cattle to dairy cattle. The large number of individual measures adopted in 1978 and early 1979 under the Mediterranean package will probably not have much financial impact until the 1980 financial year. Lastly, it should be recorded that Regulation (EEC) No 2992/78<sup>1</sup> made it possible to continue in 1979 to finance the projects started under Regulation No 17/64/EEC.

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<sup>1</sup> OJ L 357 of 21. 12. 1978.

## **G – Harmonization of provisions laid down by law, regulation and administrative action**

### **1. VETERINARY AND HEALTH LEGISLATION**

444. During the period under review the Council, on a proposal from the Commission, and taking account of the opinions of Parliament and the Economic and Social Committee, supplemented and reinforced Community rules in the veterinary sphere, concentrating on measures to discontinue the derogations concerning brucellosis and tuberculosis applicable to Denmark, Ireland and the United Kingdom in intra-Community trade. In drawing up its decisions the Council endeavoured to reconcile two principles, namely the need to ensure free movement of products in the beef and veal sector without compromising sanitary regulations in certain Member States, and also, in a difficult trading period, not to involve Member States in expenditure by imposing over-strict rules on surveillance which sanitary conditions in those States no longer wholly or partly justified.

The Council therefore took action on the derogations regarding brucellosis<sup>1</sup> on 24 January 1979 by amending Directive 64/432/EEC on animal health problems affecting intra-Community trade in bovine animals and swine, thus making a start on regionalization to permit the Member States – in which geographical conditions had made adequate progress possible in controlling brucellosis – to relax routine surveillance and also, because of economies which had been made in these regions, to intensify anti-brucellosis measures in the other regions.

In addition, the Council approved the recognition for intra-Community trade of the buffered brucellosis antigen test, which has been used hitherto in Denmark, Ireland and the United Kingdom. By recognizing this test the Council created a basis on which an end could be put to the derogations enjoyed hitherto by these three countries so that they could declare their herds officially free from brucellosis even though, in the short term, it proved necessary to extend the period of validity of these derogations to 30 June 1979,<sup>2</sup> and subsequently to 31 December 1979.<sup>3</sup>

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<sup>1</sup> Directive 79/109/EEC, OJ L 29 of 3. 2. 1979.

<sup>2</sup> Directive 79/111/EEC, OJ L 29 of 3. 2. 1979.

<sup>3</sup> Directive 79/580/EEC, OJ L 158 of 26. 6. 1979.

445. On 10-11 December 1979, as part of an overall agreement on seven directives the Council accepted the principle of instituting Community measures against swine fever, which were to be supplemented a little later by accelerated eradication programmes. It was planned in principle that the Community would finance these programmes.

In this way the Council indicated its intentions regarding further moves over the succeeding months so that within a short time Community rules on the control of conventional swine fever could be drawn up.

Pending this decision, the Council was obliged to extend once again the derogations enjoyed by Denmark, Ireland and the United Kingdom as a precaution against the outbreak of this disease on their territories.

With regard to tuberculosis and brucellosis, the Council included tuberculosis in the principle of regionalization which it had already adopted for brucellosis, it recognized the equivalence for intra-Community trade of the intradermal tuberculin comparative test, and lastly it exempted male bovine animals castrated before the age of four months from the brucellosis test.

These amendments to Directive 64/432/EEC will mean that the exemptions which Denmark, Ireland and the United Kingdom enjoy in this sphere will no longer be granted.

446. In addition, the Council pursued its aim of ridding the Community of brucellosis and tuberculosis by granting a financial aid to certain third countries adjacent to the Community, with the intention of creating buffer zones at the Community borders. Accordingly, on 24 May 1979 it decided:

- (i) to grant the Republic of Malta<sup>1</sup> an aid of 5 million EUA over a period of three years for projects to eliminate African swine fever and in particular to slaughter all the remaining pigs on the island and to destroy the resulting meat;
- (ii) to contribute a financial aid of 10 million EUA, payable over a five-year period, to support Spain's<sup>2</sup> measures against this

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<sup>1</sup> Decision 79/510/EEC, OJ L 133 of 31. 5. 1979.

<sup>2</sup> Decision 79/509/EEC, OJ L 133 of 31. 5. 1979.

disease, particularly in the regions near the Pyrenean border. The Community also intended this action to reflect its determination to accelerate the eradication of a disease which, in the event of Spain's accession to the Community, would force the Community to maintain trade barriers, exceptionally, between Spain and the Community;

- (iii) to make a further contribution of 700 000 EUA to the campaign undertaken under the aegis of the FAO in the countries in South-East Europe<sup>1</sup> against exotic strains of foot-and-mouth virus.

447. Among the other measures adopted by the Council, the following decisions should be mentioned:

- (i) on 24 January 1979 the Council authorized the Italian Republic to postpone for one year – in view of the administrative difficulties encountered by Italy – the notification and implementation of its national plans for the accelerated eradication of brucellosis and tuberculosis in cattle;<sup>2</sup>
- (ii) with regard to meat products, it appeared on 1 July 1979, when Directive 77/99/EEC on health problems affecting intra-Community trade in meat products (human health), that certain technical amendments ought to be made to this Directive and also to Directive 72/461/EEC on veterinary inspection problems (animal health) of meat products.

On 11 December 1979 the Council agreed in principle to these amendments, which will supplement the rules governing intra-Community trade in meat products, which is continuing to grow in value because of new eating habits;

- (iii) lastly, on 10-11 December 1979, in accepting the principle of an amendment to Directive 71/118/EEC on health problems affecting trade in fresh poultry meat, the Council sought to take account of the specific problems raised by the production of *foie gras* and safeguards for small producers.

Lastly, on 13 December 1979, a proposal was forwarded to the Council consolidating Directive 72/462/EEC on health and veterinary inspection problems upon importation of bovine animals and swine and

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<sup>1</sup> Decision 79/511/EEC, OJ L 133 of 31. 5. 1979.

<sup>2</sup> Directive 79/110/EEC, OJ L 29 of 3. 2. 1979.



fresh meat from third countries. Parliament was consulted on this proposal.

## **2. ANIMAL HUSBANDRY**

448. On 5 March 1979 the Council amended<sup>1</sup> Directive 77/504/EEC on purebred breeding animals of the bovine species, to enable the requirements regarding importations from foreign countries and in intra-Community trade to be implemented simultaneously.

## **3. LEGISLATION ON FOODSTUFFS**

449. Before recording the work carried out in the foodstuffs sector, it should be noted that during the period under review the Commission, in its letter of 23 March 1979, withdrew six previous proposals for directives on individual products which had been overtaken by events, particularly since the enlargement of the Community. The products concerned were broths and soups, macaroni/spaghetti etc., dietetic low-salt margarines, non-alcoholic drinks, and yeasts.

The Commission decided to resume its examination of these matters, on a fresh basis where necessary and in a different order of priority, and to make any suitable new proposals.

More specifically, the Commission announced its intention of forwarding to the Council in a short time proposals for regulations on two important sectors, namely deep-frozen products and flavourings, as well as a series of adjustments of existing rules to the new rules adopted by the Community on labelling.

### *(a) General provisions*

#### Adjustments to existing rules

450. The Council had no opportunity to take decisions on this matter, but it received two proposals to adjust the existing rules on additives. These proposals, which were to be examined at an early date on the basis of the opinions of Parliament and the Economic and Social Committee, which had been requested, were as follows:

- (i) the proposal forwarded on 18 April 1979 concerns a second amendment to Directive 74/329/EEC on emulsifiers, stabilizers, thickeners and gelling agents;

<sup>1</sup> Directive 79/268/EEC, OJ L 62 of 13. 3. 1979.

(ii) the proposal forwarded on 30 July 1979 concerns a seventh amendment to the Directive of 23 October 1962 on colouring matters.

(b) *Specific or individual provisions*

(i) New Directives

451. On 24 July 1979 the Council adopted a Directive on fruit jams, jellies and marmalades and chestnut purée, which constitutes a further addition to Community rules on foodstuffs<sup>1</sup>.

As in the case of previous directives i.e. on sugar, cocoa and chocolate, honey, dietetic foodstuffs, coffee extracts, etc, this Directive comprises the various Community provisions which will govern trade in jams by fixing the rules concerning the definition and composition of these foodstuffs, reserved designations, authorized additives and manufacturing processes, and also compulsory and optional information to be given on the label. However, there are a number of exceptions and derogations which are necessary to take account at this stage of national differences and to achieve fuller harmonization by stages over a period. Initially, therefore, Member States are left free to decide whether or not to include new products with a low sugar content under the designations of fruit jams, jellies or marmalades, whereas, after study, Community arrangements for these products will be introduced by a later decision which is to be adopted not more than five years after communication of the Directive, i.e. August 1984.

In order to simplify and accelerate the procedure, this Directive also empowers the Commission to adopt implementing measures of a technical nature, following the procedure of the Standing Committee for Foodstuffs. It will finally enter into force not later than three years after communication, i.e. in August 1982.

452. In addition, the Council's subordinate bodies have continued or begun their examination of the following matters:

- The proposal on natural mineral water, by seeking a compromise solution to the last remaining differences concerning whether or otherwise reference may be made to health-giving properties when these products are marketed.

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<sup>1</sup> OJ L 205 of 13. 8. 1979.

- The proposal for a specific Directive on an overall limit for the migration of substances contained in plastic materials and articles in contact with foodstuffs. Difficulties arose in laying down a single limit for migration which would be valid for health protection, whatever the nature of the plastic or the foodstuff with which it was in contact.
- A proposal to harmonize legislation in the Member States on caseins and caseinates which are used in preparing foodstuffs.

(ii) Adjustments to existing rules

453. On 5 January 1979 the Council adopted an initial amendment to Directive 75/726/EEC<sup>1</sup> of 27 November 1975 on fruit juices and similar products.<sup>2</sup> This authorizes the use of up to 3 g/l of citric acid in grape juice and apple juice, and it also adjusts the criteria regarding the minimum acidity and fruit content of fruit nectars. These amendments apply with effect from 1 July 1980. In addition, the Member States may postpone by one year (on 19 November 1979), the final date for implementing the Directive of 17 November 1975 on fruit juices.

454. In addition, on 30 April 1979 a proposal was addressed to the Council amending for the seventh time Directive 73/241/EEC on cocoa and chocolate products. Its main effect would be to authorize throughout the Community the use of ammonium phosphatides, (E 442) while the other emulsifiers which were provisionally authorized would be prohibited.

#### 4. LEGISLATION ON ANIMAL FEEDINGSTUFFS

455. On 2 April 1979 the Council adopted its Directive on the marketing of compound feedingstuffs.<sup>3</sup> With the adoption of this Directive, which follows that of 23 November 1976 on straight feedingstuffs, all animal feedingstuffs marketed in the Community are now covered by regulations. The main provisions of this Directive are that compound feedingstuffs should have a favourable effect on livestock production, should be wholesome, unadulterated and of merchantable quality, and not represent a danger to either animal or human health. It lays down rules for packaging these products and also

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<sup>1</sup> OJ L 311 of 1. 12. 1975.

<sup>2</sup> OJ L 37 of 13. 2. 1979.

<sup>3</sup> OJ L 86 of 6. 4. 1979.

rules for labelling aimed at providing breeders who use them with all the information which they require, e.g. name, species of animal for which the feedingstuff is intended, directions for use and, most important, the guaranteed content in analytical constituents which are essential for breeding.

These general rules include derogations allowing manufacturers to give supplementary guarantees and also allowing Member States to maintain certain additional requirements pending fuller harmonization. A number of implementing measures will be adopted in accordance with the procedure of the Standing Committee for Feedingstuffs. This Directive will enter into force on 1 January 1981.

456. In addition, on 2 April 1979, the Council adopted an amendment to Directive 77/101/EEC on straight feedingstuffs<sup>1</sup> which amplifies certain particulars regarding packaging and labelling, and which also advances the date for the entry into force of this Directive to 1 January 1981, so that all the legal acts in this sphere may come into force in the Member States on the same date. In addition to these measures work has continued on examining the following:

- (i) A proposal for an amendment to the Directive on additives. This is mainly concerned with adapting the basic Directive to recent developments by stipulating a number of definitions (particularly pre mixes) and certain rules on labelling (to provide the purchaser with better information), and also to harmonize the procedures regarding the approval and use of additives. On examination difficulties have appeared, particularly with regard to the latter aspect.
- (ii) A proposal for a Directive on certain products used for feeding animals (bioproteins). The procedures for approving these substances have also given rise to difficulties.

## **5. LEGISLATION ON PLANT HEALTH**

457. Since no decision has been made in this sector, work has continued on examining the proposal for a Directive on the marketing of EEC type-approved plant protection products (pesticides). On examination a number of problems arose, mainly concerning the

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<sup>1</sup> OJ L 86 of 6. 4. 1979.

procedure for putting the EEC type-approved products on the market. With regard to the control of organisms which are harmful to plants, the Council continued to examine the following:

- (i) Two proposals for amendments to the basic Directive on protective measures against the introduction into the Member States of organisms which are harmful to plants. The main purpose of these is to adapt and supplement a number of technical measures concerned with diseases which attack oak trees, fruit trees, etc.;
- (ii) A proposal for a Directive on the control of bacterial ring rot of potatoes. The aim of this proposal is to harmonize in the Member States the measures which must be taken, but which can only be taken in the Member States, to control this serious disease in potatoes, while creating a minimum of obstacles to free movement of these goods.

## **6. LEGISLATION ON SEEDS AND SEEDLINGS**

458. Community legislation in this sphere has been in existence for several years, but adjustments and additions still appear necessary in the light of experience gained. Thus the Council adopted amending directives and new decisions on equivalence this year.

Directive 79/692/EEC of 24 July 1979<sup>1</sup> and 79/967/EEC of 12 November 1979<sup>2</sup> made technical adjustments to the legislation on the marketing of fodder plant seed, cereal seed and seed potatoes. They are also intended to improve the functioning of the system of the common catalogues of varieties of agricultural plant species and vegetable species, and furthermore they extend the period of validity for declarations of equivalence at national level for vegetable seeds, and for the common catalogue of varieties of agricultural plant species.

Lastly, on 20 December 1979<sup>3</sup> the Council adopted a Directive extending for the current marketing year (1 July 1979 to 31 March 1980), under certain plant health conditions, the period of validity for the declarations of equivalence adopted previously by a number of Member States in connection with trade in potatoes. In this connection the Council also noted that the Commission had withdrawn its proposal

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<sup>1</sup> OJ L 205 of 13. 8. 1979.

<sup>2</sup> OJ L 293 of 20. 11. 1979.

<sup>3</sup> Not yet published in the Official Journal.

for a Council Decision on the equivalence of seed potatoes produced in certain third countries, which it had addressed to the Council on 24 March 1977.<sup>1</sup>

Decision 79/508/EEC of 25 May 1979<sup>2</sup>, 79/578/EEC and 79/579/EEC of 19 June 1979<sup>3</sup> bring further species and further countries within the scope of the provisions of existing Council Decisions on the equivalence of checks on practices for the maintenance of varieties carried out in non-member countries, the equivalence of field inspections carried out in third countries on seed-producing crops and the equivalence of seed produced in third countries.

## **7. COORDINATION OF MEMBER STATES CONCERNING INTERNATIONAL PROJECTS**

### *Codex alimentarius*

459. During the year under review several Codex standards (under the joint FAO/WHO programme) reached more advanced draft stages and in some cases the stage of being approved. To some extent these standards correspond with work on harmonization which is in hand or has already been completed in the Community.

The necessary work on coordinating the position of the Member States and the representatives of the Commission was therefore actively pursued during 1979 within the Council at the meetings of the various committees, and in particular at the 13th meeting of the Codex Alimentarius Commission, which was held in Rome on 3-14 December.

Broadly speaking, a common position was achieved through this work.

## **H – Fisheries policy (internal aspects)**

460. The various attempts which the Council made during 1979 (in particular at its meetings of 25 June and 3 December 1979) to reach

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<sup>1</sup> See 25th Review, paragraph 500.

<sup>2</sup> OJ L 133 of 31. 5. 1979.

<sup>3</sup> OJ L 158 of 26. 6. 1979.

even a partial compromise on the establishment of a Community system for conserving and managing fisheries resources<sup>1</sup> were again unsuccessful.

The Council therefore confined itself to extending from time to time its interim decision of 19 December 1978 under which Member States carry out their fishing activities in such a way that when catches are made by their ships during the interim period account is taken of the figures for total allowable catches (TAC) supplied by the Commission to the Council and of the proportion of the TAC allocated to third countries under agreements and arrangements which the Community has concluded with them. In accordance with the same decision, the Member States apply the same technical measures for conserving and monitoring fisheries resources as they were applying on 3 November 1976, as well as other measures taken in accordance with the procedures and criteria of Annex VI of the Council Resolution of 3 November 1976<sup>2</sup>.

In the absence of any alternative solution this interim arrangement finally governed Community fishing activities throughout 1979.

In view of this situation there were hardly any grounds for hoping that with effect from 1 January 1980 the Council would be able to implement the full system of administration and conservation of fisheries resources. Nevertheless, it was clear that the Community had to seek a solution whereby a more restrictive system than the 1979 one could be implemented in 1980, in order to protect the resources more effectively and to ensure that commitments in respect of a number of third countries were honoured, particularly with regard to mixed stocks.

The Commission therefore suggested to the Council that it should first decide on the total allowable catches (TAC) for 1980 and at the same time introduce a system of recording and transmitting information on catches made by vessels belonging to the Member States.

It will be noted that this was the first time that a communication from the Commission on TACs had been accompanied by various

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<sup>1</sup> See 25th Review, paragraph 503, and 26th Review, paragraph 536.

<sup>2</sup> Cf. Decisions of 8 April, 25 June and 29 October 1979; OJ L 93 of 12. 4. 1979, L 161 of 29. 6. 1979 and L 277 of 6. 11. 1979.

opinions and studies intended to provide a background to the Council's decision. These were the first reports on the state of fisheries resources and the protective measures required, by the Scientific and Technical Committee for Fisheries set up by the Commission<sup>1</sup> and also a report from the Working Party on Resources attached to the Advisory Committee on Fishery Products which gives the opinion of those engaged in the fishing industry on the recommendations of the scientists.

At its meeting on 3 December 1979 the Council held a detailed discussion on all these texts, with particular reference to the question of whether and to what extent adjustments should be made to the TAC levels recommended by the scientists and taken up by the Commission in its communication of 21 November 1979, in the light of the social and economic constraints which were affecting the fisheries sector during the current shortages. However, this discussion remained inconclusive because of the divergent attitudes of the delegation and the absence of formal proposals from the Commission on TAC levels for 1980.

While awaiting these proposals, which the Commission intends to forward after a further examination of the pertinent scientific, economic and social factors, it was decided to extend once again the interim conservation measures which were applied in 1979.

By this Decision<sup>2</sup> the Council nevertheless undertook to adopt the 1980 TACs as well as a Community system of recording and notifying catches as they relate to the TACs, by 31 January 1980, on the understanding that as from 1 January the Member States would conduct their fishing activities in such a way as to take into account the TACs given in the Commission's communication to the Council of 21 November 1979, and that they would record and notify their catches.

The Council also reaffirmed its determination to reach an overall agreement as soon as possible, at the latest before the interim decision expired on 31 March 1980, on Community measures for the management and conservation of fisheries resources.

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<sup>1</sup> Decision 79/572/EEC of 8. 6. 1979, OJ L 156 of 23. 6. 1979.

<sup>2</sup> Decision 79/1033/EEC of 3. 12. 1979, OJ L 312 of 3. 12. 1979.



Lastly it will be recalled that by its decision of 26 March 1979<sup>1</sup> the Council recognized the continuing need to restructure the inshore fishing sector and that consequently it agreed to extend for 1979 the interim common measure applicable in 1978<sup>2</sup> to this sector. Under this arrangement the Guidance Section of the EAGGF provides an overall total of 15 million EUA towards the financing of investment projects connected with the construction or purchase of fishing vessels or the construction and modernization of aquaculture establishments. The maximum contribution to each project is 25 %, except in certain coastal regions where the maximum may be as high as 50 %. The Council also agreed to include the French Overseas Departments in the list of regions (Greenland, Ireland, the Mezzogiorno and Northern Ireland) which are eligible for Community aid of more than 25 %.

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<sup>1</sup> Regulation (EEC) No 592/79 amending Regulation (EEC) No 1852/78; OJ L 78 of 30. 3. 1979.

<sup>2</sup> See 26th Review, paragraph 540.



## CHAPTER VI

### **Administrative matters – Miscellaneous**

#### **A – Budgetary matters**

##### **1. 1979 BUDGET**

461. It should be mentioned that the Council and Parliament, having taken note of the final adoption of the 1979 budget by the President of the Parliament on 14 December 1978, were unable to reach agreement on modifying the maximum rate of increase for expenditure not necessarily resulting from the Treaty, in accordance with Article 203 (9), fifth subparagraph.<sup>1</sup>

At its meetings of 15 January and 6 February 1979, the Council examined the various problems which existed on budgetary matters.

The Commission presented the preliminary draft of supplementary and amending budget No 1 for 1979 on 21 February 1979. It pointed out in the explanatory memorandum the reasons which had led it to present this preliminary draft:

- (i) to set up the budgetary framework for the implementation of measures aimed at reducing economic disparities within the Community in the context of the European Monetary System;
- (ii) to bring together the resources envisaged by the European Council to reduce economic disparities within the Community and the appropriations for regional policy and to set one against the other; in this way to reduce appropriations to the Regional Fund;

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<sup>1</sup> See 26th Review, paragraph 549.

(iii) given the circumstances in which the budgetary procedure was terminated in December 1978, to reinstate a certain number of amendments which were not adopted by Parliament; to propose once again the setting-up of an overall operational reserve.

The Commission stressed the fact that, in its opinion, this draft amending and supplementary budget was in line with the need which was generally felt for an early political agreement between the two parts of the Budgetary Authority. At its meeting on 22 March 1979, the Council adopted decisions based on the abovementioned Commission document.

These decisions are aimed, on the one hand, at creating budgetary guidelines to take account of the appropriations arising out of the measures for reducing the economic disparities within the Community in the framework of the European Monetary System, which took effect on 13 March 1979, and, on the other hand, at adapting the appropriations of the Regional Fund for 1979.

By way of taking action on these considerations, on 22 March 1979 the Council also adopted a decision on a proposal to set the new rate to be applied for 1979 to all expenditure other than that necessarily resulting from the Treaties or from Acts adopted pursuant to them, with a view to initiating with Parliament the procedure provided for in Article 203 (9), last subparagraph, of the EEC Treaty.

These Council decisions were addressed to the Parliament by letter dated 29 March 1979.

At its sitting of 25 April 1979, the Parliament approved these Council decisions and the President of the Assembly as a result finally adopted the first amending and supplementary budget No 1 of the European Communities for the financial year 1979.

This amending and supplementary budget was published in the Official Journal of the European Communities.<sup>1</sup>

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<sup>1</sup> OJ L 124 of 21. 5. 1979.

## **2. SUPPLEMENTARY BUDGET NO 2 OF THE EUROPEAN COMMUNITIES FOR THE FINANCIAL YEAR 1979**

462. In a letter dated 30 March 1979, the Commission addressed to the Council the first supplementary estimate for 1979, which had been adopted by Parliament during its part-session of 12-16 March 1979.

During its 578th meeting held on 8 May 1979 in Brussels, the Council agreed not to decide at this juncture on the supplementary estimate of the Parliament for the financial year 1979.

This was because the Council considered that this estimate should be examined when the elected Parliament was sitting in July, in particular owing to the large number of new posts included in this estimate.

The Council took note of the fact that in the resolution adopted by Parliament in March 1979 on this supplementary estimate, it had been acknowledged that it would be the task of the elected Parliament to 'determine the extent of a certain number of changes to the structure of Parliament's secretariat which will probably prove necessary after the elections.'

In a letter dated 10 May 1979, the Commission sent to the Council a new supplementary estimate adopted by Parliament on the same day as a draft supplementary budget for 1979.

At its meeting of 11 May 1979, the Council established the draft supplementary budget for 1979 on the basis of this new supplementary estimate of revenue and expenditure of the European Parliament for 1979.

Further to its discussions on this matter, the Council also adopted a new Decision concerning a proposal for the fixing of a new rate for 1979 applicable to all expenditure other than that necessarily resulting from the Treaties or acts adopted pursuant thereto, with a view to embarking with the European Parliament on the procedure provided for in the last subparagraph of Article 203 (9) of the Treaty establishing the European Economic Community.

This draft supplementary budget was addressed to Parliament by letter dated 11 May 1979.

At its sitting of 11 May 1979, Parliament approved this supplementary budget and the President of the European Parliament took note of the fact that supplementary budget No 2 of the European Communities for the financial year 1979 had been finally adopted.

This supplementary budget was published in the Official Journal of the European Communities.<sup>1</sup>

### **3. AMENDING AND SUPPLEMENTARY BUDGET NO 3 OF THE EUROPEAN COMMUNITIES FOR THE FINANCIAL YEAR 1979**

463. The Commission forwarded to the Council on 16 October 1979 the draft supplementary and amending budget No 3 to the general budget of the European Communities for the financial year 1979, in order to:

- (i) adjust the 1979 appropriations for the EAGGF, Guarantee Section, in the light of developments in the agricultural market situation and to a lesser extent, of the agricultural decisions taken by the Council on 22 June 1979;
- (ii) adjust the 1979 appropriations entered in Chapter 40 to the latest estimates of the level of own resources, as provided for in Article 16 of Council Financial Regulation No 2891/77;
- (iii) create a new budget heading within the EAGGF, Guidance Section, to enable the Community to participate in emergency reconstruction of the agricultural areas in the French Overseas Departments devastated by hurricanes in 1979.

On 29 October 1979 the Council established a draft supplementary and amending budget to the general budget of the European Communities for the financial year 1979 on the basis of this preliminary draft budget.

Expenditure in this draft supplementary and amending budget compared with the 1979 budget has increased by 731 280 000 EUA.

This draft budget was forwarded to Parliament on 31 October 1979.

At its sitting of 11 December 1979, Parliament adopted some amendments and proposed a modification of this draft budget.

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<sup>1</sup> OJ L 157 of 25. 6. 1979.

At its meeting of 12 December 1979, the Council acted upon Parliament's modification proposals and informed the latter, in a letter dated 13 December 1979, of its response to them.

During its sitting of 13 December 1979, Parliament adopted a resolution concerning the Council discussions and approved the modified draft supplementary and amending budget. The President of the European Parliament took note that, since the procedure provided for under Articles 203 of the EEC Treaty, 78 of the ECSC Treaty and 177 of the EAEC Treaty had been completed, the supplementary and amending budget No 3 for the financial year 1979 was finally adopted. He informed the Council of this in a letter dated 19 December 1979.

Supplementary and amending budget No 3 for the financial year 1979 will be published in the Official Journal of the European Communities.

#### **4. BUDGET OF THE EUROPEAN COMMUNITIES FOR 1980**

##### *Establishment of the draft general budget of the European Communities for 1980*

464. In a letter dated 14 June 1979, the Commission forwarded to the Council the preliminary draft of the general budget of the European Communities for the financial year 1980.

The Commission sent a first letter of amendment to this preliminary draft to the Council on 6 July 1979, in which it took into account decisions on agricultural matters taken by the Council during its meeting of 18 to 22 June 1979.

Before embarking on its discussions of the preliminary draft budget and the letter of amendment to this, the Council met a delegation from Parliament on 11 September 1979.

This meeting enabled the Parliament delegation to inform the Council of Parliament's initial response to the preliminary draft budget for 1980 and to the first letter of amendment to this. The same meeting also gave the members of the Parliament delegation and the Council a chance to express their points of view on other budgetary matters, such as the problem of own resources, the application of the conciliation procedure, as well as the timetable to be followed for the rest of the budgetary procedure.

Having noted the views of Parliament, the Council established the draft general budget for the European Communities for 1980 on 11 September 1979, after consulting the Commission, the Court of Justice and the Court of Auditors.

The payment appropriations in the draft general budget of the European Communities for the financial year 1980, established at the first reading by the Council, total 14 907 429 241 EUA. They comprise:

- (i) Commission expenditure broken down as follows:
  - (a) Intervention appropriations covering expenditure in the agricultural/fisheries, social, regional, research-energy-industry-transport, and development cooperation sectors.
  - (b) Operating appropriations covering expenditure relating to staff, operational costs, information, aid and subsidies.
  - (c) Other expenditure comprising the contingency reserve and the lump sum repayment to Member States of costs incurred in collecting the Community's own resources.
- (ii) expenditure by other institutions.

The draft general budget together with an explanatory memorandum was passed to Parliament on 4 October 1979.

465. On 24 September 1979, the Commission addressed to the Council letter of amendment No 2 to the preliminary draft of the general budget of the European Communities for 1980.

This letter takes account of significant developments in agricultural markets, and of certain adjustments to the regulations which had taken place between July and the beginning of December 1979.

The letter of amendment to the draft budget was adopted by the Council on 16 October 1979.

It provided for a net overall increase of 417.3 million EUA in payment appropriations compared with the draft budget.

The letter of amendment to the draft general budget of the European Communities for the financial year 1980 was forwarded to Parliament on 19 October 1979.



The payment appropriations in the draft general budget of the European Communities established by the Council for the financial year 1980, totalled, after establishment of the letter of amendment, 15 324 789 241 EUA.

**Expenditure estimates in the draft budget for 1979**

	1979 budget <sup>1</sup>				Council Draft
	Commitment appropriations	%	Payment appropriations	%	Commitment appropriations
	1		2		3
<b>I. Commission</b>					
<i>Intervention appropriations</i>					
Agriculture/ fisheries sector	10 927 139 000	70.83	10 765 129 000	74.51	11 702 532 000
Social	794 062 000	5.15	551 877 000	3.82	848 865 000
Regional	1 145 000 000	7.42	699 000 000	4.84	1 050 000 000
Research, energy industry and transport	259 273 375	1.68	288 048 330	1.99	417 597 000
Development cooperation	647 435 900	4.20	497 535 900	3.44	637 846 600
Miscellaneous token entry			token entry		token entry
	13 772 910 275	89.27	12 801 590 230	88.61	14 656 840 600
<i>Operating appropriations</i>					
Staff	409 563 400	2.65	409 563 400	2.83	421 404 000
Operating expenditure	118 955 540	0.77	118 955 540	0.82	140 555 600
Information	9 960 500	0.06	9 960 500	0.07	10 152 500
Aid and subsidies	46 128 000	0.30	46 128 000	0.32	51 160 900
	584 607 440	3.79	584 607 440	4.05	623 273 000
<i>Contingency reserve</i>					
Chapter 100	20 000 000 <sup>(3)</sup>	0.13	10 000 000 <sup>(3)</sup>	0.07	—
Chapter 101	5 000 000	0.03	5 000 000	0.03	5 000 000
Chapter 102	token entry	—	token entry	—	token entry
Chapter 103	—	—	—	—	—
	25 000 000	0.16	15 000 000	0.10	5 000 000
<i>Reimbursement to Member States</i>	766 503 000	4.97	766 503 000	5.31	802 363 000
Commission total	15 149 020 715	98.20	14 167 700 670	98.07	16 087 476 600
<b>II. Other institutions</b>	279 293 200	1.81	279 293 200	1.93	311 160 641
Grand total	15 428 313 915	100.—	14 446 993 870	100.—	16 398 637 241

<sup>1</sup> Taking account of amending and supplementary budgets Nos 1, 2 and 3.

<sup>2</sup> Taking account of the letter of amendment.

<sup>3</sup> Appropriations relating to 'Food aid' and 'Sugar ACP-India' refunds are to be found under headings 6 and 7.

mpared with appropriations in the 1979 budget

(in EUA)

- First Reading <sup>2</sup>			Variation			
%	Payment appropriations	%	Amount Col. 3/Col. 1	%	Amount Col. 4/Col. 2	%
	4		5		6	
71.36	11 585 275 000	75.60	+ 775 393 000	+ 7.10	+ 820 146 000	+ 7.62
5.18	377 815 000	2.47	+ 54 803 000	+ 6.90	- 174 062 000	- 31.54
6.40	727 500 000	4.75	- 95 000 000	- 8.30	+ 28 500 000	+ 4.08
2.55	368 156 000	2.40	+ 158 323 625	+ 61.06	+ 80 107 670	+ 27.81
3.39	524 246 600	3.42	- 9 589 300	- 1.48	- 26 710 700	- 5.37
—	token entry	—	—	—	—	—
89.38	13 582 992 000	88.63	+ 883 930 325	+ 6.47	+ 781 402 370	+ 6.10
2.57	421 404 000	2.75	+ 11 840 600	+ 2.89	+ 11 840 600	+ 2.89
0.86	140 555 600	0.92	+ 21 600 060	+ 18.16	+ 21 600 060	+ 18.16
0.06	10 152 500	0.07	+ 192 000	+ 1.93	+ 192 000	+ 1.93
0.31	51 160 900	0.33	+ 5 032 900	+ 10.91	+ 5 032 900	+ 10.91
3.80	623 273 000	4.07	+ 38 665 560	+ 6.61	+ 38 665 560	+ 6.61
—	—	—	- 20 000 000	—	- 10 000 000	—
0.03	5 000 000	0.03	—	—	—	—
—	token entry	—	token entry	—	token entry	—
—	—	—	—	—	—	—
0.03	5 000 000	0.03	- 20 000 000	- 80.—	- 10 000 000	- 66.67
4.89	802 363 000	5.74	+ 35 860 000	+ 4.65	+ 35 860 000	+ 4.68
98.10	15 013 628 600	97.97	+ 938 455 885	+ 6.19	+ 845 927 930	+ 5.97
1.90	311 160 641	2.03	+ 31 867 441	+ 11.41	+ 31 867 441	+ 11.41
100.—	13 324 789 241	100.—	+ 970 323 326	+ 6.29	+ 877 795 371	+ 6.08

Estimated operating appropriations are broken down among the Institutions as follows:

Institutions and bodies	1979 budget <sup>1</sup> (EUA)	Draft 1980 budget (EUA)
<i>European Parliament</i>	144 190 700	167 880 232
<i>Council</i> (own expenditure)	86 208 300	88 647 849
Economic and Social Committee	16 599 400	19 965 800
<i>Commission</i>	584 607 440	623 273 000
<i>Court of Justice</i>	19 576 220	21 627 470
<i>Court of Auditors</i>	12 718 580	13 039 290
Total	863 900 640	934 433 641

<sup>1</sup> Talking account of the amending and supplementary budgets.

Staff authorized for each of the Institutions under the draft budget for the financial year 1980 are as follows:

	Permanent posts	Temporary posts
<i>Parliament</i>	2 169	160
<i>Council</i>	1 593	6
Economic and Social Committee	334	5
<i>Commission</i>		
— Operating budget	8 435	450
— Research and investment	2 574	150
— Publications Office	245	20
<i>Court of Justice</i>	348	2
<i>Court of Auditors</i>	213	24

466. At its budget session of 5 to 7 November, Parliament adopted amendments and proposed modifications to the draft general budget of the European Communities for the financial year 1980. By letter dated 14 November 1979, Parliament addressed to the Council the draft general budget for the financial year 1980 thus amended, together with the proposed modifications.

467. At its meeting of 23 November 1979, the Council decided on the draft budget forwarded by Parliament.

Before doing so, the Council held an exchange of views with a delegation from Parliament. This mainly concerned the policy guidelines and priorities laid down by Parliament during this year's debate on the budget.

The Council then decided on each of the amendments and on each of the proposed modifications put forward by Parliament.

Concerning expenditure not necessarily resulting from the Treaties, the Council accepted increases in commitment appropriations of 255 240 820 EUA, in particular for the Regional Fund (165 million EUA), the Social Fund (50 million EUA), energy (5.2 million EUA), research and investment (3,545 million EUA) and development aid (21.25 million EUA). The Council has thus, for its part, adhered to the maximum rate established by the Commission for expenditure not necessarily resulting from the Treaties in 1980.

As regards expenditure arising out of the Treaty, the Council was unable to accept Parliament's proposals.

Parliament was informed of the outcome of the Council's discussions on this matter in a letter dated 29 November 1979.

468. On 10 December 1979, the Council adopted a declaration in which it stated in particular that, bearing in mind the proposed modifications put forward by Parliament, the Council would urgently look into the Commission's proposals relating to the readjustment of the common agricultural policy to improve the balance of the market and rationalize expenditure with the aim of reaching suitable decisions before the beginning of the marketing years in question.

469. On 12 December 1979 in Strasbourg, the Council had several meetings with a delegation from Parliament. The Council agreed to address to the Parliament delegation three texts of declarations relating to trends in agricultural expenditure and to budgeting for the EDF and for borrowing and lending transactions. In addition, the Council stated its willingness to increase commitment appropriations for expenditure not necessarily resulting from the Treaties by 200 million EUA.

470. Parliament did not accept the Council's compromise proposals; it rejected the draft budget for 1980 on 13 December 1979 and requested the Commission to present a new preliminary draft budget to act as a basis for the new draft budget which the Council would have to present in accordance with Article 203 (8) of the EEC Treaty.

## 5. OTHER BUDGETARY MATTERS

### (a) *Transfer of appropriations from one chapter to another within the budgetary estimates of the Institutions for 1979*

471. The Council approved various requests for appropriations transferred from one chapter to another relating to expenditure arising out of the Treaty, as made by the Commission (second paragraph of Article 21 (2) of the Financial Regulation).

It was consulted by Parliament on several other requests for transfers relating to non-compulsory expenditure (third paragraph of Article 21 (2) of the Financial Regulation).

### (b) *Carry-over of appropriations from the financial year 1978 to the financial year 1979*

472. At its meeting of 25 June 1979, the Council decided not to take a contrary decision with regard to the list of appropriations which the Commission had asked to be carried over from the financial year 1978 to the financial year 1979.

At its meeting of 25 June 1979, the Council took note of the list of appropriations automatically carried forward from 1978 to 1979, sent for information by the Commission on 30 May 1979.

### (c) *Discharge given to the Commission in respect of the implementation of the budget for the financial year 1977*

473. At its meeting of 8 May 1979, the Council recommended the European Parliament to give a discharge to the Commission in respect of the implementation of the budget and of the amending and supplementary budgets of the European Communities for the financial year 1977.

The recommendation was addressed to Parliament by letter dated 10 May 1979.

## **6. FINANCIAL REGULATIONS**

*Proposal for a Council Regulation amending the Financial Regulation of 21 December 1977 applicable to the general budget of the European Communities*

474. At its sitting of 14 March 1979, Parliament rendered its Opinion on the Council's common guideline concerning the two aspects of the proposal relating to research appropriations and the carry-over of appropriations.<sup>1</sup>

On 8 May 1979, the Council informed Parliament of its decision with regard to Parliament's resolution on its common position.

At its meeting of 25 June 1979, the Council adopted the Regulation amending the Financial Regulation of 21 December 1977 applicable to the general budget of the European Communities.

This Regulation was published in the Official Journal of the European Communities.<sup>2</sup>

475. In a letter dated 23 April 1979, the Commission addressed to the Council a second proposal for a Council Regulation amending the Financial Regulation of 21 December 1977 (abolition of the supplementary EAGGF period, modification of the procedure for presenting and auditing accounts).

On 2 May 1979, the Council decided to consult Parliament and the Court of Auditors.

Parliament rendered its opinion on this proposal at its sitting of 9 May 1979.

The opinion of the Court of Auditors was rendered by letter dated 24 July 1979.

### **B – Staff Regulations**

476. On 9 August 1979, the Council adopted the Regulation adjusting, with effect from 1 January 1979, the weightings applied to

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<sup>1</sup> See 26th Review, paragraph 554.

<sup>2</sup> OJ L 160 of 28. 6. 1979.

the remunerations and pensions of officials and other servants of the Communities.<sup>1</sup>

Circumstances existing at that time and technical difficulties connected with the new transfer rules, plus the need to ensure a balance between purchasing power in the various places of employment all led the Council to decide:

- (i) to lay down these weightings provisionally by deducting, for all places of employment, at a rate which corresponds to the lowest rate of development of the cost of living in the Member States;
- (ii) to take a final decision, with retroactive effect if necessary, before the end of 1979 in the light of a more thorough examination of the problem.

In the context of the dialogue procedure, the President of the Council has decided to undertake a mission of conciliation and has nominated an adviser.

The adoption of the Regulation was accompanied by the Council and the Commission declarations in the Council minutes, in particular as regards observance of the method of adjustment of remunerations and the intended correction of the basic salary scales.

477. By its Regulation (ECSC, EEC, EURATOM) No 2764/79 of 6 December 1979,<sup>2</sup> the Council extended the scope of application of the Regulation on the allowances which can be granted to officials called upon to do shiftwork, to include staff working in a telex service.<sup>3</sup>

When this Regulation was adopted, it was pointed out that work in a continuous service or on shiftwork was an exception to the normal rule of working to the normal timetable and as such should be very strictly defined.

478. By its Regulation (ECSC, EEC, EURATOM) No 2955/79 of 18 December 1979,<sup>4</sup> the Council adjusted the rates of daily subsistence allowance for missions, in order to take account of the increase in costs to be covered. On adopting this Regulation, the Council invited the Commission to revise the survey methods used to evaluate the increases in hotel and restaurant prices.

<sup>1</sup> OJ L 206 of 14. 8. 1979.

<sup>2</sup> OJ L 315 of 11. 12. 1979.

<sup>3</sup> OJ L 38 of 13. 2. 1976.

<sup>4</sup> OJ L 336 of 29. 12. 1979.



479. The annual review of levels of remuneration for officials and other servants of the European Communities for the financial year 1979 was undertaken with a view to readjusting the basic salary scales concomitantly. It led to very detailed discussions on the scope of the new method for making these adjustments which had been adopted in 1976, and on the results obtained so far. As a result of these discussions and the dialogue with staff representatives, the President put forward a compromise solution, consisting of:

- (i) approving the Commission's proposals;
- (ii) expressing the Council's desire none the less to revise the new method of adjusting remunerations; in order to achieve this, the Council was to ask the Commission to let it have by 1 July 1980 a study of the results of the application of the method, accompanied by a suitable proposal.

It was not possible to complete the procedure relating to the adoption of this method before 31 December 1979; the decision on all the aspects of this compromise was taken on 21 January 1980.<sup>2</sup>

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<sup>2</sup> Regulations (EEC, EURATOM, ECSC) Nos 160/80 and 161/80 of 21 January 1980, OJ L 20 of 26. 1. 1980.



## TABELLEN



TABLE 1

**Number of days spent on Council meetings and meetings of preparatory bodies**

Year	Ministers	Ambassadors and Ministerial Delegations	Committees and Working Parties
	EEC/EAEC/ECSC	EEC/EAEC/ECSC	EEC/EAEC/ECSC
1958	21	39	302
1959	21	71	325
1960	44	97	505
1961	46	108	655
1962	80	128	783
1963	63 1/2	146 1/2	744 1/2
1964	102 1/2	229 1/2	1 002 1/2
1965	35	105 1/2	760 1/2
1966	70 1/2	112 1/2	952 1/2
1967	75 1/2	134	1 233
1968	61	132	1 253
1969	69	129	1 412 1/2
1970	81	154	1 403
1971	75 1/2	127 1/2	1 439
1972	73	159	2 135
1973	79 1/2	148	1 820
1974	66	114 1/2	1 999 1/2
1975	67 1/2	118	2 079 1/2
1976	65 1/2	108 1/2	2 130
1977	71	122	2 108 1/2
1978	76 1/2	104 1/2	2 090
1979	59	107 1/2	2 000

TABLE 2

**Interim Committee for the Community Patent**

Period	Plenary	Groups
1979	I	II

## ABBREVIATIONS

### - A -

ACP  
African, Caribbean and Pacific States

AETR  
European Agreement concerning the work of crews of vehicles engaged in international road transport

ASEAN  
Association of South-East Asian Nations

### - C -

CAP  
Common Agricultural Policy

CBR  
Community Bureau of References

CCT  
Common Customs Tariff

CIM  
International Convention on the transport of goods and passengers by rail

CIV  
International Convention on the transport of passengers and baggage by rail

COPOL  
Comparison of national and Community policies on research and development

COST  
European Cooperation in the field of Scientific and Technical Research

COTIF  
Convention on International Rail Transport

CRB  
Community Reference Bureau

CREST  
Scientific and Technical Research Committee (STRC)

CSC  
International Convention for Safe Containers

CSCE  
Conference on Security and Cooperation in Europe

### - E -

EAGGF  
European Agricultural Guidance and Guarantee Fund

ECE  
Economic Commission for Europe

ECMT  
European Conference of Ministers of Transport

ECSC  
European Coal and Steel Community

EDF  
European Development Fund

EEC  
European Economic Community

EFTA  
European Free Trade Association

EIB  
European Investment Bank

EMS  
European Monetary System

EUA  
European Unit of Account

- F -

FAO  
Food and Agriculture Organization of  
the United Nations

- G -

GATT  
General Agreement on Tariffs and Trade

GPS  
Generalized preference scheme

- I -

IAEA  
International Atomic Energy Agency

ICCAT  
International Commission for the  
Conservation of Atlantic Tunas

ICSEAF  
International Commission for  
South-East Atlantic Fisheries

ILO  
International Labour Organization

- J -

JET  
Joint European Torus

JRC  
Joint Research Centre

- M -

MFA  
Multi-fibre Arrangement

MTN  
Multilateral trade negotiations

- N -

NAFO  
North-West Atlantic Fisheries  
Organization

NEAFC  
North-East Atlantic Fisheries  
Commission



- O -

OCT

Overseas Countries and Territories

OECD

Organization for Economic Cooperation  
and Development

OPEC

Organization of Petroleum Exporting  
Countries

- P -

PAHO

Pan American Health Organization

PTT

Posts and Telecommunications

- Q -

Quality wines p.s.r.

Quality wines produced in specified  
regions

- S -

SBK

Schnellbrüter-Kernkraftwerkgesellschaft

SE

Societas Europea

- T -

TAC

Total allowable catch

TOSCA

Toxic Substances Control Act

- U -

UNCSTD

United Nations Conference on the  
application of science and technology to  
development

UNCTAD

United Nations Conference on Trade  
and Development

UNDP

United Nations Development  
Programme

UNESCO

United Nations Educational, Scientific  
and Cultural Organization

UNRWA

United Nations Relief and Work Agency  
for Palestine Refugees

- V -

VAT

Value added tax

- W -

WFP

World Food Programme

WHO

World Health Organization



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