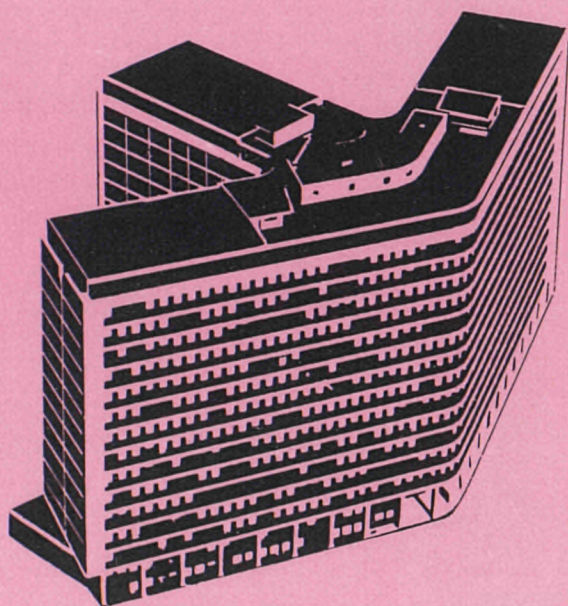


GENERAL SECRETARIAT OF THE COUNCIL
OF THE EUROPEAN COMMUNITIES



1 January
31 December 1980

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

**Twenty-eighth review
of the
COUNCIL'S WORK**

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Introduction

In 1980 the Community's economy met with further difficulties arising from the second sharp increase in oil prices, in the form of higher inflation rates, flagging production and increased balance-of-payments deficits. Whereas the Community's gross domestic product increased by 3.5 % in 1979 the increase in 1980 was only 1.4 %. The world economy has slowed down considerably and international trade has hardly increased at all.

The Council endeavoured to minimize the effects of these difficulties and to improve future prospects. In 1980 it continued its pursuit of greater convergence between the Member States' economic policies. It kept a close watch on the implementation of the European Monetary System, which was one year old in March 1980. During that first year the system worked well and made a substantial contribution to stable exchange rates within the Community. The currencies of the States participating in the system have maintained their alignment to a very large degree.

On 22 July 1980 the Council authorized a second tranche of loans intended mainly to finance investment projects connected with infrastructure and energy in the Community. On a number of occasions the Council studied the problems arising from recycling, i.e. the process whereby the surplus funds held by the petroleum-producing countries are made available to countries with balance-of-payments deficits.

Regarding unemployment, following a meeting of the Standing Committee on Employment, the Council adopted a resolution on guidelines for a Community labour policy designed to provide for an optimum response to employment vacancies and to support any policy aimed at increasing the number of jobs.

The problem of the United Kingdom's share in financing the Community budget was settled by the Council's agreement of 30 May 1980. This agreement lays down that in 1980 and 1981 the United Kingdom's contribution will be reduced by making the financial arrangements more flexible and by means of supplementary measures to assist the United Kingdom.

Looking ahead to 1982, the Community has undertaken to resolve this problem by making structural modifications. The Commission has been given a brief on these lines and is to forward proposals by the end of June 1981.

In 1980 the Member States continued their efforts to establish joint policies and initiatives on energy. In a resolution on the Community's energy objectives for 1990 the Council set itself specific targets, the most ambitious being to reduce petroleum consumption in the Community from 55% to 40% of gross energy consumption. It asked the Member States where necessary to adjust their energy programmes accordingly, by the end of the year.

In the shorter term the Council adopted a number of measures on energy including, in the nuclear sphere, resolutions on radioactive waste, reprocessing of irradiated fuels and fast-breeder reactors.

In the steel industry demand again fell in 1980. The Commission noted that the Community was confronted with a period of manifest crisis within the meaning of Article 58 of the ECSC Treaty, and at its request on 30 October 1980 the Council gave its assent to the introduction of a system of production quotas, to remain in force until 30 June 1981 at the latest. The Council supported the Commission's efforts to continue the ECSC's activities in the social sphere in order to mitigate the effects on employment of restructuring the steel industry. The sum of 28 million EUA was allocated to the ECSC, as an exceptional grant, to cover commitments regarding reconversion. The programme to help the steel industry included external measures involving a combination of unilateral measures (on basic prices and anti-dumping rules) and arrangements with third countries.

With regard to international trade in general, the Community has striven in the face of a very difficult international economic situation, to maintain the degree of liberalization

agreed following the GATT multilateral trade negotiations which were formally concluded in Geneva in December 1979.

In the face of the inevitable increase in pressure for protectionist measures the Community made maximum use of the machinery which had been negotiated and established under GATT to deal with these problems. The trade imbalance with Japan continued to be a source of grave concern.

The Council decided to maintain in force for a further 10-year period the system of generalized preferences which the Community had voluntarily accorded to the developing countries since 1971. At the same time it agreed that this system would operate on a somewhat different basis for the benefit of the poorest countries, particularly with regard to industrial products.

In a year which saw a large number of developments in external relations, particular note should be taken of certain new agreements which were concluded between the Community and third countries, i.e. the Association of South-East Asian Nations (ASEAN), Brazil, Romania and Yugoslavia. Negotiations on the accession of Spain and Portugal to the Community continued throughout the year. In November 1980 a meeting was held at political level between a European and an Arab delegation to determine the future procedures and general basis for resuming the Euro-Arab Dialogue at all levels. Careful preparations were made for implementing the Lomé II Convention, which was to enter into force on 1 January 1981.

As regards agriculture, the agreement on agricultural prices adopted by the Council on 30 May 1980 produced an average increase in prices (expressed in national currencies) of 5.7%, with an overall effect on household expenditure of less than 0.5%. Parallel to the decisions on prices, and as part of the same overall compromise solution, the Council agreed to the establishment of a common organization of the market in the sheepmeat and goatmeat sector. It also adopted an action programme on wine-growing with a view to rationalizing the market in this sector.

Special mention should be made of two measures on the environment which were adopted by the Council on 15 July 1980 after many years of discussion. These were a Directive relating to the quality of water intended for human consumption and a further Directive on air quality limit values and guide for sulphur dioxide and suspended particulates.

In December 1980 the Council adopted the first Directive on establishing a Community driving licence. This will enter into force on 1 January 1983.

A Directive concerning provisions on summer time was adopted in July 1980. All the Member States are to begin summer time on the same date in 1981 and 1982.

Under a Directive concerning aircraft accidents which was adopted in December 1980 Member States are to give mutual assistance in enquiries following an air accident and exchange information relating to enquiries into accidents involving light aircraft.

The draft general budget for the Communities for 1980 was rejected by Parliament in December 1979, which gave rise to lengthy bargaining over this matter in 1980. The budget was finally adopted for the financial year 1980 on 9 July 1980. At the end of the year Parliament increased the appropriations in draft supplementary budget No 2 for 1980 by 266.5 million EUA. This created difficulties with the Council, which was unable to take a decision on these amendments. This situation had repercussions on the adoption of the general budget of the Communities for 1981.

The Report of the Three Wise Men analysing the institutions' aim of improving procedures was examined by the European Council which, in December 1980, adopted conclusions based on a document presented by the Ministers for Foreign Affairs. A large number of their suggestions have already been put into practice.

In 1980 the Council adopted 51 directives, 312 regulations and 136 decisions.

The year 1980 saw the 1 000th meeting of the Permanent Representatives' Committee, from 30 September to 2 October.

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

CHAPTER I

The work of the institutions

A – The Council

1. In the first half of 1980 the Presidency of the Council was held by the Italian Republic, and in the second by the Grand Duchy of Luxembourg.

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

Mr V. Balzamo	Minister for Scientific Research,
Mr A. Bisaglia	Minister for Industry,
Mr E. Colombo	Minister for Foreign Affairs,
Mr F. Evangelisti	Minister for the Merchant Navy,
Mr S. Formica	Minister for Transport,
Mr F. Foschi	Minister for Labour,
Mr C. Fracanzani	Secretary to the Ministry of the Treasury,
Mr G. Marcora	Minister for Agriculture and Forestry,
Mr T. Morlino	Minister for Justice,
Mr Pandolfi	Minister for the Treasury,
Mr A. Ruffini	Minister for Foreign Affairs,
Mr A. Sarti	Minister for Education,
Mr N. Signorello	Minister for the Merchant Navy.

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

Mr J. Barthel	Minister for Energy, Minister for the Environment, Minister for Transport, Telecommunications and Data-processing,
Miss C. Flesch	Minister for Foreign Affairs, External Trade and Cooperation,
Mr P. Helminger	Under-Secretary to the Ministry of Foreign Affairs, External Trade and Cooperation,
Mr C. Ney	Minister for Agriculture, Viticulture, Water Control and Forestry,
Mr J. Santer	Minister for Finance, Minister for Labour and Social Security,
Mr G. Thorn	Minister for Foreign Affairs, External Trade and Cooperation.

The 60 meetings held during 1980 were devoted to the following topics:

- 14 Agriculture
- 13 External relations
- 9 Economic and financial problems
- 7 Fisheries
- 3 Budget
- 2 Energy
- 2 Environment
- 2 Transport
- 2 Labour and social affairs
- 1 Development cooperation
- 1 Education
- 1 Tax matters
- 1 Preparatory work for the ACP-EEC Council
- 1 Preparatory work for the 26th meeting of the EEC-Turkey Association Council at ministerial level

2. Mr Nicolas Hommel, who had been the Secretary-General of the Council since July 1973, retired on 8 October 1980. His successor was Mr Niels Ersboll.

B – Parliamentary affairs

3. In 1980 the Parliament which had been elected in 1979 really got into its stride. During this period, the Parliament expressed its desire for increasingly close relations with the Council. The Council, which has always been in favour of a close dialogue with the Parliament, readily responded to this wish. One sign of this is that the President-in-Office of the Council is now usually present at each part-session, and in particular the President of the Council has taken a much greater part in the work of the parliamentary committees. The Council welcomes this opportunity to be able to become involved with Parliament's work at such a fundamental level.

1. PARTICIPATION OF THE COUNCIL IN THE FULL SITTINGS OF THE PARLIAMENT

(a) *Budgetary procedure*

4. In 1980 the budgetary procedure was followed twice.

On the first occasion, following the rejection of the draft budget by Parliament, the budget for 1980 was adopted.

The Council and a parliamentary delegation had a discussion on the general principles for the 1980 budget at a meeting on 17 June 1980.

Mr Colombo and Mr Fracanzani, Foreign Minister and Under-Secretary of State for the Budget of the Italian Republic respectively, took part, as Presidents-in-Office of the Council, in the Parliament's debates on this budget on 26 and 27 June 1980.

The budgetary procedure for 1981 began with a meeting between a delegation of the Parliament, led by its President, Mrs Veil, and the Council, on 22 September 1980.

Mr Santer, Luxembourg Minister for Finance, and President-in-Office of the Council, took part in Parliament's debates on 3 November 1980 on the 1981 draft budget.

At a meeting, on 25 November 1980 between the Council and a delegation from the Parliament, led by Mrs Veil, the Members of Parliament explained the reasons why Parliament had adopted various amendments and draft amendments to the draft budget.

(b) Statements on the programmes of the Presidency

5. Presenting the work programme of the Italian Presidency at the sitting of 16 January 1980, Mr Ruffini, Italian Minister for Foreign Affairs and President-in-Office of the Council, stressed that it was essential that the Community's internal cohesion should be strengthened if the Community itself was to fulfil its role in world politics as a force for peace, stability and social progress.

He said that one of his government's primary objectives was to strengthen the cooperation between the Council and the Parliament, which was a prerequisite to the opening of a frank and wide-ranging dialogue based on the full respect of the statutory powers of each institution.

Turning to Community policies and the convergence of the economies of the Member States, Mr Ruffini said that it was necessary, by making a united effort to abolish those distortions in the common policies which were at present causing divergence, to achieve conditions which would ensure a more consistent development of the backward regions, and thus guarantee continuous and balanced expansion, greater stability, an increasingly rapid improvement in the quality of life and closer links between in Member States.

Presenting the programme of the Luxembourg Presidency at the sitting of 8 July 1980, Mr Thorn spoke of the main priorities which affected both economic growth and political stability – on the one hand, the energy problem and the need to find alternative sources of oil, and on the other, the problems of the relations with the developing countries and the enlargement of the Community.

On this subject he said that the tempo of the negotiations should not be disturbed, even if it appeared ambitious to want to fix a precise date before the really serious debate had begun.

Turning to the decisions taken by the Council of 30 May 1980 in connection with convergence and the budget, Mr Thorn stressed the need to find a solution in the future by establishing a better balance between different Community policies and an appropriate allocation of own resources while taking into account the current financial constraints on all the Member States.

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

6. On May 1980 Mr Colombo reported on the conclusions reached by the European Council which met in Luxembourg on 27 and 28 April. He concentrated in particular on the imbalance in the United Kingdom's budget contribution, which could be solved, in the long term, by integrating British trade more closely with intra-Community trade, controlling increases in agricultural expenditure, and developing structural policies and investments.

Mr Colombo also stressed that the European Council, which was concerned about the economic and social situation, had given priority to combating inflation, a major factor as regards reducing unemployment, and to correcting financial imbalances between the Member States by implementing coherent monetary, budgetary and price and income policies.

On 18 June 1980, Mr Colombo made a statement on the conclusions reached by the European Council which met in Venice on 12 and 13 June 1980.

He stressed the importance, in view of the serious international situation, of political and economic initiatives taken by the Community such as the meeting held on 6 and 7 March in Kuala Lumpur with the ASEAN countries, as well as the meeting with the countries of the Andean Pact in Brussels on 5 May, meetings during which there were fruitful exchanges of views on current world problems, and which thus initiated a

political dialogue with significant groups of friendly countries which should intensify and develop as time went on.

With regard to the interinstitutional problems of the Community, Mr Colombo expressed the wish that the report of the Three Wise Men might become the authentic will of the political forces acting in the Community through a spirit of compromise on all sides.

7. On 17 December 1980 Miss Flesch, the Luxembourg Minister for Foreign Affairs and President-in-Office of the Council, reported on the European Council which met on 1 and 2 December 1980 in Luxembourg. She stressed 'the cohesion of the Western world and the collective contribution which the industrialized countries must make to solving the major national and international economic problems'. Miss Flesch also said that the European Council had stressed the need to persuade undertakings to apply and develop activities based on an innovatory approach, so that they could become more competitive and adapt their structures to the new international situation.

(d) *Other debates*

(i) Situation in Afghanistan

8. At the sitting of 16 January 1980, Mr Ruffini stressed the indivisible character of détente and its global dimension, and declared that the rights of the Afghan people should be safeguarded.

(ii) Energy policy

9. On 13 February 1980, Mr Bisaglia, Italian Minister for Industry and President-in-Office of the Council, took part in a debate on energy policies in the Community.

(iii) British share of the Community budget

10. At the sitting of 13 February 1980, Mr Ruffini reiterated, during the debate on the British share of the Community budget, that Community policies must contribute to reducing divergences between the Member States.

(iv) European passport

11. Mr Zamberletti, Italian Under-Secretary of State for Foreign Affairs and President-in-Office of the Council, took part, during the sitting of 12 March 1980, in a debate on the introduction of a European passport.

(v) Agricultural prices

12. During the debate on agricultural prices for 1980/81, at the sitting of 25 March 1980, Mr Pisoni, Italian Under-Secretary to the Ministry of Agriculture and President-in-Office of the Council, stated that the Council proposed to examine the possibility of making savings without sacrificing a policy of progress, while also stepping up its action on agricultural structures.

(vi) Interinstitutional relations

13. In the debate on the report of the Three Wise Men at the sitting of 16 April 1980, Mr Colombo declared that he was convinced that it was possible, while respecting the responsibilities allocated by the Treaties to each institution, and respecting the present equilibrium between the institutions, to seek ways of working and political attitudes which would make it possible to extract the maximum possible benefit from existing possibilities and develop a profitable dialogue between Council and Parliament.

(vii) Youth unemployment

14. On 21 May 1980, Mr Zamberletti following a question asked during Question Time, took part in a debate on this subject.

(viii) Applicability of Community legislation

15. On 8 July 1980, Mr Thorn took part in a debate following a question asked during Question Time on re-establishing the right of a Member State to decide whether Community legislation was applicable to that State.

(ix) Situation in Turkey

16. During the sitting of 17 September 1980, Mr Thorn took part in a debate on the situation in Turkey and expressed the Council's position on this matter.

(x) Appointment of the Commission

17. On 15 October 1980, Mr Thorn took part in a debate during Question Time on the appointment of the new Commission.

(xi) Regional policy

18. In the course of a debate following a question in Question Time on 19 November 1980, Mr Thorn said that regional policy was one of the various elements which contributed to a high degree of convergence of the economic policies of the Member States.

(xii) European motor vehicle industry

19. On 17 December 1980 Miss Flesch took part in a debate on the difficulties facing the European motor vehicle industry.

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

(a) *Parliamentary committees*

(i) Transport

20. On 31 January 1980 Mr Preti, Italian Minister for Transport and President-in-Office of the Council, took part in a meeting in Brussels of the Committee on Transport.

On 2 October 1980 Mr Barthel, Luxembourg Minister for the Environment, Transport, Telecommunications and Data-processing and for Energy, took part in a meeting of this Committee in Brussels.

(ii) Agriculture

21. On 29 February 1980 Mr Marcora, Italian Minister for Agriculture and President-in-Office of the Council, took part in a meeting in Brussels of the Committee on Agriculture.

(iii) Energy and research

22. On 22 April 1980 Mr Balzamo, Italian Minister for Scientific Research and President-in-Office of the Council, took part in a meeting in Brussels of the Committee on Energy and Research concerning the problems of a Community research policy.

On 27 October 1980 Mr Barthel also took part in a meeting in Brussels of this Committee concerning the Community's energy policy.

(iv) Legal affairs

23. On 18 March 1980 and on 25 June 1980 Mr Morlino, Italian Minister for Justice and President-in-Office of the Council, took part in meetings of the Legal Affairs Committee.

(v) Education

24. On 29 May 1980 Mr Sarti, Italian Minister for Education and President-in-Office of the Council, took part in a meeting in Brussels of the Committee on Youth, Culture, Education, Information and Sports.

(vi) Economic and monetary matters

25. On 5 June 1980 Mr Pandolfi, Italian Minister for Finance and President-in-Office of the Council, took part in a meeting in Brussels of the Committee on Economic and Monetary Affairs.

(vii) Environment

26. On 2 October 1980 Mr Barthel took part in a meeting in Brussels of the Committee on the Environment, Public Health and Consumer Protection.

(b) *Parliamentary association bodies*

(i) ACP-EEC Consultative Assembly

27. Mr Zamberletti represented the Council at the meeting of the Joint Committee of the ACP-EEC Consultative Assembly which was held from 25 to 29 February 1980 in Arusha.

Mr Helminger, Under-Secretary of State to the Luxembourg Ministry of Foreign Affairs, External Trade and Cooperation, represented the Council at the meeting of the Joint Committee and the ACP-EEC Consultative Assembly which was held from 22 to 24 September 1980 in Luxembourg.

(ii) Joint EEC-Turkey Parliamentary Committee

28. Mr Zamberletti represented the Council at the 25th meeting of this Committee, which was held from 22 to 24 April 1980 in Luxembourg.

(iii) Joint EEC-Greece Parliamentary Committee

29. Mr Helminger represented the Council at the meeting of this Committee, which was held from 2 to 3 October 1980 in Rhodes.

3. THE CONCILIATION COMMITTEE

30. The Conciliation Committee meeting on the draft Regulation relating to financial and technical assistance to non-associated developing countries was held on 15 September 1980.

4. QUESTIONS

31. During 1980 the Members of Parliament asked the Council 205 questions at Question Time, which represents an increase of more than 50 % over 1979 (134 questions).

241 written questions and 16 oral questions were addressed to the Council.

5. REVIEW OF THE ACTIVITIES OF THE PRESIDENCY

(a) *The Italian Presidency*

32. Presenting the review of the activities of the Italian Presidency at the sitting of 18 June 1980, Mr Colombo expressed the hope that the Community, a powerful economic and commercial entity whose role had developed in accordance with history and the Treaties, and which was now becoming a political entity as well through strengthened political cooperation, would be able to expand, rather than restrict, the scope of its activities, on the basis of a new form of solidarity, so as to meet the need for

Europe which had never been greater than at present. In this connection Mr Colombo considered that Parliament had 'the authority, as well as the capacity, to provide a stimulus for progress towards the European ideal'. It was for Parliament to debate the major options and to express general strategies to keep the Community's ideas up to date and help it face new crises.

(b) *The Luxembourg Presidency*

33. Presenting the review of the activities of the Luxembourg Presidency at the sitting of 17 December 1980, Miss Flesch expressed her conviction that the Council's support for the projects planned by both the Commission and the ECSC, to initiate the effects of restructuring in the field of employment, reflected 'an increasingly acute awareness that action in the social field was indispensable', with regard to the steel industry.

Rejecting the pessimism of those who thought that in the long run confrontation between Parliament and the Council was inevitable, Miss Flesch expressed her satisfaction that the Luxembourg Presidency had worked towards closer and more fruitful cooperation between the two institutions, so that the Council had been made more aware of Parliament's real areas of concern.

C – Institutional affairs

1. REPORT OF THE THREE WISE MEN

34. The Ministers for Foreign Affairs studied the report of the Three Wise Men.

After completing this study, the Ministers for Foreign Affairs submitted a report to the European Council on all their work, so that the latter could discuss it with a view to taking the appropriate decisions, or to issuing to the Ministers for Foreign Affairs the necessary directives as a basis for preparing a response to be adopted a later date.

The Ministers for Foreign Affairs noted that certain suggestions in the report of the Three Wise Men fell within the competence of the European Council itself.

The Minister for Foreign Affairs reached a broad consensus on a number of suggestions in the report of the Three Wise Men. Some of the points on which consensus was reached were implemented immediately and others will be implemented as soon as possible by the institutions and bodies concerned.

Lastly, the Ministers for Foreign Affairs propose to continue their examination of other points as and when decisions must be taken in the fields concerned, in the light of any directives the European Council may wish to give them.

2. PASSPORT UNION

35. The *ad hoc* Working Party continued its work on the introduction of a uniform passport.

3. SPECIAL RIGHTS OF CITIZENS

36. The *ad hoc* Working Party began its examination of the proposal for a directive on the right of abode of nationals of the Member States on the territory of another Member State.

D – The Court of Justice

1. MATTERS CONCERNING THE OPERATION OF THE COURT

(a) *The staff of the Court*

37. The Council's subordinate bodies continued their examination of the measures put forward in the Court's memorandum of 21 July 1978 to deal with the constant increase in its workload. Having approved on 26 July 1979 a series of amendments to the Court's Rules of Procedure, the Council concentrated on the question of increasing the staff of the Court, and in particular, the creation of a fifth and, if necessary, a sixth post for an advocate-general, as well as an eleventh post for a

judge. The discussions in the Council, in particular at its meeting on 24 and 25 November and 16 December, paved the way for a final consideration of this question at the beginning of 1981.

In addition, at its meeting on 16 December 1980 the Council decided to proceed with the necessary modifications to the Treaties as a result of the increase in the number of judges to ten following the accession of the Hellenic Republic. Mr Alexander Chloros was selected for this new post by common consent of the Governments of the Member States.

(b) *Establishment of an administrative tribunal for disputes between the institutions and their staff*

38. Work on the proposal for a Commission Regulation providing for the establishment of a tribunal of this kind continued within the Council's subordinate bodies.

Since this is also a measure designed primarily to contribute to improving the working of the Court, the priority given to the question of increasing the Court's staff meant that work on this proposal slowed down. In view of the objections from certain delegations to the creation of a true judicial body of first instance for disputes between staff and the institutions, the Commission was invited to consider whether it could amend its proposal to provide for the establishment of a joint administrative committee for disputes.

2. CASES BROUGHT BEFORE THE COURT OF JUSTICE

39. During 1980 the Council appeared before the Court in 53 cases.

In 2 cases, private firms with registered offices in the Community brought proceedings for the annulment of an act of the Council; in 11 cases, private firms with registered offices in the Community brought proceedings against the Council and the Commission under Article 215 of the EEC Treaty and claimed damages.

Four cases were brought by officials against the Council, and 25 cases, including 24 joined cases, were brought by officials against the Council and the Commission.

Lastly, the Council was involved in 11 cases concerning requests for a preliminary ruling within the meaning of Article 177 of the EEC Treaty.

3. LEGAL RESPONSIBILITIES AND LEGAL PROTECTION FOR OFFICIALS AND OTHER AGENTS OF THE EUROPEAN COMMUNITIES

40. The competent bodies of the Council completed their first reading and started a second reading of the draft amendment to the Merger Treaty put forward by the Commission with a view to the adoption of common rules in this field.

E – The Economic and Social Committee

41. At its plenary meeting on 30 and 31 October 1980 the Economic and Social Committee elected Mr Tomás Roseingrave as its President for two years. At this same meeting, Mr Laval and Mr Miller were elected Vice-Presidents.

The Council was represented before the Committee by its President, Mr Foschi, Italian Minister for Labour and National Insurance, who made a speech at the plenary meeting on 28 and 29 May 1980.

At its meeting on 21 and 22 July 1980 the Council approved amendments to Articles 16 and 43 of the Committee's Rules of Procedure. These changes enable a member who is prevented from attending a meeting of a working party to which he belongs to arrange to be represented by a deputy, and they also amend the rules for the publication of opinions so as to give more prominence to any minority position which might be expressed by one of the groups set up within the Committee or one of the economic and social categories which are represented on it.

CHAPTER II

Freedom of movement and common rules

A – Customs union and industrial matters

1. CUSTOMS UNION

(a) Common Customs Tariff

42. During the year the Council adopted four Regulations amending Regulation (EEC) No 950/68 relating to the Common Customs Tariff, 10 Regulations temporarily suspending the autonomous duties applied under the Common Customs Tariff for a large number of products or amending the Regulations concerned, and 23 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

(i) Convention of the Customs Cooperation Council on the simplification and harmonization of customs procedures

43. On 17 March 1980 the Council decided to accept on behalf of the Community a new annex to this Convention, relating to reimportation in the same State.¹

The Council also decided, on 18 June 1980, to negotiate two further annexes to this Convention concerning the customs treatment of stores and the carriage of goods by coastal shipping

¹ OJ L 100 of 17. 4. 1980.

respectively. These negotiations will be conducted according to an *ad hoc* procedure which was also followed when the Convention itself and several of its annexes were negotiated, with the Member States and the Community adopting a joint position.

(ii) UNESCO agreement on the importation of educational, scientific and cultural materials ('The Florence Agreement')

44. On 18 June 1980 at a unique ceremony the representatives of the Member States, accompanied by the representative nominated by the Council on behalf of the European Economic Community, signed a protocol to this Agreement, which had been negotiated by the Community and its Member States the previous year. This was the first time that such a procedure had been followed at the United Nations.

45. During the year the Community and/or its Member States took part in negotiations on other draft conventions connected with customs matters.

In certain cases where this involvement had been decided on by the Council, the Community and its Member States negotiated on the basis of joint positions established within the Council. These concerned the customs aspects of the draft UNCTAD Convention on international multimodal transport and the continuation of the work under the Customs Cooperation Council on a harmonized system for describing and codifying goods.

46. The Member States and the Commission also conferred within the Council on amending Annex IX to the Chicago Convention on international civil aviation and on the draft convention of the Economic Commission for Europe on the harmonization of frontier checks.

Regarding this latter draft convention, the Council has still to examine the possibility of the Community's participation as such in the negotiations, which will continue in 1981 in Geneva.

(c) Harmonization of customs legislation

47. On 28 May 1980, the Council adopted a Regulation on the customs value of goods.¹ This Regulation, which replaces Regulation (EEC) No 803/68, is intended to ensure that Community regulations conform as regards dutiable value with the provisions of the Agreement approved by the Council in 1979 relating to the implementation of Article VII of the General Agreement on Tariffs and Trade.²

On 8 December 1980 the Council adopted a Regulation amending the above Regulation to incorporate certain amendments contained in the protocol annexed to the Agreement and to make certain technical amendments,

The Council continued its work in the other fields of harmonizing customs legislation, and was able in particular to conclude its preparatory work on the adoption of a Directive on the harmonization of export procedures.

2. INDUSTRIAL AFFAIRS

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

48. The number of Directives adopted in 1980 fell compared with previous years, while at the same time there is an increasing number of proposals before the Council. This situation is due to the fact that the adoption of a good number of Directives is held up in the absence of agreement on conditions of access to the Community certification procedure for products originating in third countries. The Commission has forwarded a proposal on this matter which is still being examined by the Council's subordinate bodies.

However, seven new Directives were adopted in 1980, in addition to three Directives making simple technical amendments, which brings the number of Directives adopted in this field to 126.

¹ OJ L 134 of 31. 5. 1980.

² OJ L 71 of 17. 3. 1980.

The Directive of 15 January 1980¹ relating to the ranges of nominal quantities permitted for certain prepackaged products provides for free access to the Member States for food, cosmetic products, aerosols and products in glass or metal containers, packed in accordance with the quantities by weight or volume laid down in that text.

The Directive of 24 June 1980² concerning the operating space, access to the driving position and the doors and windows of wheeled agricultural or forestry tractors lays down design requirements to ensure that the driver can work in safety, reach his driving seat easily and get clear if the tractor should overturn.

The Directive of 15 July 1980³ on the marketing of ammonium nitrate fertilizers of a high nitrogen content lays down additional safety rules for these products.

Two Directives were adopted on 22 July 1980. One relating to rear-view mirrors for two-wheeled motor vehicles with or without side-cars,⁴ makes it compulsory to fit one or two rear-view mirrors to these vehicles. The other amends the Directive of 4 June 1973 concerning the classification, packaging and labelling of hazardous preparations (solvents). This amendment broadens the scope of the Directive and is aimed at providing improved protection, in particular for persons who frequently come into contact with preparations containing hazardous solvents.

Two Directives of 16 December 1980⁵ relating to methods of measuring the fuel consumption and the engine power of motor vehicles will help maintain the efforts undertaken to reduce fuel consumption and form part of the measures taken by the Community to save energy.

49. As part of its work on the implementation at Community level of the Agreement on technical barriers to trade

¹ OJ L 51 of 25. 2. 1980.

² OJ L 194 of 28. 7. 1980.

³ OJ L 250 of 23. 9. 1980.

⁴ OJ L 229 of 30. 8. 1980.

⁵ OJ L 375 of 31. 12. 1980.

which was concluded under the GATT multilateral trade negotiations, on 15 January 1980 the Council adopted a Decision¹ laying down provisions on the introduction and implementation of technical regulations and standards.

The object of this Decision is to ensure the equivalent treatment for all products on the Community market or the markets of the Member States, irrespective of their origin. It concerns, *inter alia*, the recognition of checks carried out in another Member State or a third country, as well as the measures to be taken in the event of non-reciprocity.

(b) *Industrial development*

50. At an informal meeting held on 11 June 1980 in Venice, the Ministers for Industry, together with Mr Davignon, Member of the Commission, discussed the problems of adjustment and industrial innovation as they related to making full use of the opportunities offered by the common market.

3. SECTORAL ACTIVITIES: STEEL INDUSTRY

(a) *Market situation and crisis measures*

51. The Council discussed crisis measures for the steel industry for the second half of 1980 at its meeting on 21 and 22 July 1980. In a communication on this subject the Commission drew the Council's attention to the persistent deterioration in the steel market, the limited effect of the crisis measures adopted for 1980, and the measures which it might be essential to adopt if this trend continued, including in particular measures to ensure an orderly reduction in steel production.

At this meeting the Council granted the consultation requested by the Commission, under Article 61 of the ECSC Treaty, on the suspension, for the second half of 1980, of the minimum prices for hot-rolled coils and on extending until the end of 1980 the suspension of the minimum prices for concrete reinforcing bars and merchant bars, on the understanding that minimum prices could be reintroduced for these products, or some of them at least, if the market situation worsened.

¹ OJ L 14 of 19. 1. 1980.

52. On 6 October 1980, since agreement on voluntary action had not been reached in the industry, the Commission considered that the steel industry was in a situation which was jeopardizing the aims of the Treaty, since there had been a sharp drop in demand which had affected employment and the financial situation of the steel firms. It therefore noted that the Community was facing a period of 'manifest crisis' since the means of action set out in Article 57 of the ECSC Treaty were inadequate for dealing with the situation. Under these circumstances the Commission requested the Council's assent, under Article 58 of the ECSC Treaty, to the introduction of a system of a production quotas for the steel industry.

The Council discussed this matter on 7 and 25 October, and on 30 October 1980 gave its assent to the introduction of a system of production quotas. The main points are as follows.

The system will apply until not later than 30 June 1981. Quarterly production quotas are fixed for crude steel and the following four groups of rolled products: hot-rolled wide coils and hot-rolled strip, heavy plate and universal plate, heavy sections, and light sections. They are based on reference production figures for each undertaking, usually figures for the three months when production was highest during the period from July 1977 to June 1980. The quotas apply to all iron and steel undertakings except for small undertakings whose production does not significantly affect the market. Certain special steels are exempted from quotas but remain subject to checks on production, namely, tinplate, permanent way material, pre-products for tubes, liquid steels for castings, and fine and special steels produced by undertakings with an output of less than 6 000 tonnes per quarter.

In addition the following may be produced in excess of the fixed compulsory quota laid down for their category in respect of a given undertaking: alloy steels with an alloy content of at least 5%, excluding steels containing less than 1% of carbon and more than 12% of chromium and with an actual invoiced price at least 30% higher than the list price for the corresponding ordinary steel product. There is also to be a special system for coils and strip for small welded tubes.

The Commission must be notified regularly and promptly about undertakings' production levels and deliveries and about market trends. The Commission checks the accuracy of the declarations and the information supplied. Fines may be imposed if the obligations laid down by the Commission's Decision are not complied with.

53. The Council agreed to evaluate at a later stage, on the basis of a report from the Commission, the impact of the measures taken by the Commission. In addition the Council stressed the importance it attached to continuing the task of restructuring in the Community and to compliance with Community rules on aid and assistance from the Member States, and decided to discuss these matters, on the basis of a report from the Commission, at the beginning of 1981.

(b) *Social aspects*

54. In connection with its request to invoke Article 58 of the ECSC Treaty, the Commission forwarded to the Council a communication on social aspects in which it argues, for the short term, in favour of the principle of allowances for steelworkers in respect of short-time working and early retirement. These support measures would constitute a further attempt to help the steelworkers who are affected by the crisis, in addition to the conventional aid for retraining provided for in Article 56 of the ECSC Treaty. The Commission proposed that the additional resources to be allocated to the ECSC for these measures should be taken from the general budget of the Communities.

The Council made a detailed examination of the measures proposed by the Commission during its meetings on the 24 and 25 November and 15 and 16 December 1980. It expressed its support for the Commission in continuing the work of the ECSC in the social field aimed at helping to mitigate the effects on employment of restructuring the steel industry, in accordance with Article 56 (2b) of the ECSC Treaty. It asked the Commission to inform it, at the beginning of 1981, of the means by which it intended to continue its activities, on the basis of the information supplied by the Member States.

(c) *Budgetary aspects*

55. Following the request for additional resources submitted by the Commission in connection with the examination of the steel crisis measures for 1980, the representatives of the Governments of the Member States meeting within the Council decided, on 28 March 1980, to allot to the ECSC 28 million EUA, as an exceptional grant to cover reconversion commitments.

(d) *Technical research*

56. On 24 June 1980 the Council gave its assent, pursuant to Article 55 (2c) of the ECSC Treaty, for financial assistance to be granted for the setting up and implementation of a programme containing a series of 75 steel research projects.

(e) *Industrial loans*

57. On 17 June 1980 the Council gave its assent, pursuant to Article 54 (2), for loans to be granted for financing investments involving the restructuring of one shipyard in the FR of Germany and one in Italy. On 15 July 1980, the Council gave its assent, also pursuant to Article 54 (2), for a loan to be granted for a steel plant in France. Lastly, on 20 October 1980, under the same provision, the Council gave its assent for loans to be granted for financing investments in an iron-ore mine and a dressing plant in Norway.

B – Right of establishment and freedom to provide services

1. FINANCIAL INSTITUTIONS

(a) *Adopted Directive*

58. At its 627th meeting on 17 March 1980, the Council adopted the Directive¹ 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.

¹ OJ L 100 of 17. 4. 1980.

(b) *Work in progress*

(i) Periodic information

59. The Council's subordinate bodies began their examination of the proposal for a Directive on periodic information to supplement the two Directives already adopted, concerning the prospectus to be published when securities are admitted to an official stock exchange listing¹ and the conditions for the admission of these securities to listing² respectively.

The proposal concerning periodic information forms an important supplement to these two Directives and work on this matter is helped by the progress made in adopting them.

The aim is to prescribe publication of reports on the activities of a quoted company during the first six months of each financial year.

(ii) Collective investment undertakings (transferable securities)

60. The Council's subordinate bodies continued their work on this subject. The problem of the scope of the Directive is the subject of discussions at a political level, since an appropriate solution to this problem is the key to solving a number of other problems which have arisen in the course of discussions on this Directive.

2. LIBERAL PROFESSIONS

(a) *Directives adopted*

61. At its 621st meeting on 21 and 22 January 1980, the Council adopted two Directives³ concerning the mutual recognition of diplomas, certificates and other evidence of formal qualifications in midwifery, which include measures to facilitate the effective exercise of the right of establishment and freedom to provide services, and to coordinate the provisions laid down by law, regulation or administrative action relating to the taking-up

¹ OJ L 100 of 17. 4. 1980.

² OJ L 66 of 16. 3. 1979.

³ OJ L 33 of 11. 2. 1980.

and pursuit of the activities of midwives. At the same time the Council adopted two Decisions,¹ one setting up an Advisory Committee on the Training of Midwives, and the other extending the competence of the Committee of Senior Officials on Public Health to matters relating to the exercise of these professional activities.

(b) *Work in progress*

(i) Architects

62. The Council examined this matter at its meeting on 21 and 22 July 1980. In spite of its efforts it was unable to resolve the difficulties preventing adoption of the proposal for a Directive aimed at mutual recognition of diplomas, certificates and other evidence of formal qualifications in the field of architecture, including measures to simplify the actual exercise of the right of establishment and freedom to provide services, and also the draft Council Decision setting up an Advisory Committee on Training in the field of architecture.

(ii) Commercial agents

63. The Council's subordinate bodies continued their examination of the proposal aimed at harmonizing the conditions governing the exercise of this profession as a self-employed person.

(iii) Accountants

64. The Council's subordinate bodies examined the prospects for mutual recognition of diplomas, certificates and other professional qualifications in the field of finance, economics and accountancy. However, they considered that this work should be suspended pending the outcome of current discussions on the eighth Directive on company law, concerning authorization of the persons responsible for the statutory audit of the annual accounts of certain types of company.

¹ OJ L 33 of 11. 2. 1980.

(iv) Hairdressers

65. The Council's subordinate bodies began their examination of this matter by discussing how to encourage mobility of hairdressers between EEC countries.

In the light of the Council's discussions the Commission undertook to give the matter further study with a view to suggesting the best procedure to follow to achieve free movement of hairdressers in the Community within the shortest possible time.

3. INSURANCE

(a) *Work in progress*

Provision of services – insurance other than life insurance

66. This matter was discussed on several occasions by the Permanent Representatives' Committee. It is probable that a number of fundamental problems will be dealt with at Council level in the very near future.

(b) *Work to be undertaken*

(i) Insurance contracts

67. The Council's subordinate bodies took note of the opinions delivered by Parliament and the Economic and Social Committee, and began their examination of this matter in November.

(ii) Credit insurance

68. The Council's subordinate bodies expect to begin work on this matter soon, since Parliament and the Economic and Social Committee have now delivered their opinions.

4. COMPANY LAW

Work in progress

69. During the year the Council's subordinate bodies continued their examination of the proposal for a seventh

Council Directive based on Article 54 (3g) of the EEC Treaty concerning group accounts, the draft Directive on scissions of limited companies and also on the proposal for a Regulation embodying a statute for the European company (SE). They also started work on the amended proposal for an eighth Directive based on the above-mentioned article of the EEC Treaty concerning authorization of the persons responsible for the statutory audit of the annual accounts of certain types of company.

The Group of Experts set up to amend the Convention based on Article 220 of the EEC Treaty on the mutual recognition of the companies and legal persons to take into account the accession of Denmark, Ireland and the United Kingdom to the European Communities continued its work on this matter.

5. PUBLIC SUPPLY CONTRACTS

70. The Council's approval, on behalf of the European Economic Community, of the Agreement on government procurements resulting from the GATT trade negotiations created more favourable conditions for tenderers than they enjoyed under the terms of Council Directive 77/62/EEC¹ coordinating procedures for the award of public supply contracts.

In addition, since the opportunity for access to public contracts inside the Community open under the Treaty to undertakings and products from the Member States must be at least as favourable as the conditions of access to the same contracts accorded under the arrangements in the Agreement to undertakings and products from third countries which are signatories to this Agreement, the Council considered it appropriate to amend the above-mentioned Directive 77/62/EEC.

Accordingly, at its 654th meeting, held on 21 and 22 July 1980, it adopted Directive 80/767/EEC² adapting and

¹ OJ L 13 of 15. 1. 1977.

² OJ L 215 of 18. 8. 1980.

supplementing in respect of certain contracting authorities Directive 77/62/EEC coordinating procedures for the award of public supply contracts.

At the same time it took note of a statement from the Commission¹ concerning Article 115 of the Treaty and adopted a Resolution concerning access for products originating in third countries to public supply contracts in the Community. Since the Agreement on government procurement enters into force on 1 January 1981 it is expected that Directive 80/767/EEC will also enter into force on the same date.

C – Intellectual property

1. COMMUNITY PATENT

71. The Interim Committee held two meetings, on 17 April in Brussels and on 10 December in Munich. Its principal concern was the delay in bringing into force the Convention on the Community patent. On 28 May 1980 a report on this subject was presented to the Permanent Representatives' Committee, which agreed with the analysis made by the Interim Committee to the effect that there was no alternative to ratifying the Convention and endorsed the Interim Committee's wish that the Danish and Irish Governments should make every effort to ratify the Convention.

A further major concern of the Interim Committee was preparatory work for the accession of Greece to the Luxembourg Convention. A technical mission, with the task of preparing the way for a political mission on the part of the President of the Interim Committee, visited the Greek authorities in June 1980. The objective is that Greece should be able to accede to the Luxembourg Convention at the same time as this Convention enters into force.

Working Parties I, II and III continued their work at a slower pace because of the difficulties of ratifying the Convention.

¹ OJ C 211 of 19. 8. 1980.

Working Party I has virtually finished its work on staff matters and the organization of the work of the special departments. It will continue its work on the financial estimates when there is greater certainty about the date on which the Convention is to enter into force.

Working Party II virtually finished its work on finalizing the Directives on procedures of the special departments of the European Patent Office. These drafts have been forwarded to the representatives of the interested parties for further comments.

Working Party III continued its work on draft provisions embodying the working hypothesis which it is taking as a basis for setting up a legal system to deal with disputes relating to Community patents. As a result of this work much progress was made on the question of jurisdiction of first instance. It is planned to designate a limited number of courts for this in each Member State, which will be competent to deal with both validity and infringement cases. The Working Party also continued its discussions on jurisdiction of second instance, and adopted the principle of a single appeal court for all Member States.

2. UNION OF PARIS CONVENTION ON THE PROTECTION OF INDUSTRIAL PROPERTY

Current negotiations within the World Intellectual Property Organization

72. From 4 February to 4 March 1980 an initial session of the Diplomatic Conference on the revision of the Paris Convention for the Protection of Industrial Property was held in Geneva. The aim of this revision is to make amendments to the world industrial property system to take account of the requirements of the developing countries. Since the Conference did not manage to complete its agenda, a second session was planned for October 1981, in Nairobi.

In accordance with a Council Decision of 29 January 1980, the Member States of the Community are acting jointly in this Conference as regards all matters which are of particular interest for the common market. To this end, they held a series of coordinating meetings with the Commission throughout the first

session of the Conference and have had subsequent meetings with a view to making preparations for the second session. The main object of this coordination is to establish a common position among the Member States within Group B, which acts at Conference level as the negotiating partner with the developing countries Group and the Socialist countries Group.

This coordination work enabled a common policy to be worked out on the question of preferential treatment for the developing countries, on which the Permanent Representatives' Committee made a statement on 20 March 1980, and also on the special measures which the developing countries could be allowed to take when the holder of a patent exploits his invention insufficiently or not at all on their territory.

3. COMMERCIAL LAW (OTHER THAN LAW ON INDUSTRIAL PROPERTY)

Liability for defective products

73. The Council's subordinate bodies actively continued their examination of the amended proposal for a Directive on the approximation of the legislation, regulations and administrative provisions of the Member States regarding liability for defective products.

CHAPTER III

Economic and social policy

A – Economic, financial and fiscal questions and export credits

1. ECONOMIC AND FINANCIAL QUESTIONS

74. During 1980 the Council devoted nine meetings to economic and financial questions.

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

75. At each meeting the Council of Ministers for Economic and Financial Affairs studied the economic situation in the Community to determine the most urgent problems facing the Community and the Member States and direct the actions of the governments towards the objectives jointly laid down.

In particular, on 17 March, 15 July and 15 December, the Council carried out the three annual examinations of the economic situation provided for under the Decision of 18 February 1974 on the attainment of a high degree of convergence of the economic policies of the Member States.¹

When it made its first examination the Council did not consider it necessary to alter the economic policy guidelines for 1980 which it had laid down on 17 December 1979.²

¹ OJ L 63 of 5. 3. 1974.

² OJ L 17 of 23. 1. 1980.

In its second examination the Council concentrated on the budgetary policy of the Member States and took note of the quantitative guidelines for the 1981 national public budgets.

When the Council carried out its third examination on 15 December 1980 it adopted the annual report on the economic situation in the Community and laid down the guidelines for each Member State to follow in its economic policy for 1981.¹

(b) *The European Monetary System (EMS)*

76. The Council followed the development of the European Monetary System during its second year of operation. It noted that despite a number of economic and financial problems which were still fairly serious, such as the rapid increases in oil prices, large balance-of-payments deficits, widely differing interest rates, widely divergent inflation rates etc., the currencies of the States in the system had shown more cohesion than they had shown for several years previously.

(c) *Measures to assist the United Kingdom*

77. On 30 May 1980 the Council reached agreement on the United Kingdom's contribution to the financing of the Community budget.² Under this agreement the United Kingdom's contribution in 1980 and 1981 is to be reduced by making the financial mechanism more flexible and by supplementary measures benefiting the United Kingdom.

The agreement also pledges the Community to resolve the problem by means of structural changes and a corresponding mandate was given to the Commission, which must make proposals by the end of June 1981. The Council laid down that if the objective of structural changes was not achieved it would decide whether measures on the lines of those for 1980 and 1981 would also be necessary for the United Kingdom in 1982.

In order to give the agreement of 30 May 1980 a legal form the Council adopted two Regulations. The first³ provides for

¹ OJ L 375 of 31. 12. 1980.

² OJ C 158 of 27. 6. 1980.

³ OJ L 284 of 29. 10. 1980.

some flexibility, in respect of the United Kingdom in 1980 and 1981, in the operating procedures for the financial mechanism adopted in 1976. In particular, a number of constraints limiting the amount of the payment which a Member State may receive under this mechanism were suspended.

The second Regulation¹ lays down supplementary measures under which the Community may make a financial contribution to the realization of certain categories of investments under special programmes drawn up by the United Kingdom. To be eligible for Community funds the investments must be undertaken by public authorities and must fulfil a number of criteria which are laid down in the Regulation.

The decision to give financial support will be taken by the Commission, with the assistance of a committee which will monitor the implementation of these measures. If the committee should deliver an unfavourable opinion on a draft Commission decision the Commission must refer the matter to the Council for its consideration.

The implementation of these two Regulations will produce a net payment to the United Kingdom for 1980 of the order of 1 175 million EUA.

Greece, which became a member of the Community on 1 January 1981, has been exempted from making a contribution to finance the measures in favour of the United Kingdom for 1980.²

(d) *New financial instrument*

78. In implementation of the Decision empowering the Commission to contract loans for the purpose of promoting investment projects within the Community,³ on 22 July 1980 the Council authorized a second tranche of loans amounting to 500 million EUA. As in the case of the first tranche, the product of the borrowings is to be used for loans to finance investment

¹ OJ L 284 of 29. 10. 1980.

² OJ L 32 of 4. 2. 1981.

³ OJ L 298 of 25. 10. 1978.

projects in the infrastructure and energy sectors.¹ Exceptionally, however, it has been agreed that part of the borrowings should be used for loans to finance housing and factories constructed with a view to future requirements, provided that they form part of an overall project of regional interest for economic and industrial development.²

(e) Problems of recycling petrodollars

79. At its meeting in Luxembourg on 27 and 28 April 1980 the European Council examined the action which the Community might take to deal with the increasing deficit of the Member States' external accounts, the surpluses of the oil-producing countries, the volume of international liquid funds and the effects which the combination of these factors might have on economic and financial stability in the Member States.

On the basis of much technical work, on the part of the Monetary Committee in particular, the Council held a wide-ranging policy discussion at its meeting on 20 October 1980. In the light of this discussion and the Monetary Committee's report, in November the Commission forwarded to the Council a proposal for a Regulation adjusting the mechanism for Community loans made to support the balances of payments of Member States.

(f) Energy and economic policy

80. On 15 October 1980 the Council received a communication from the Commission on energy and economic policy. At its meetings on 20 October, 17 November and 15 December 1980 the Council held a wide-ranging exchange of views on this communication, which deals with policy on energy prices, the programming of investments and an active fiscal policy.

The Council recognized the importance of the problems identified in the Commission's communication and considered that the Commission should make more detailed studies in cooperation with the Economic Policy Committee. It asked the

¹ OJ L 205 of 7. 8. 1980.

² OJ L 326 of 2. 12. 1980.

Commission to forward a further communication on this matter in Spring 1981.

(g) *Replacement of the European unit of account (EUA) by the ECU*

81. In order to have a single unit of account for use by the Community in Community finances the Council adopted a number of texts replacing the EUA by the ECU in the general budget of the Communities, in the operating budget of the ECSC, in the operations of the European Development Fund, and in all Community legal instruments in which the European unit of account is mentioned.

These texts were:

- two Regulations (concerning the budget of the Communities and Community legal instruments);¹
- a Decision (regarding the operations of the European Development Fund);²
- an Assent by the Council (regarding the ECSC operating budget).³

(h) *Community aid granted by way of exception for the reconstruction of the regions affected by the Italian earthquake in November 1980*

82. Following the discussions at the European Council on 1 and 2 December 1980 in Luxembourg, the Council decided to grant exceptional Community aid to Italy,⁴ as well as emergency aid. Under this decision loans of up to 1 000 million ECU will be granted to Italy to finance investments for reconstructing the means of production and the economic and social infrastructure in the regions affected by the earthquake in November 1980.

The Commission is empowered to contract, on behalf of the Community, loans for the funds required under the provisions of the new Community instrument (NCI), less the amount of any

¹ OJ L 345 of 20. 12. 1980.

² OJ L 349 of 23. 12. 1980.

³ OJ C 341 of 31. 12. 1980.

⁴ OJ L 37 of 10. 2. 1981.

operations of the same nature carried out by the European Investment Bank from its own resources.

Interest rebates of 3% per annum, chargeable to the general budget of the European Communities, will be granted for a maximum period of 12 years. Each year the Commission will decide on the interest rebates on the basis of projects put forward by the Italian authorities.

(i) *International monetary problems*

83. The Council did some preparatory work for the meetings of the Interim Committee and of the Annual Assembly of the International Monetary Fund and the World Bank. The Community's point of view was presented to these meetings by the President of the Council in the form of a statement which had previously been prepared at Community level.

(j) *Financial questions regarding the agricultural policy*

84. On 11 February the Council examined the problems involved in financing the common agricultural policy, and in particular the financial effects of the proposals on agricultural matters which the Commission had forwarded to the Council of Ministers for Agriculture. In its conclusions the Council stressed the need for substantial economies and a cautious policy on prices.

2. TAX HARMONIZATION

85. Work in the tax sector was mainly concentrated on the problem of harmonizing excise duties on alcoholic beverages. At its meeting on 27 October 1980 the Council made a detailed examination of a compromise proposal submitted by the Presidency. A number of new points arose from this discussion, and these must be studied in more detail by the Permanent Representatives' Committee.

During 1980 the Council also gave its attention to problems relating to extending the present system of tax exemptions in the Community. At the above-mentioned meeting on 27 October it examined three proposals for Directives on tax exemptions for the temporary import of means of transport, final imports of

personal goods by individuals and international transport respectively. The Permanent Representatives' Committee was instructed to seek solutions to the few outstanding problems regarding these three proposals for Directives with a view to their adoption as soon as possible.

In addition, the Council departments concerned continued or started work on the technical aspects of a number of other proposals, namely, a proposal relating to the establishment of an arbitration procedure to eliminate double taxation on associated undertakings, a proposal concerning the provisions to apply during the third stage of harmonizing the structure of excise duties on cigarettes, and a proposal to establish a Community system for value-added tax and excise duties on stores for ships, aircraft and international trains.

Lastly, on 26 March 1980, the Council adopted two Directives exempting the French Overseas Departments from certain Community provisions which had already entered into force, namely, the sixth Directive on VAT and Directives 72/464/EEC and 79/32/EEC on the Community system of excise duty on manufactured tobacco.

3. CREDIT INSURANCE, CREDIT GUARANTEES AND FINANCIAL CREDITS

86. During the period under review, detailed work was done on the problem of revising the Arrangement concerning the guidelines for export credits supported by public funds, which entered into force on 1 April 1978.

In this context the Community, as a party to the Arrangement, had to adopt a joint position for the negotiations between all the parties to the Arrangement.

The main developments regarding this matter fall into four main phases.

87. The first phase was the adoption by the Council on 6 May 1980 of a Decision relating to the negotiating position of the Community for the meeting of the parties to the Arrangement during that month. This negotiating brief concerned suggested increases in the minimum interest rates of 0.75% for the countries regarded as being relatively rich, and also for the

'intermediate' countries, and of 0.25 % for the relatively poor countries. It also involved a certain tightening of the conditions for obtaining credit for the relatively rich countries, and in certain respects for the intermediate countries. Finally, it was proposed to include sectors in the Arrangement which had hitherto been excluded and to alter and tighten up certain conditions for obtaining credit for sectors regarded as 'special' under the Arrangement.

88. The second phase was an agreement by all the parties to the Arrangement to raise interest rates, with effect from 1 July 1980, by the above-mentioned percentages suggested by the Community.¹ However, the Community's other proposals were held over by the other parties for consideration at a later date. At this same meeting the parties agreed to reach a mutually-acceptable solution by 1 December 1980 for continuing their review of the Arrangement.

89. The third phase was the confirmation of the date of 1 December 1980 at political level, with particular importance being attached to the question of interest rates, especially with regard to their upward movement on the markets. In this connection reference should be made to the terms of the communiqué issued after the meeting of the OECD Council at ministerial level (Paris, 3 and 4 June 1980, item 21) and the Venice Summit statement (22 and 23 June 1980, item 32).

90. The fourth phase covered the intensive work done to comply with the above-mentioned deadline of 1 December 1980.

Following an initial exploratory meeting between the parties to the Arrangement at the beginning of October, the Council continued its work in order to supplement the joint position which had already been laid down in May 1980. At its meeting on 17 November 1980 it agreed that it would suggest to the other parties a further increase of 1 % in the interest rates under the Arrangement, with immediate effect, for the relatively rich countries and the 'intermediate' countries and 0.60 % for the

¹ The Council Decision of 27 June 1980 provides for the implementation by the EEC of the new rates (not published in the Official Journal).

relatively poor countries. It also agreed that before the end of 1981, in connection with the annual review of the implementation of the Arrangement, there would be an exchange of views on fixing minimum interest rates and that the Council would continue its efforts to institute an arrangement embodying the objectives laid down at the Venice Summit.

91. Without prejudice to the main aspect of reviewing the Arrangement, the Council also took a series of decisions extending the period of the implementation of this text by the Community. In this connection mention should be made of the Decision of 28 May 1980 providing for a further extension for the period 1 June to 30 November 1980 and that of 8 December 1980 for the period 1 December 1980 to 28 February 1981.¹

92. A similar problem on extending implementation by the Community arose in respect of the OECD Arrangement on export credits for ships which was concluded by the Council Decision of 10 December 1979. The above-mentioned Decision of 28 May 1980 also provided for implementation of this Arrangement to be extended to cover the period 1 June to 30 November 1980.

Meanwhile the contracting parties to the Arrangement on export credits for ships met early in October 1980 and agreed to amend the initial text to take account of the agreement which had been reached on the procedures to be followed under this Arrangement. The work preparatory to the adoption by the Council of a Decision concluding the revised Arrangement was in the process of completion at the end of the period under review.

B – Social policy

1. EMPLOYMENT POLICY AND THE EUROPEAN SOCIAL FUND

(a) *Council resolution on guidelines for a Community labour market policy*

93. Following the meeting of the Standing Committee on Employment on 29 May 1980 and in particular its deliberations of

¹ Decisions not published in the Official Journal.

9 June 1980, at its meeting on 27 June 1980 the Council adopted this resolution,¹ which aims at building on the Community's considerable achievements in this field to strengthen Community labour market policy by establishing objectives for national and Community policies, and also by adopting Community measures.

Among the objectives of the labour market policy, the resolution mentions in particular those of making possible an optimal response to the demand for labour, backing up any policies designed to increase the volume of employment and combating unemployment.

The resolution covers the following seven areas of action:

- knowledge of the labour market;
- vocational guidance, training and retraining;
- placing people in jobs;
- a forward-looking approach to the problems of the labour market;
- measures on behalf of specific categories of workers;
- regional measures;
- sectoral measures.

In terms of instruments and action in support of the Community labour market policy, the resolution calls in particular for better use of the various Community financial instruments, especially the Social Fund.

The Council requests the Commission to take the necessary steps to extend the Community's activities and to promote cooperation between Member States in the field of labour market policy, and also to ensure that these measures are integrated into an overall Community strategy covering measures on economic policy and social matters.

¹ OJ C 168 of 8. 7. 1980.

(b) Extensions of Decisions on the Social Fund

94. At its meeting on 4 December 1980 the Council adopted the Decision extending for two years the four Council Decisions relating to aid from the European Social Fund for certain categories of persons.¹

These four Decisions, which made the European Social Fund available to workers in the textile and clothing sectors, migrant workers, young people under 25 years of age and women, were due to lapse at the end of 1980.

Each of these Decisions stems from measures adopted under Community policies or in connection with joint action and relates to a case of imbalance in the employment situation regarding a given category of worker. Trends in the labour market generally have continued to give cause for concern; in view of this situation it appeared necessary for the Community to continue its efforts regarding those categories of persons who have already encountered employment difficulties in the past.

(c) Aid in respect of earnings in shipyards

95. Following a discussion at its meeting on 27 November 1980 on the proposal for a Regulation relating to the establishment of an aid from the European Social Fund for maintenance of the income of workers in the shipbuilding industry, the Council instructed the Permanent Representatives' Committee to examine how this proposal might be handled and acted on.

The proposal for this aid is based on Article 5 (1) (c) of the Decision concerning the reform of the Social Fund,² in accordance with Article 3 (3) of the implementing Regulation.³ The aid is restricted to a contribution to expenditure on maintaining the incomes of workers in the civil deep-sea vessel construction industry who leave their employment permanently

¹ OJ L 332 of 10. 12. 1980.

² Decision 71/66/EEC of 1. 2. 1971, OJ L 28 of 4. 2. 1971, amended by Decision 77/801/EEC of 20. 12. 1977, OJ L 337 of 27. 12. 1977.

³ Regulation (EEC) No 2396/71 of 8. 11. 1971, OJ L 249 of 10. 11. 1971, amended by Regulation (EEC) No 2893/77 of 20. 12. 1977, OJ L 337 of 27. 12. 1977.

after the age of 55. Some 2 000 to 3 000 persons would be involved. The aid is intended as a specific contribution to reducing the serious unemployment problem in this sector, and is related to the structural measures taken in accordance with the Community guidelines for this sector.

(d) *Eighth report on the European Social Fund – financial year 1979*

96. At its meeting on 27 November 1980 the Council took note of the report presented by the Commission and of the comments made by the delegations and the Commission representative.

(e) *Commission report on the first Community action programme for the occupational rehabilitation of handicapped persons (period 1974 – 79)*

97. At its meeting on 9 June 1980 the Council took note of this report and also of the comments of the delegations and the Commission representative.

In addition the Council adopted a number of conclusions concerning the continued implementation of the programme which comprise in particular the following guidelines:

- increased contribution of the employment policy to solving the problems of employment for the handicapped, which have become particularly acute in the current difficult situation in the labour market;
- reinforcement of the role of undertakings and of local authorities and services;
- greater access for handicapped workers to the guidance, training and other services for non-handicapped workers;
- elimination of any element of discrimination or inferiority with regard to the handicapped and encouragement for them to take part in drafting and implementing measures which affect them.

2. HEALTH, SAFETY AND PROTECTION AT WORK

(a) *'Framework' Directive*

98. Following its discussion on 9 May 1980, on 27 November 1980 the Council adopted the Directive on the protection of

workers against the risks related to exposure to chemical, physical and biological agents at work.¹

The Directive constitutes a major step forward in the implementation of the Resolution adopted by the Council in July 1978 concerning an action programme on safety and health at work.²

The Directive comprises a set of outline provisions which are to serve as a basis for future regulations in this field at both national and Community level. In this context it provides for a number of interrelated measures regarding prevention and protection (including in particular reference to exposure limit values, preventive engineering measures, emergency measures, provisions regarding medical surveillance and information for workers) applicable for all agents. It also contains more specific additional measures on medical surveillance and information for workers regarding certain agents (initially acrylonitrile, asbestos, arsenic, benzene, cadmium, mercury, nickel, lead and certain chlorinated hydrocarbons).

This Directive is to be implemented within three years, after which, allowing for a certain amount of discretion which the Member States have as to the degree to which each of the measures should apply, where relevant, to the various agents, these measures will serve as a basis for any new regulations concerning these agents. In particular individual Directives at Community level may be adopted for the agents listed above which are more specifically the subject of additional measures.

In addition, this Directive comprises more specific and immediate obligations relating to the implementation of measures to set up within four years a suitable system for monitoring the health of workers exposed to asbestos and lead during the exposure period and, within the general deadline of three years, for providing appropriate information to the workers concerned or their representatives at work on the hazards of asbestos, arsenic, cadmium, mercury and lead.

¹ Directive 80/1107/EEC, OJ L 237 of 3. 12. 1980.

² OJ C 165 of 11. 7. 1978.

In general terms, the Directive also comprises certain principles governing the measures to be implemented with regard to consulting workers and involving them at various levels, the possibility of finding alternative jobs for workers suspended from their original jobs for medical reasons linked to exposure and finally the need to protect public health and the environment.

In addition the Directive provides for a committee to be set up for adapting to technical progress the specific regulations arising from its provisions.

Greece, which was consulted before the final approval of this Directive, will have an additional year in which to implement it.

(b) *Other work*

99. At its meeting on 9 June 1980 the Council took note of the Commission's report on the action programme on safety and health at work and of the delegations' comments on the report.

100. At its meeting on 27 November 1980 the Council took note of the 4th report for 1979 of the Advisory Committee on Safety, Hygiene and Health Protection at Work.

101. The Council also received two proposals for specific Directives as provided for in the general Directive.¹ The aim of these was to implement the measures provided for by this Directive with regard to lead and asbestos respectively.

Thus, during the second half of 1980 the Council began its actual examination of the proposal for a Directive on the protection of workers from harmful exposure to metallic lead and its ionic compounds.² This proposal comprises a complex set of provisions specific to this agent concerning, in particular, the setting-up of atmospheric and biological monitoring systems, the fixing of limit values, and the implementation of measures concerning prevention, protection, information and monitoring in

¹ See paragraph 98 of this Review.

² OJ C 324 of 28. 12. 1979.

connection with these values. It also specifies the technical points which could be adapted by the Commission under the Committee procedure.

(c) Relationship between safety and technical standards

102. At its meeting on 9 June, following the Danish delegation's communication on the question of the relationship between the provisions relating to safety at work and those relating to the elimination of technical barriers, a matter on which the Commission has produced a study, the Council felt this work should continue and asked the Commission to forward a communication on this subject.

At its meeting on 27 November 1980, in confirmation of this point of view, the Council took note of the Commission's suggestion that the question of further action on this matter should be examined as soon as possible.

3. SOCIAL SECURITY FOR MIGRANT WORKERS

(a) Self-employed persons

103. Following its discussions on 22 November 1979,¹ during 1980 the Council tried to resolve the points which were still outstanding concerning the Regulation on the application of social security systems to self-employed persons moving within the Community.

104. The Council concentrated its efforts in particular on the question of including unemployed persons in the Regulation, and on family allowances.

At its meeting on 27 November 1980 the Council finally agreed on solutions to these questions. In this context it should be noted that the Council decided that non-employed persons should no longer be covered by the provisions of the Regulation, but that a statement regarding this category of persons should appear in the official minutes of the Council to the effect that all nationals of the Member States and their dependants who are

¹ See 27th Review, paragraph 89.

entitled to sickness benefit in a Member State under a social security system are covered by the provisions of Article 22 of Regulation (EEC) No 1408/78 (health care during a temporary stay in another Member State.).

105. With regard to family allowances for the members of self-employed persons' families who reside in another Member State, it was agreed that the Regulation would not contain provisions on this matter, and that the existing system under Regulation (EEC) No 1408/71 would continue to apply only to wage-earners. This was particularly important in view of the implications with regard to the general problem of family allowances, which is still being studied at Community level.¹

Taking into account the above-mentioned decisions, the Council gave its assent to this Regulation.

The Regulation constitutes a major and eagerly-awaited step forwards for Community legislation on social security. It covers a broad area, since it aims to extend to all self-employed workers the Community system of coordinating the national social security systems which has applied to migrant workers as a category since 1959. This fills a gap in the social security system at Community level, since it had become necessary to take into account the progress made in securing for self-employed persons freedom of establishment and the right to provide services, as well as developments in the social security systems of the Member States, some of which already offer self-employed persons almost as much protection as wage-earners enjoy.

As a result of this text, self-employed persons moving within the Community, with certain exceptions, now come under the same Community system as wage-earners with regard to:

- equal treatment with nationals under the domestic legislation of the Member States;
- determination of the legislation applicable;
- benefits of the various branches of the social security system, such as those covering sickness and maternity,

¹ See paragraph 107 of this Review.

disability, old age and death, as well as unemployment under certain circumstances.

The exceptions provided for are extremely limited and mainly concern:

- the rules applicable in cases where self-employed persons exercise their activities simultaneously on the territory of two or more Member States;
- certain provisions for aggregating insurance periods for the purposes of pension rights.

In order to give effect to this Regulation, the implementing Regulation (EEC) No 574/72 will have also to be amended and extended to self-employed persons. A Commission proposal to this effect is awaited by the Council in the near future.

106. All the provisions which have been adopted will enter into force simultaneously seven months after publication of the implementing Regulation in the *Official Journal of the European Communities*.

(b) Standardization of payment of family allowances

107. In January 1980 work was resumed by the Council's subordinate bodies on the proposal for a Regulation to the standardize the system for paying family allowances to workers who have members of their family residing in a Member State other than the country in which the worker is employed.

At its meeting on 27 November 1980, following a further exchange of views on this point, the Council instructed the Permanent Representatives' Committee to continue work in this field to find at the most appropriate solutions to the problems arising out of this proposal.

(c) Unemployment benefits and export of early retirement benefits

108. On 18 June 1980 the Council received a proposal for a Regulation amending, for the benefit of unemployed workers,

Regulation (EEC) No 1408/71¹ on the application of social security schemes to employed persons and to their families moving within the Community.

The object of this proposal is to help the unemployed by making a number of improvements to the current provisions of Regulation (EEC) No 1408/71, mainly by introducing two major new features, namely:

- the maintenance of the right to unemployment benefit in the event of a transfer of residence;
- the possibility of exporting the 'early retirement benefit' in the event of a transfer of residence by workers who receive such benefits, and also payment of these benefits to frontier workers.

In this connection, at the Council's meeting on 27 November 1980 the Italian delegation presented a statement stressing the importance which it attached to the Commission's proposal relating to the problem of exporting early retirement benefits. The Council noted that work on this matter was already in hand, and the President-in-Office expressed the hope that this work would continue with vigour so that the Council could deal with the matter in the fairly near future.

(d) Technical adjustments

109. In the course of amending Community regulations in the field of social security for migrant workers, which have been in force for several years, on 21 October 1980 the Council received a proposal amending Regulations (EEC) No 1408/71 and No 574/72.² Its main aim is to resolve certain difficulties which have arisen in the past in implementing these two Regulations with regard to sickness insurance. In addition, changes in the national laws of the Member States have necessitated certain amendments to the annexes of these two Regulations. The work of examining the amendments proposed by the Commission is in hand and will be sufficiently advanced for the Council to make a decision at the beginning of 1981.

¹ OJ L 149 of 5. 7. 1971.

² OJ L 74 of 27. 3. 1972.

110. In the course of making the adjustments required by the accession of Greece, the Council also adopted a Regulation amending Regulations (EEC) No 1408/71 and No 574/72. This Regulation contains certain amendments to provisions not set out in Annex I to the Act concerning the conditions of accession of Greece.

(e) Provisions relating to social security under the Cooperation Agreements with the Maghreb countries and Portugal

111. With regard to the implementation of the provisions relating to cooperation in the field of social security contained in the Cooperation Agreements with the Maghreb countries and the Additional Protocol to the Agreement with Portugal, work continued within the Council, on the basis of a communication from the Commission, throughout the year under review. While substantial progress was achieved on the majority of the problems connected with this, some differences still remain, i. e. on maternity and sickness benefits, family allowances and the possibility of transferring to another country additions and supplements to pensions or annuities in respect of the children of recipients of these pensions or annuities, when the children reside in a third country.

(f) Non-contributory benefits

112. At its meeting on 27 November 1980 the Council took note of a communication from the French delegation raising the general problem of the Community status of certain non-contributory benefits. It instructed the Permanent Representatives' Committee to examine the French delegation's communication.

4. IMPROVEMENT OF LIVING AND WORKING CONDITIONS

(a) Poverty

113. At its meeting on 9 June 1980 the Council took note of the Commission's second report on the European programme of pilot schemes and pilot studies to combat poverty, which was

established in 1975¹ and extended in 1977,² and of the delegations' comments on this report.

114. The Council also took note, at its meeting on 27 November 1980, of the interim assessment report on this programme which it had asked the Commission to submit.

115. Following its discussions on 9 June and 27 November 1980 on 22 December 1980, the Council took a decision concerning further action to combat poverty.

The programme mentioned above is due to come to an end on 1 December 1980, and a final assessment report must be made by the end of the first half of 1980. The Council must then consider what further action should be taken in this field. This decision gives the Commission until 31 December 1981 to use the appropriations available under the programme for 1980 to promote, complete, finance or organize studies or seminars to fill in gaps on major aspects of the programme under the same conditions as those laid down for the original programme. Within these limits, the commitment appropriations allocated for 1981, i. e. 500 000 ECU, will be used where necessary.

(b) Protection of employees in the event of the insolvency of their employer

116. On 20 October 1980 the Council formally adopted 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. In accordance with the discussions held by the Council on 15 May 1979,³ the Directive has an annex listing categories of employed persons to whom the Directive may not apply because of the particular nature of their contract of employment or who have other forms of guarantees.

(c) Illegal immigration

117. At its meeting on 9 June 1980 the Council held a further discussion on the Commission's proposal concerning measures

¹ Decision of 22. 7. 1975, OJ L 199 of 30. 7. 1975.

² Decision of 12. 12. 1977, OJ L 322 of 17. 12. 1977.

³ See 27th Review, paragraph 86.

to combat illegal immigration and employment. In this connection the Council took note of the fact that work on this point should continue within the Commission, and it asked the Commission to report to the Council as soon as possible.

5. MATTERS CONNECTED WITH THE INTERNATIONAL LABOUR ORGANIZATION

(a) *Action to be taken following the adoption by the International Labour Conference in June 1979 of two instruments concerning road transport*

118. Convention No 153 and Recommendation No 169 concerning the hours of work and rest periods for road transport workers, which were forwarded by the ILO to the Member States with a view to ratification in the one case and suitable implementation in the other, affect fields covered by Community regulations. At its meetings on 27 November 1980 and 19 January 1981 the Council agreed that the first step to be taken, having regard to the constitution of the ILO, was that the Member States should each send an identical letter to the ILO stating that these instruments had been forwarded to the Community authorities responsible for the fields covered by Community regulations.

(b) *Coordination of the position of the delegations of the Member States' Governments at the International Labour Conference*

119. As in previous years, the government delegations of the Nine, together with the representatives of the Commission, coordinated their positions, first in Brussels and later on the spot in Geneva, concerning in particular the technical questions on the agenda for the June 1980 session of the Conference. As in the past, their coordinated attitude and the cohesion of their positions enabled the delegations to exert considerable influence on the decisions adopted by the Conference.

The work of coordination concerned the following matters: older workers (the Conference adopted a Recommendation), safety and health at work, promotion of collective bargaining, equal opportunities and treatment for workers of both sexes and

workers with family responsibilities. On these last three matters, the Conference adopted conclusions with a view to a further discussion in June 1981.

In addition Mr Foschi, Italian Minister for Labour and at that time President-in-Office of the Council, devoted part of his speech to the Conference to informing this body of the Council's latest discussions on matters relating to the activities of the ILO.

With a view to the June 1981 session of the Conference, in September and November 1980 the delegations coordinated their positions on the three above-mentioned questions to be discussed by the Conference for the second time and also on two other points to be dealt with for the first time, namely, preservation of the rights of migrant workers regarding social security and termination of employment by the employer.

6. INFORMATION INSTRUMENTS

Surveys and statistics

120. At its meeting on 27 November 1980 the Council adopted Regulation (EEC) No 3112/80¹ relating to the organization of a survey on the earnings of permanent workers employed in agriculture.

It is intended that this type of survey, which has been organized since 1974 on the basis of a Regulation which is adopted every year, will be carried out in future on the basis of a Directive, as part of a permanent system.

121. At its meeting on 19 January 1981 the Council adopted Regulation (EEC) No 195/81² on the organization of a sample survey of manpower in the spring of 1981.

This type of survey, which has been carried out once every two years since 1973, constitutes a very important means of determining employment and unemployment levels and structure over the whole of the Community.

¹ OJ L 326 of 2. 12. 1980.

² OJ L 24 of 28. 1. 1981.

7. RELATIONS WITH MANAGEMENT AND LABOUR ORGANIZATIONS

(a) *Standing Committee on Employment*

122. The Standing Committee on Employment held its 17th meeting on 26 February 1980 in Brussels, under the chairmanship of Mr Scotti, Italian Minister for Labour and National Insurance. At this meeting the problem of employment in the face of the new technology of micro-electronics was discussed.

123. The Committee held its 18th meeting in Luxembourg on 29 May 1980, under the chairmanship of Mr Foschi, Italian Minister for Labour and National Insurance. It was devoted to discussing the outlines of a Community policy on the labour market.

124. The Committee held its 19th meeting on 30 October 1980 and its 20th on 11 December 1980 – both in Brussels – under the chairmanship of Mr Santer, Luxembourg Minister for Labour and Social Security. These two meetings were devoted to discussing various aspects of the adaptation of working time, further to the Resolution adopted by the Council on this matter on 18 December 1979.¹ Thus, at its 19th meeting the Committee discussed the question of temporary work and at its 20th meeting the question of voluntary short-time work and flexible retirement.

(b) *Improvement of the working methods of the Tripartite Conferences*

125. Following consultations by the Presidency with management and labour at its meeting on 9 June 1980 the Council approved a text on improving the working methods of the Tripartite Conferences. This document sets out the procedure to be followed at these Conferences and aims in particular to make it possible to follow up the conclusions presented by the Chairman of the Conference at the end of the debate.

This text was forwarded to the management and labour organizations taking part in the Tripartite Conferences by a letter, dated 20 June 1980, in which the Council clarified certain points.

¹ OJ C 2 of 4. 1. 1980.

In particular it stressed that this procedure must be regarded as an experiment and not as a permanent and unalterable system.

8. ECSC AIDS

(a) *Aids for industrial reconversion of industry*

126. In compliance with Article 56 (2a) of the ECSC Treaty, the Council was requested by the Commission in a large number of cases to give its assent so that the Commission could arrange for the productive re-employment of ECSC workers who were unemployed or threatened with redundancy by granting loans to help in setting up new projects or converting undertakings in non-ECSC industries in areas affected by the crisis in the coal and steel industries.

The Council agreed to the Commission's requests at its meetings in January, February, March, June, July, September and December 1980, and authorized the Commission to grant reconversion loans of between 1.9 and 37.5 million EUA to undertakings in seven Member States.

(b) *Aid for social research work*

127. At its meeting on 9 June 1980 the Council gave its assent, under Article 55 (2c) of the ECSC Treaty, for the Commission to carry out the 4th ergonomics programme for the coal and steel industries.

(c) *Aid for financing housing for ECSC workers*

128. At its meeting on the 3 March 1980, the Council gave its assent, under Article 54 (2) of the ECSC Treaty, for the Commission to grant loans under its 9th programme of aid for financing housing for miners and steelworkers.

C – Regional policy

1. SPECIFIC 'NON-QUOTA' MEASURES

129. At its meeting on 22 July 1980 the Council gave its assent to five specific Community regional development measures, which the Commission had proposed in October 1979.¹

The object of these measures, which are the first instance of the implementation of Article 13 of the ERDF Regulation (non-quota measures), is to mitigate the effects on the regions of implementing certain Community policies regarding enlargement, steel, shipbuilding and energy, and to contribute to improving the economic and social situation in certain border areas.

Over a five-year period the non-quota section of the ERDF will thus provide a total of 220 million EUA as follows:

- in the French regions which border on Spain and in the Mezzogiorno to offset the consequences of enlargement (120 million EUA);
- in certain areas of the United Kingdom and Belgium and in Naples, which are affected by the restructuring of the steel industry (43 million EUA);
- in certain areas of the United Kingdom affected by the restructuring of the shipbuilding industry (17 million EUA);
- in the hill areas of the Mezzogiorno to encourage the utilization of new forms of energy (16 million EUA);
- in the border areas of Ireland and Northern Ireland (24 million EUA).

These measures are intended to meet the specific needs of the regions and areas concerned, i.e. by developing small and medium-sized undertakings, craft industries and rural tourism, encouraging innovation, renovating derelict industrial sites, and developing alternative sources of energy.

¹ OJ L 271 of 15. 10. 1980. See also 27th Review, paragraph 100.

The originality of these measures lies in the fact that the emphasis is on 'assisting initiative', rather than on conventional aid in the form of capital. This assistance will take the form of market studies, consultancy services for undertakings, management schemes for tourist accommodation etc., which are not eligible under the 'quota' section of the ERDF.

In addition, these measures will not be financed as individual projects but as overall programmes put forward by the Member States and approved by the Commission after the Fund Committee has delivered its opinion.

2. FIXING THE GREEK QUOTA

130. On 7 October 1980 the Commission forwarded to the Council a proposal¹ to amend the Regulation of 18 March 1975² establishing the European Regional Development Fund, subsequently amended on 6 February 1979.³ Its aim was to revise the ERDF quotas to take account of Greece's accession to the Community on 1 January 1981.

On the basis of an analysis of Greece's situation compared with that of the other Member States, the Commission proposed that the quota for Greece should be 15 % of the 'quota' section of the ERDF. The Commission proposal provided for a corresponding reduction in the quotas for the other Member States proportionate to the value of their per capita GDP in relation to the Community average.

At its meeting on 15 and 16 December 1980 the Council took note of the opinions delivered by Parliament and the Economic and Social Committee and adopted the Regulation concerning the allocation of the ERDF quotas among the 10 Member States.⁴ Under this Regulation the quota for Greece was fixed at 13 % of the quota section. The reductions in the quotas for the other Member States to allow for the Greek quota were based on the criteria proposed by the Commission, with a few adjustments of a political nature.

¹ OJ L 73 of 21. 3. 1975.

² OJ L 35 and OJ C 36 of 9. 2. 1979.

³ OJ C 272 of 21. 10. 1980.

⁴ OJ L 349 of 23. 12. 1980.

The Council emphasized that the allocation of the quota was a provisional measure for one year (1981) which had been adopted on an *ad hoc* basis without prejudice in any way to either the intended revision of the ERDF Regulation to take place in 1981 or the measures to be adopted when further countries acceded to the Community.

3. FIFTH ANNUAL REPORT OF THE ERDF

131. On 8 August 1980, in accordance with the provisions of Article 16 of the ERDF Regulation, the Commission forwarded to the Council its fifth report (for 1979) on the European Regional Development Fund. This was the first report to be based on the rules for operating the Fund as amended by the Council Regulation of 6 February 1979.¹ In this report the Commission describes developments in the various fields covered by Community regional policy in 1979 and analyses the projects supported by the Fund and the amounts involved.

In 1979 the Commission adopted 410 decisions to grant aid, amounting to a total of 962 million EUA, for 2 835 investment projects. Of these commitments, 28% concerned projects involving industry and services which would create or save 79 000 jobs, while 72% concerned infrastructures. Payments totalled 513 million EUA.

At its meeting of 18 November 1980 the Council took note of the Commission's fifth report, the comments of the delegations and the Commission's replies to these.

D – Energy

1. DEVELOPMENT OF A COMMUNITY ENERGY POLICY

(a) *Energy situation*

132. On the basis of the information provided by the Member States for the first quarter of 1980, at its meeting on 13 May 1980, the Council noted that if the current trend of crude oil imports

¹ OJ L 35 of 9. 2. 1979 and OJ C 36 of 9. 2. 1979.

continued the objectives for 1980 for net oil imports would be achieved.

The Council took note of the Commission's analysis and reaffirmed the need for a Community strategy based on the following three guidelines:

- reduction of the Community's dependence on imports of oil;
- concrete and immediate contribution from the Community to stabilizing the world oil market;
- finalization of the Community system for dealing with emergencies.

(b) Objectives of the Community energy policy

133. At its meeting on 9 June 1980 the Council adopted a Resolution¹ on Community energy objectives for 1990 and convergence of the policies of the Member States. This contains guidelines with the following main aims:

- to reduce to 0.7 or less the average ratio for the whole Community between the rate of growth in gross primary energy consumption and the rate of gross domestic product;
- to reduce oil consumption in the Community from the current level of 55 % to a level of approximately 40 % of gross energy consumption;
- to make more use of other sources of energy, primarily coal and nuclear energy, which should become of prime importance and cover 70 to 75 % of the requirement for generating electricity;
- to pursue an energy pricing policy compatible with achieving Community energy objectives.

(c) Clarification of energy objectives

134. At its meeting on 27 November 1980 the Council took note of a report by Mr Davignon, Member of the Commission, on the

¹ OJ C 149 of 18. 6. 1980.

clarification of objectives in the field of energy and measures to be taken to achieve the objectives laid down at the European Council's meeting in Venice, and of the initial reactions of the delegations on this point.

The Council agreed to give further thought to the important problems raised in his report, and to hold an exchange of views on these at its next meeting, with a view to pursuing the development of a joint approach to energy problems.

(d) *Rational use of energy*

135. At its meeting on 9 June 1980 the Council also took a Resolution¹ concerning further Community actions in the field of energy-saving. It envisages in particular that the Member States should, where necessary, adapt their energy-saving programmes so that by the end of 1980 each Member State would have an energy-saving programme covering all the principal energy-consuming sectors and an appropriate energy pricing policy.

On 21 May 1980, the Commission forwarded to the Council three proposals for Council Directives concerning:

- electric washing machines;
- electric dishwashers for cold water supply only;
- electric refrigerators, frozen food cabinets, freezers and combinations thereof;

implementing Council Directive 79/530/EEC² on the indication by labelling of the energy consumption of household appliances. These proposals are being examined by the Council.

On 18 March 1980 the Commission forwarded to the Council a proposal for a Council Directive amending Directive 78/170/EEC³ on the performance of heat generators for space heating and the production of hot water in new or existing non-industrial buildings, and on the insulation of heat and

¹ OJ C 149 of 18. 6. 1980.

² OJ L 145 of 13. 6. 1979.

³ OJ L 52 of 23. 2. 1978.

domestic hot water distribution systems in new non-industrial buildings.

This proposal is being examined by the Council.

(e) *Protection and promotion of energy investments*

136. On 13 October 1980 the Commission forwarded to the Council a proposal for a Council Regulation amending Regulation (EEC) No 725/79¹ with regard to financial support for demonstration projects in the field of energy-savings, and a proposal for a Council Regulation amending Regulation No 726/79² with regard to financial support for projects for exploiting alternative sources of energy.

These proposals, which are aimed at doubling the financial aid laid down in the above-mentioned Regulation (to 110 and 200 million EUA respectively) are being examined by the Council.

(f) *Siting of power stations*

137. On 17 May 1979 the Commission forwarded to the Council a communication updating the explanatory memorandum which accompanied the draft proposal for a Council Regulation concerning the introduction of a Community consultation procedure regarding power stations which were liable to affect the territory of another Member State.

This proposal 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)

138. On 15 July 1980 the Council gave its unanimous assent, as requested by the Commission, for it to grant loans:

¹ OJ C 280 of 30. 10. 1980.

- to UNERG SA, in Belgium, for converting the AWRIS 4 power station to coal;¹
- to INTERCOM SA, in Belgium, for converting to coal the boilers of the Ruien and Pont-Brulé power stations;²
- and to EBES SA, in Belgium, for converting to coal the boilers of the Langerbrugge 19 power station.³

(ii) Financial provisions (Article 53 of the ESCS Treaty)

139. On 17 November 1980 the Council granted the consultation requested by the Commission on 15 September 1980 on a draft Commission Decision relating to approval of a equalization fund set up by the Chamber of Coal Traders and the National Coal Board in the United Kingdom in order to reduce the price of anthracite and anthracite briquettes from the Community and third countries.

(iii) Community system of financial aid granted by the Member States to the coal-mining industry (Commission Decision 528/76/ESCS of 5 February 1976)⁴

140. On 23 September 1980 the Council granted the consultation requested by the Commission on 4 July 1980 on the financial aid granted by the Member States to the coal-mining industry in 1979 and on the additional financial aids granted by the Member States to the coal-mining industry in 1978.

(iv) Coal policy

141. On 21 March 1980 the Commission forwarded to the Council a report on the long-term prospects for supply and demand for coal in the Community. This report, which was drawn up following the Council's request of 4 December 1979, gives an overall view up to the year 2000 of coal supply and demand prospects in the Community. The calculations were based on estimates of economic growth and total energy consumption.

This report is being examined by the Council.

¹ OJ C 186 of 24. 7. 1980.

² OJ C 204 of 9. 8. 1980.

³ OJ C 204 of 9. 8. 1980.

⁴ OJ L 63 of 11. 3. 1976.

(b) *Electricity*

142. On 3 July 1980 the Commission forwarded to the Council a draft Council Recommendation concerning tariff structures for electric power in the Community. This draft, which involves an agreement between the Member States on the basic principles of the tariff structure for electricity, is being examined by the Council.

(c) *Hydrocarbons*

(i) Support measures

143. Acting on a proposal from the Commission, on 20 October 1980 the Council decided to grant support over the period 1980 – 82 up to a maximum amount of 28 097 164 EUA to 34 Community projects in the hydrocarbons sector in the form of subsidies which would be repayable if the results proved commercially viable.

In addition, the proposal for a Council Regulation concerning support for joint hydrocarbon exploration projects, submitted by the Commission on 25 October 1977 and amended on 7 August 1978, is being studied by the Council.

(ii) Registration of oil imports

144. On 17 March 1980 the Council adopted Regulation (EEC) No 649/80¹ laying down the rules for carrying out the registration of petroleum product imports in the European Community provided for by Regulation (EEC) No 1893/79.²

In addition, on 6 May 1980 the Council adopted Regulation (EEC) No 1149/80³ extending until 31 December 1980 the period of validity of the provisions it had previously enacted for registering imports of crude oil and oil products. This period was extended to 28 February 1981 by a Council Regulation dated 31 December 1980.⁴

¹ OJ L 73 of 19. 3. 1980.

² OJ L 220 of 30. 8. 1979.

³ OJ L 118 of 9. 5. 1980.

⁴ OJ L 365 of 31. 12. 1980.

(iii) Measures to mitigate the effects of supply problems

145. At its meeting on 13 May 1980 the Council instructed the Commission to study the possibilities for early action with regard to the following:

- means of discouraging the oil companies from making purchases at excessively high prices;
- consultations between the Member States on stocking and pricing policies in order to arrive at a coherent price structure;
- the organization of rapid exchanges of information, in particular on transactions at abnormal prices;
- examination of additional measures to be taken when supply falls slightly below demand;
- measures for achieving increased production of hydrocarbons in the Community in accordance with the wishes expressed by the European Council;

and to forward to conclusions of these studies for consideration at a Council meeting in the near future.

(iv) Export of crude oil and petroleum products

146. On 27 November 1980 the Council adopted a Decision adding liquified petroleum gases to the petroleum products covered by Decision 77/186/EEC¹ on the exporting of crude oil and petroleum products from one Member State to another in the event of supply difficulties, in view of the importance of these products in certain consumption sectors.

(d) *Nuclear energy*

147. The Council, conscious of the potential role of nuclear energy in the Community's energy supplies, at its meeting on 18 February 1980 adopted a number of resolutions² concerning radioactive waste, the reprocessing of irradiated nuclear fuel and fast breeder reactors.

¹ OJ L 61 of 5. 3. 1977.

² OJ C 51 of 29. 2. 1980.

At the meetings of the Council of Europe which was held in Brussels on 31 March and 1 April 1980, the Heads of State and of Government of the Nine noted that the conclusions of the 'International Nuclear Fuel Cycle Evaluation Programme' (INFCEP) had endorsed the use of breeder reactors. They accordingly expressed the wish that these should be developed in order to rationalize the use of uranium resources.

148. In addition, conscious of the need to adapt to the latest scientific developments the Council Directives laying down basic safety standards for the health protection of the general public and workers against the dangers of ionizing radiation, on 15 July 1980, the Council adopted Directive 80/836/Euratom¹ laying down revised basic standards.

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

(i) Euratom/IAEA relations

149. Pursuant to the Verification Agreement between the United Kingdom of Great Britain and Northern Ireland, the European Atomic Energy Community and the International Atomic Energy Agency, which entered into force on 14 August 1978, on 13 May 1980 the Council adopted a Decision² approving the conclusion by the Commission of subsidiary arrangements supplementing this Agreement.

(ii) International Convention on physical protection

150. At its meeting on 9 June 1980 the Council adopted Decision 80/565/Euratom³ approving the conclusion by the Commission of the international convention on the physical protection of nuclear material, drafted by the International Atomic Energy Agency.

(iii) Euratom/Canada Agreement

151. On 27 November 1980 the Council adopted Directives to the Commission on the renegotiation of the conditions laid down

¹ OJ L 246 of 17. 9. 1980.

² Not published in the OJ.

³ OJ L 149 of 17. 6. 1980.

in paragraph (E) of the Amendment to the 1959 Euratom/Canada Agreement which was concluded by exchange of letters on 16 January 1978.

E – Transport

152. In 1980 the Council held two meetings specially devoted to transport matters, on 24 June and 4 December 1980.

The Council's work during the year covered many matters relating to the development of the common transport policy, concerning both inland transport (rail, road and inland waterways) and sea and air transport.

By the end of 1980, which was the last of the three years covered by the work programme put forward by the Commission in November 1977,¹ the Council had taken decisions during this period on more than half of the proposals made by the Commission under this programme. Considerable progress has been made on the other proposals. In addition, the Council examined and in a number of cases made a decision on several matters not directly included in the work programme. In this context, particular mention should be made of the work done on safety at sea.²

1. GOODS TRANSPORT BY NAVIGABLE WATERWAY

153. The year 1980 was a year of transition pending new proposals from the Commission on access to the inland waterway navigation market.

(a) *Technical requirements for inland waterway vessels*

154. The Council's subordinate bodies continued their examination of the proposal for a Directive laying down technical

¹ See 25th Review, paragraph 127.

² See 26th Review, paragraph 184; 27th Review, paragraph 161 and paragraph 174 of this Review.

requirements for inland waterway vessels.¹ The object of this proposal is to lay down common technical requirements for inland waterway vessels which carry goods. It also provides for the adoption of a Community inland waterway navigation certificate.

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

155. In order to coordinate the system put forward in the proposal with the existing regulations on the Rhine, the Commission is to hold consultations at an early date on certain problems (concerning in particular the composition of the crew, rest periods and working hours) which have arisen in connection with the work of the Central Commission for the Navigation of the Rhine on this matter.

The Council's subordinate bodies are awaiting the outcome of these consultations before continuing their examination of this proposal.²

(c) *Freight statistics*

156. On 17 November 1980, the Council formally adopted a Directive on statistical returns on the carriage of goods by inland waterways³ analogous to that adopted on 12 June 1978 concerning road transport statistics (Directive 78/546/EEC).⁴

2. ROAD TRANSPORT

157. During 1980 the Council continued its examination of a large number of proposals concerning road transport.

(a) *Freight haulage*

158. With a view to the accession of Greece to the Community on 1 January 1981, on 4 December 1980 the Council signified its

¹ See 27th Review, paragraph 134.

² See 27th Review, paragraph 135, and 24th Review, paragraph 112.

³ Directive 80/1119/EEC, OJ L 339 of 15. 12. 1980.

⁴ OJ L 168 of 26. 6. 1978.

agreement to allocating 76 Community authorizations to Greece which are additional to the quota of Community authorizations established by Regulation (EEC) No 3164/76.¹

This amendment to Regulation (EEC) No 3164/76 was formally adopted by the Council on 20 January 1981.²

(b) *Passenger transport*

Negotiation of an agreement on the international occasional carriage of passengers by road on coach or bus (ASOR)

159. By its decisions of 15 October 1975 and 20 February 1978, the Council had authorized the Commission to negotiate an agreement between the EEC and the Member States of the European Conference of the Ministers for Transport (ECMT), relating to the arrangements for international carriage. This agreement will facilitate the provision of these transport services, since they will be in large part exempt from the transport authorization system. In addition, the control document to be completed by the carrier will be uniform for all transport services carried out between contracting parties.

This agreement will thus be of particular importance in developing tourism in Europe.

On 17 March 1980 the Council adopted a Decision supplementing the negotiating guidelines with regard to the terms on which the Commission will be able to propose liberalizing journeys made by empty vehicles.

(c) *Access to the occupation of road haulage operator and road passenger transport operator*

160. Under the terms of Annex XII of the Act concerning the Conditions of Accession of the Hellenic Republic, the two Council Directives of 12 November 1974 concerning access to the occupation of road haulage³ and road passenger transport⁴

¹ OJ L 357 of 29. 12. 1976 and OJ L 336 of 29. 12. 1979.

² OJ L 34 of 6. 2. 1981.

³ Directive 74/561/EEC, OJ L 308 of 19. 11. 1974.

⁴ Directive 74/562/EEC, OJ L 308 of 19. 11. 1974.

operator and the Council Directive of 12 December 1977 concerning the mutual recognition of diplomas for these occupations' will be applicable to Greece from January 1984.

At its meeting on 4 December 1980 the Council adopted three Directives, each amending one of the three above-mentioned Directives,² in order to safeguard in Greece the acquired rights of carriers following their occupation in this country before 1 January 1984, under conditions comparable with those applying to carriers in the present Member States.

(d) Weight and dimension of road vehicles

161. In order to overcome the obstacles to adopting the proposal for a Directive concerning the weights and dimensions of commercial road vehicles, which was forwarded by the Commission to the Council on 21 June 1971, the Commission had forwarded to the Council, on 30 December 1978, a proposal for a Directive replacing that section of the 1971 proposal which dealt with weight, while retaining the section relating to dimensions.

At the Council meeting of 24 June 1980 the Presidency presented an oral progress report. The Council then instructed its subordinate bodies to continue their examination of the proposal so as to provide it as soon as possible with the information it needed to make a final decision on this matter, regarding both dimensions and weights.

However, this examination was suspended during the second half of 1980, since the Council's subordinate bodies considered it necessary before continuing their work to await the completion, scheduled for early 1981, of a number of studies relating to the technical aspects of the new proposal.

(e) Driving licence

162. Following its meeting on 24 June 1980, when the Council formulated common guidelines on the matter, on 4 December

¹ Directive 77/796/EEC, OJ L 334 of 24. 12. 1977.

² Directives 80/1179/EEC, 80/1180/EEC and 80/1181/EEC, OJ L 350 of 23. 12. 1980.

1980 it adopted the first Directive on the introduction of a Community driving licence.¹ This Directive will enter into force on 1 January 1983.

Initially, the driving licence will remain national, but in all the Member States it will be based on a uniform Community model.

From 1 January 1983 onwards, driving licences on the Community model will replace the national licence for new holders. Any Member State unable for technical reasons to issue the Community licence from this date may defer the date until 1 January 1986.

The Directive provides for a system whereby the holder of a current national or Community-type driving licence can exchange it without a test upon settling in another Member State. The original licence remains valid in the new Member State for up to one year following the taking up of residence. During this period it will in normal circumstances be exchanged, on application, for the Community-type driving licence of the new State of residence.

The Council thus took a further step towards harmonizing the laws of the Member States.

(f) *Harmonization of social legislation*

(i) Implementation of Regulation (EEC) No 543/69 of the Council of 25 March 1969

163. On the basis of the sixth, seventh and eighth Commission reports, covering the years 1975 to 1978, at its meetings on 24 June and 4 December 1980 the Council examined the problems of implementing Regulation (EEC) No 543/69 of the Council of 25 March 1969 on the harmonization of certain social legislation relating to road transport. The Council noted that these reports show that implementation of Community social legislation continues to give rise to difficulties in the various Member States.

¹ Directive 80/1263/EEC, OJ L 375 of 31. 12. 1980.

It stressed the importance of implementing this Regulation uniformly and correctly and recommended a series of measures that should be taken to this end.

(ii) AETR

164. In 1977 the Council had adopted a Regulation on the implementation of the European Agreement concerning the work of crews of vehicles engaged in international road transport (AETR).¹ Since this date AETR has been ratified by all the Member States on behalf of the Community. However, following amendments to the Community's social legislation on road transport,² a divergence has arisen between certain provisions of this legislation and the corresponding provisions of AETR.

For this reason the Community took part in the work of an *ad hoc* group set up under the Inland Transport Committee of the Economic Commission for Europe. This work was completed in April 1980, when a series of draft amendments to AETR were drawn up aimed at bringing the international rules for European road transport into line with the rules for Community transport with regard to:

- the use of a mechanical monitoring device which could in certain cases replace the log book;
- the optional abolition of the limit of 450 kms per day for vehicles with only one driver, if the vehicle is equipped with a mechanical monitoring device; and
- interruption of rest periods in the case of a vehicle being transported by train or ferry.

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

165. At the 65th meeting of the International Labour Conference in June 1979, the Community took part, on the basis of a Council Decision, in the negotiations on Convention No 153 and Recommendation No 161 of the International Labour

¹ See 25th Review, paragraph 140 and OJ L 334 of 24. 12. 1977.

² In particular Regulations Nos 2827/77 of 12. 12. 1977 and 2828/77 of 12. 12. 1977, OJ L 334 of 24. 12. 1977.

Organization concerning hours of work and rest periods for road transport workers (1979).

The final text of these instruments was communicated by the secretariat of the ILO to the member countries of this organization, and on 27 November 1980 the Council agreed on the terms of an identical letter to be addressed by the Member States to the International Labour Office, in order to inform this body that Convention No 153 had been submitted to the competent Community authorities. It also agreed, on 20 January 1980, on the terms of a similar letter concerning Recommendation No 161.

3. RAIL TRANSPORT

166. Pending new proposals from the Commission on improving the situation of the railways,¹ the Council continued its work on the proposal for a Regulation concerning the fixing of rates for the international carriage of goods by rail, the draft Decision on opening negotiations with third countries concerning certain combined rail/road carriage of goods, and statistics of the carriage of goods by rail.

(a) *Fixing of rates for the international carriage of goods by rail*

167. The Council's subordinate bodies continued their examination of the proposal that the Commission had forwarded to the Council in 1975, and amended in 1977, concerning the fixing of rates for the international carriage of goods by rail. This proposal aims to allow the railways to determine for themselves, according to their commercial interests and taking into account cost prices and the situation, the prices and conditions for the carriage of goods in international traffic between Member States.²

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

168. In 1980 the Council's subordinate bodies continued their examination of the proposal for a Council Decision relating to the

¹ OJ L 152 of 12. 6. 1975.

² See 27th Review, paragraph 155.

opening of negotiations between the Community and third countries (Austria, Spain, Finland, Yugoslavia, Norway, Switzerland and Sweden) concerning the establishment of rules for certain types of rail/road carriage of goods.

The agreements to be concluded with these third countries will aim to extend and generalize the Community system applying to certain types of combined carriage of goods between Member States.¹ The main feature of this system is that these types of transport are exempt from any quota or authorization arrangements.

(c) Freight statistics

169. At its meeting on 4 December 1980 the Council adopted a Directive on statistical returns on the carriage of goods by rail, as part of regional statistics. With the adoption of this Directive the necessary legal instruments now exist for compiling statistics on the carriage of goods by road, inland waterway and rail.²

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

170. On 4 December 1980 the representatives of the Governments of the Member States of the ECSC, meeting within the Council, approved the text of the Additional Protocol to the ECSC-Switzerland Agreement of 28 July 1956 and the ECSC-Austria Agreement of 26 July 1957 on the establishment of through international rail tariffs for the carriage of coal and steel. These protocols were drawn up to take account of the accession of the Hellenic Republic to the Community.

4. MARITIME TRANSPORT

171. In the sphere of maritime transport, the Council continued its examination of certain problems connected with the United Nations Convention on a Code of Conduct for Liner Conferences,

¹ See 27th Review, paragraph 169.

² Directive 80/1117/EEC, OJ L 350 of 23. 12. 1980. See paragraph 156 of this Review.

as well as its work on various projects to improve safety at sea.

(a) *United Nations Convention instituting a Code of Conduct for Liner Conferences*

172. The Council's subordinate bodies, the Member States and the Commission continued their efforts to persuade the other OECD countries acceding to the United Nations Convention on a Code of Conduct for Liner Conferences to adopt procedures corresponding to those laid down in Council Regulation (EEC) No 954/79 concerning the ratification of this Convention.¹ Spain, Finland, Greece, Norway and Sweden have accepted the Community's invitation and expect to become contracting parties by the same procedures as the Member States. Australia, Canada, the United States and New Zealand stated that at present they did not intend to become contracting parties to the Code.

(b) *System for collecting information on the activities of certain third countries in the sphere of maritime transport*

173. On 4 December 1980 the Council decided² to extend for a further two years the validity of Decision 79/4/EEC of 19 December 1978 on the collection of information concerning the activities of carriers involved in cargo liner traffic between the Member States and East Africa and Central America.³

At the same time, the Council decided that the Member States would collect information concerning traffic between the Community and the Far East. The procedure for collecting this information will be laid down by the Council by 31 March at the latest.

(c) *Safety at sea*

174. The Council continued its work on promoting greater safety at sea. On 23 September 1980 it adopted a

¹ OJ L 121 of 17. 1. 1979.

² Decision 80/1182/EEC, OJ L 350 of 23. 12. 1980.

³ OJ L 5 of 9. 1. 1979. See 26th Review, paragraph 185.

recommendation inviting the Member States to conclude, before 31 July 1982, the Torremolinos International Convention on the Safety of Fishing Vessels.¹

In addition, following the mandate from the Council in 1978, the IMCO, the consultative organization for sea transport, was approached with a view to having this organization recommend its members to adopt the system laid down in the Council Decision of 21 December 1978 concerning pilotage of vessels in the North Sea and English Channel.² In this connection the United Kingdom Government, supported by the Community and the Member States, submitted to the IMCO a draft recommendation inviting international vessels in the English Channel and North Sea to employ only deep-sea pilots who hold a certificate issued by a State bordering on the North Sea which attests the holder's qualifications as a pilot in the North Sea and the Channel.

Fresh impetus was given to the Council's work when the European Council met in Luxembourg on 27 and 28 April 1980 and a memorandum was presented from the French Government on safety in maritime transport and the control of pollution from hydrocarbons being transported by sea. The European Council invited the Community institutions to examine this memorandum. At its meeting on 24 June 1980 the Council instructed the Permanent Representatives' Committee to continue its work on the questions raised in this memorandum in particular with regard to the examination of proposals to be forwarded by the Commission.

Among the proposals so far forwarded by the Commission, mention should be made of the proposal dated 2 July 1980 for a Council Directive concerning the application, in respect of vessels using Community ports, of international standards relating to the safety of maritime transport and the prevention of pollution. At its meeting of 4 December 1980, the Council received a progress report from the Presidency and instructed the Permanent Representatives' Committee to continue its examination of this question.

¹ OJ L 259 of 2. 10. 1980.

² OJ L 33 of 8. 2. 1979.

(d) Consultations on relations with third countries and international organizations

175. Through the Council's subordinate bodies, the Member States and the Commission held consultations, using on several occasions the procedure for consultation on maritime matters set up by the Council Decision of 13 September 1977,¹ on relations with third countries and international organizations. The subjects examined included:

- the operation of certain bilateral agreements concluded by the Member States in the sphere of maritime transport;
- the operation of certain liner conferences;
- the position to be adopted in international organizations regarding the Code of Conduct for Liner Conferences and certain international conventions relating to safety at sea;
- surveys carried out by the American authorities regarding tanker crews;
- a suggestion from the Commission aimed at applying the principles of Regulation (EEC) No 956/79² to the bilateral agreements on the organization of liner traffic concluded between Member States and third countries;
- a suggestion from the Dutch delegation aimed at applying certain sections of the 1973 MARPOL Convention and its 1978 Protocol, before these instruments come into force.

5. AIR TRANSPORT

176. The Council's action on air transport has hitherto been based on the list of nine questions to be examined as a priority which was drawn up at the meeting on 12 June 1978.³

The Council is thus not working towards overall regulation for this sector but adopting concrete solutions to specific problems which can more easily be resolved by a Community approach, while complementing national policies.

¹ OJ L 239 of 17. 9. 1977.

² OJ L 121 of 17. 5. 1979.

³ See 26th Review, paragraph 186.

(a) Aircraft accidents

177. On 21 February 1980 the German delegation presented to the Council two draft Directives concerning search, rescue and recovery operations and accident investigations as mentioned in item 9 of the list of priorities. One of these two drafts, relating to searches for and rescue of aircraft, is still being examined by the Council's subordinate bodies. The other draft, concerning future cooperation and mutual assistance between Member States in the field of air accident investigations, was approved by the Council at its meeting on 4 December 1980 and formally adopted on 16 December 1980.¹

Under this Directive the Member States must, within certain limits and under certain conditions, provide mutual assistance in investigations following an air accident and exchange information on investigations into accidents involving light aircraft, which account for more than 90% of all air accidents.

The aim of this Directive is to contribute to improving international cooperation in a field which is of particular importance for the safety of aviation, since a knowledge of the causes of an accident can help in preventing further accidents.

(b) Examination of air fares in Europe

178. At its meeting on 24 June 1980 the Council asked the Commission to collaborate with national experts in examining the various air fares for scheduled flights in force in the Community, taking into account in particular the economic constraints on the airlines, the conditions currently governing their access to the market, and of the effect of fares for non-scheduled flights.

(c) Express air-freight services for low-weight parcels

179. The Council's subordinate bodies started their examination of a draft Directive put forward by the British

¹ Directive 80/1266/EEC, OJ L 375 of 31. 12. 1980.

delegation concerning measures to liberalize the regulations governing express air-freight services for low-weight parcels.

6. TRANSPORT INFRASTRUCTURE

Support for projects of Community interest regarding transport infrastructure

180. On 4 March 1980 the Commission forwarded to the Council an amendment to the proposal for a Regulation on support for infrastructure projects. The aim of this amendment is to extend the financial support system to cover infrastructure projects on the territory of a third country which are of considerable interest to the Community, in particular with regard to movement between Member States.

On 19 June 1980 the Commission forwarded to the Council the report on bottlenecks and the various possible forms of interventions, as the Council had requested at its meeting on 23 November 1978.

The Council's subordinate bodies continued their examination of the proposal for a Regulation in the light of these two texts, concentrating on certain aspects of this proposal.

At its meeting on 4 December 1980 the Council adopted conclusions giving guidelines for continuing the work.

7. OTHER MATTERS

Summer time

181. On 22 July 1980 the Council adopted a Directive on the provisions regarding summer time.¹ Under this Directive all the Member States must introduce summer time on the same dates, namely, 29 March 1981 and 28 March 1982. The Council's subordinate bodies are continuing their study of the additional provisions proposed by the Commission concerning the end of the summer time period and also the starting dates for 1983 and subsequent years.

¹ OJ L 205 of 7. 8. 1980.

F – Research

1. SCIENCE AND TECHNOLOGY

Development of a common policy in the Community

182. At its meeting in 1980 the Scientific and Technical Research Committee (CREST) delivered opinions on the programmes proposed by the Commission to the Council in the following fields:

- R&D programme in the field of science and technology 'priorities and organization';
- EAEC and EEC programme in the field of scientific and technical training;
- R&D programme in the textile/clothing field;
- R&D programme on the environment (protection of the environment and climatology);
- multiannual R&D programme in the field of biomolecular engineering.

2. RESEARCH PROGRAMMES

(a) Nuclear and non-nuclear programmes

183. During 1980 the Council adopted five multiannual research programmes to which a total of 950.69 million EUA in commitment appropriations and a maximum of 2 601 staff were allocated (see table below).

The programmes include a new four-year programme for the JRC and the continuation of the fusion programme, including the JET project.

Table of research programmes adopted by the Council during 1980

Field	Date of Decision	Expenditure (million EUA)	Staff	Duration (years)	OJ reference
1. JRC	13. 3. 1980	510.87 (approximate breakdown as below)	2 260	4	L 72 of 18. 3. 1980
(a) Nuclear safety and the fuel cycle		249.00	1 150		
(b) New energies		78.00	383		
(c) Study and protection of the environment		52.25	271		
(d) Nuclear measurements		43.20	184		
(e) Specific support for the Commission's activities		36.20	184		
(f) Operation of large-scale installations		52.22	88		
2. Controlled thermo-nuclear fusion	13. 3. 1980			5	L 72 of 18. 3. 1980
(a) other than JET	13. 3. 1980	190.50	113	5	
(b) JET		145.00	150		
Total		335.50	263		
3. Biology-health protection (radiation protection programme)	18. 3. 1980	59.00	64	5	L 78 of 25. 3. 1980
4. Management and storage of radioactive waste	18. 3. 1980	43.00	10	5	L 78 of 25. 3. 1980
5. Second research programme in the field of medical and public health research	18. 3. 1980	2.32	4	4	L 78 of 25. 3. 1980

184. By its Decision of 11 November 1980 the Council amended the Decision on a programme relating to the recycling of paper and board¹ and extended the duration of this by one year.

185. By its Decision of 11 November 1980 the Council also amended two Decisions² which it had adopted concerning the Schnell-Brüter-Kernkraftwerksgesellschaft mbH (SBK) joint undertaking.³

(b) *ECSC*

186. With a view to encouraging technical and economic research aimed at improving methods of production, beneficiation and utilization of coal in the Community,⁴ on 13 May 1980 the Council gave its assent as requested by the Commission under Article 55 (c) of the ECSC Treaty to the allocation of financial aid out of funds from the levies amounting to 17 million EUA for two research programmes on mining techniques and the beneficiation of products, and also to a project for scanning and translating technical literature on coal from Eastern Europe, Scandinavia, the Middle East and the Far East.

This aid also covers the expenses of disseminating the research results. The total cost of the two programmes is approximately 29 million EUA.

(c) *Research budget*⁵

187. External relations

(i) European Cooperation in the field of Scientific and Technical Research (COST)

188. On the basis of the arrangements for cooperation with COST, on 4 December 1980 the Council approved the conclusion of two Community/COST cooperation agreements:

¹ See 26th Review, paragraph 193.

² See 23th Review, paragraph 176.

³ OJ L 307 of 18. 11. 1980.

⁴ OJ C 127 of 18. 5. 1979.

⁵ For the budgetary work relating to research for the 1981 budget, see chapter VI A of this Review.

- joint action in the field of teleinformatics (COST 11a) (EEC, Finland, Sweden);
- joint action in the field of food technology – qualitative and nutritive value of foodstuffs (COST 91) (EEC, Switzerland and Sweden).

189. The Council also approved, on 10 November 1980, the participation of the European Economic Community in the Joint Declaration of Intent regarding the implementation of a European research project on coastal benthic ecosystems (COST 47).

(ii) International Energy Agency

190. On 15 July 1980 the Council approved the participation of the Community in two IEA agreements concerning the implementation of research and development programmes in the fields of hydrogen production from water (Annex 6 to the IEA Agreement) and of radiation damage in materials used for fusion.

(iii) Cooperation Agreement with Canada

191. On 20 October 1980 the Council approved the conclusion of a cooperation agreement with Canada (EACL) in the field of the management of nuclear waste.

(iv) EEC-Spain Cooperation Agreement

192. On 11 July 1980 the Council approved the conclusion of a cooperation agreement with Spain in the field of controlled thermonuclear fusion. This agreement enables Spain to take part in the 'mobility of personnel' scheme under the Community programme.

(v) Intergovernmental Committee on Science and Technology in the service of Development (CISTD)

193. Consultation meetings were held regularly to prepare for the first two meetings of the Intergovernmental Committee on Science and Technology in the service of Development, which was set up following the United Nations Conference on Science and Technology in the service of Development, and also for the

meetings of the Intergovernmental Group of financial experts connected with CISTD. This consultation work served to harmonize the positions of the Member States so that they were able to speak with one voice in the Intergovernmental Committee.

G – Environment

1. TEXTS ADOPTED BY THE COUNCIL

194. During 1980 the Council adopted a number of acts arising from the Communities' 1973¹ and 1977² action programmes on the environment, as listed below.

195. On 26 March 1980 the Council adopted a Decision concerning chlorofluorocarbons in the environment.³ This Decision follows the Council Resolution of 30 May 1978,⁴ which reflected the Council's thinking and intentions regarding the problem of the effects of chlorofluorocarbons on the ozone layer and that of the effects of ultraviolet radiation on health. With a view to preventing these effects, as a precautionary measure, the Council Decision of 26 March 1980 provides firstly for freezing the production capacity for the chlorofluorocarbons F 11 and F 12 in the Community. Secondly, it provides for a reduction by at least 30 % of the 1976 level in the consumption of chlorofluorocarbons for filling aerosol cans, to be achieved by 31 December 1981. These measures will be reviewed in the light of available scientific and economic data to enable the Council to make a decision by 30 June 1981 on any new measure which may appear necessary.

196. On 15 July 1980, after several years of discussions, the Council adopted two important acts concerning the environment. The first of these was the Directive relating to the quality of water intended for human consumption.⁵

¹ OJ C 112 of 20. 12. 1973.

² OJ C 139 of 13. 6. 1977.

³ OJ L 90 of 3. 4. 1980; see also 26th Review, paragraph 193.

⁴ OJ C 133 of 7. 6. 1978; see also 26th Review, paragraph 202.

⁵ OJ L 229 of 30. 8. 1980.

This Directive applies equally to water supplied directly for consumption and to water used in the production of foodstuffs. It lays down a number of requirements and quality standards which the water must meet from the health point of view. Accordingly it specifies more than 60 quantified parameters concerning organoleptic and physico/chemical factors, undesirable substances, toxic substances and microbiological factors. Target 'guide values' and binding 'mandatory values' regarding these parameters are to be laid down for the Member States. The Directive also lays down rules for the regular monitoring of water quality and in particular specifies the standard analysis patterns and minimum frequencies. Lastly the Directive lays down the methods of analysis to which the Member States must make reference to ensure compliance with the values of the various parameters.

The second was the Directive on air quality limit values and guide values for sulphur dioxide and suspended particulates.¹

This is the first major Directive in the sphere of air pollution to be adopted under the 1973 and 1977 action programmes. Its object is to protect human health and the environment by laying down limit values or guide values for concentration of sulphur dioxide and suspended particulates in the atmosphere.

These limit values are the concentrations which, for reasons of public health, the Member States should not as a rule exceed, as from 1 April 1983, anywhere in their territories over specified periods, namely, 24 hours, the winter season and the year.

The guide values are the pollutant concentration levels to be used in long-term preventive measures regarding health and environmental protection and as reference points for the Member States in establishing specific schemes within particular zones of special importance. The Directive also gives the different methods of sampling and analysis to be used as points of reference by the Member States.

197. In addition, on 15 July 1980 the Council adopted the Resolution on transboundary air pollution by sulphur dioxide and

suspended particulates.¹ This Resolution is based on the Convention on Long-range Transboundary Air Pollution, which was signed in 1979 under the auspices of the United Nations Economic Commission for Europe. By this Resolution the Council invites the Member States to try to limit and, as far as possible, progressively reduce transboundary atmospheric pollution due to sulphur dioxide and suspended particulates.

2. MEETINGS OF THE COUNCIL ON THE ENVIRONMENT

198. During 1980 the Council held two meetings on environmental questions, mainly to continue its work on the 1973 and 1977 action programmes.

199. The Council's meeting on 30 June 1980 was largely devoted to a detailed discussion on the proposal for a Directive on the risks of major accidents involved in certain industrial activities, which was drawn up by the Commission following the accident at Seveso in 1976.

Substantial progress was made during these discussions on most problems, regarding both the general provisions and the technical annexes to the proposal for a Directive.

At the same meeting the Council also held an exchange of views on the proposals for Directives concerning limit values and quality objectives for aldrin, dieldrin and endrin wastes in the aquatic environment. These proposals are for the first Directives implementing the basic Directive 76/464/EEC on pollution caused by certain dangerous substances discharged into the aquatic environment in the Community.²

200. At its meeting on 12 December 1980 the Council continued its examination of a number of questions concerning the Directive on the risks of major accidents involved in certain industrial activities which were still outstanding from its meeting on 30 June 1980.

201. On 12 December 1980 the Council also discussed the proposals for Directives concerning limit values and quality

¹ OJ C 222 of 30. 8. 1980.

² OJ L 129 of 18. 5. 1976.

objectives for mercury wastes in the sector of alkaline chloride electrolysis. These proposals constitute the second set of measures implementing the basic Directive 76/464/EEC.

202. In addition, the Council agreed in principle on the Regulation relating to a common system for imports of whale products. Under this Regulation all whale products imported into the Community after 1 January 1982 will require a permit, and no permits will be issued for products intended for commercial purposes.

203. At this meeting the Council also agreed in principle, subject to a further examination in the light of Parliament's opinion, on a recommendation aimed at encouraging the Member States to recover and re-use waste paper and board for both environmental and economic reasons.

204. It also gave its approval to the signing by the Community of the Geneva Convention on Long-range Transboundary Air Pollution, drawn up under the auspices of the ECE in Geneva, and the Strasbourg Convention on the conservation of European wildlife and natural habitats, drawn up under the auspices of the Council of Europe.

3. POLICY DISCUSSION ON THE FURTHER DEVELOPMENT OF THE COMMUNITY'S ENVIRONMENT POLICY

205. In the course of a policy discussion on the further development of the Community's environment policy, at its meeting on 30 June 1980 the Council also held a wide-ranging discussion on the progress made and the assessment of the work done on implementing the second action programme on the environment, including the question of rational land use. In this discussion a number of subjects were raised, including lead pollution, transboundary pollution and oil pollution of the seas.

4. INTERNATIONAL MATTERS

(a) *International conventions*

206. On 13 May 1980 the Council adopted a Decision authorizing the Community to sign the Protocol on the Protection

of the Mediterranean Sea against Pollution from Land-based Sources. This is the most important legal instrument to be drafted under the Barcelona Convention on the Protection of the Mediterranean Sea against Pollution.¹

(b) Other work on international matters

207. In accordance with the 1973 and 1977 action programmes, the Member States conferred with each other during 1980 on the activities of the international bodies concerned with the environment. The main work was in connection with:

- the OECD (Committee on the Environment – high-level meeting on noise, high-level meeting on chemical products, both held in Paris in May 1980);
- the United Nations Programme on the Environment (eighth meeting of the Administrative Council held in Nairobi in April 1980);
- the United Nations Economic Commission for Europe (eighth meeting of the Principal Government Advisers on environmental problems);
- the Council of Europe (Draft Convention on protecting international waterways against pollution).

H – Other matters

1. EDUCATION

208. The Education Committee continued its work on the action programme on education instituted on 9 February and 13 December 1976.² It completed a general report for the Council and the Ministers for Education indicating guidelines for further action on the basis of the overall action programme.

¹ In this context it should be noted that in 1977 the Community signed the Protocol to the Barcelona Convention on the prevention of pollution by dumping from ships and aircraft. See OJ L 240 of 19. 9. 1977.

² See 27th Review, paragraph 197.

209. On 27 June 1980 the Council and the Ministers for Education meeting within the Council resolved the remaining basic problems, in particular the question of admission criteria in higher education for students from other Member States.

They noted that their discussion on the general report of the Education Committee showed that there was no divergence on matters of substance. On a formal level, they invited the Permanent Representatives' Committee to consider what action should be taken further to this meeting, regarding both the texts to be adopted and the effects on the budget.

The Permanent Representatives' Committee was unable to reach agreement before the end of the year on formal legal texts embodying the decisions taken at the meeting of the Council and the Ministers for Education. Consequently, in the 1981 draft budget Council included no appropriations for initiating the new projects discussed in the general report of the Education Committee. Parliament did not amend the Council's budget on this point.

2. EUROPEAN FOUNDATION

210. At its meeting on 16 December 1980 the Council resumed its examination of the problem of the European Foundation, which had been in abeyance since 1978. It could only note that the delegations' positions on this problem had not changed in the meantime.

3. CONSUMER INFORMATION AND PROTECTION

211. During the year the Council continued its work on several proposals forwarded by the Commission.

The Council's activities were devoted mainly to examining the European Community's second consumers action programme. This work should enable the Council to make a decision on this programme during next year.

As regards the specific proposals made by the Commission under the preliminary programme for a consumer

protection and information policy,¹ the Council concentrated on:

- the proposal for a Directive on consumer protection in the case of contracts negotiated away from business premises, particularly in respect of doorstep selling;
- the proposal for a Directive relating to the approximation of the laws, regulations and administrative provisions of the Member States concerning misleading and unfair advertising;
- the proposal for a Directive relating to the approximation of the laws, regulation and administrative provisions of the Member States as regards liability for defective products;
- the proposal for a Decision setting up a Community information system on accidents involving products, other than occupational and road traffic accidents.

With regard to the proposal for a Directive relating to the protection of participants in home study courses, the Commission informed the Council on 26 September 1980 that after consulting Parliament it had decided to withdraw this proposal.

¹ OJ C 92 of 25. 4. 1975.

CHAPTER IV

External relations and relations with the associated States

A – General commercial policy

1. COMMERCIAL POLICY REGULATIONS

(a) Common import arrangements

212. As part of its work on setting up common arrangements with regard to State-trading countries, on 4 December 1980 the Council, on a proposal from the Commission, adopted a Regulation¹ which combines in a single instrument the previous Decisions which governed the unilateral import arrangements with regard to these countries² concerning products which are not on the common list of liberalized products in Regulation (EEC) No 925/79. This new Regulation also incorporates certain improvements suggested by experience.

The main aims of this Regulation, which governs the field of quantitative restrictions on imports, are:

- to ensure greater transparency in the import arrangements for State-trading countries, since it lists in an annex all the products subject to quantitative restrictions in the various Member States;
- to improve certain aspects of the import arrangements by making the procedure for amending the arrangements more

¹ OJ L 353 of 29. 12. 1980.

² Decisions 75/210/EEC, OJ L 99 of 21. 4. 1975 and 79/252/EEC, OJ L 60 of 12. 3. 1979.

flexible, thus meeting the particular requirements of the Community's commercial policy towards State-trading countries;

- lastly, to establish a Community consultation procedure for finalizing the common import arrangements and administering trade agreements between the Community and these countries.

On the basis of this outline Regulation, at its meeting on 22 December 1980 the Council adopted, for the year 1981, the import quotas to be opened by the Member States for the various State-trading countries.

(b) Anti-dumping regulations

213. Pursuant to the Council Regulation concerning protection against dumping or subsidized imports from countries not members of the Community¹ the Council, on a proposal from the Commission, confirmed a series of measures taken on a provisional basis by the Commission to protect the Community market against dumping by certain third countries.

The Council thus instituted permanent anti-dumping duties on certain products originating in the Soviet Union and/or the United States, namely, sodium carbonate, lithium hydroxide, electric motors, acrylic fibres and polyester yarn. It also extended the provisional anti-dumping duties on certain products originating in the GDR and the Soviet Union (alarm clocks and travelling alarm clocks).

(c) Express or tacit extension of trade agreements

214. On proposals from the Commission the Council adopted Decisions on 5 February, 27 March, 15 September and 10 November 1980, providing for the extension of a number of friendship, trading and shipping pacts and similar agreements concluded by the Member States. Under the terms of the Council Decision of 16 December 1969 such authorizations are necessary for these agreements to remain in force.

¹ OJ L 339 of 31. 12. 1979.

(d) *Cooperation agreements*

215. On the basis of the Council Decision of 22 July 1974, several consultation meetings were held during 1980 by the Select Committee instituted by this Decision. The main object of these meetings was to exchange views on the requests addressed by third countries, and in particular the State-trading countries, to the Member States during negotiations on the conclusion of cooperation agreements.

2. MULTILATERAL TRADE NEGOTIATIONS

216. The main feature of 1980 was the implementation of the decisions made during the multilateral trade negotiations which were formally completed in Geneva in December 1979.

The Community and its principal trading partners set up the administrative bodies required to manage the various tariff and non-tariff matters agreed during the negotiations. In this first year the principal contracting parties also implemented the first round of the agreed tariff reductions.

In the field of safeguards, on which it had not been possible to reach an agreement, the discussions were continued by a 'Safeguards Committee' set up for this purpose under GATT and in the course of semi-official consultations among the partners most concerned. The Community, in particular, continued its efforts to establish the basis of a compromise which would be acceptable to all. It is planned to continue this work in 1981 in the hope of achieving concrete results before Easter.

In connection with the Agreement on public contracts, which enters into force on 1 January 1981, many discussions were held between the signatory countries and a number of other contracting parties, in order to establish conditions for the latter's accession to the Agreement.

3. ADMINISTRATIVE PROBLEMS IN INTERNATIONAL TRADE

217. The general state of the world economy hardly improved in 1980 and the inevitable tensions which such a situation creates gave rise to an increasing number of specific problems.

Thus, for example, the Community began negotiations with the United States under Article XXII of the General Agreement on Tariffs and Trade (GATT) on the problem of the two-tier price of oil in that country and the effects of this situation on the prices of synthetic fibres, exports of which to the Community have created serious difficulties for Community manufacturers. Australia and Brazil complained to the GATT organization on the subject of Community sugar exports which, in their eyes, are gravely prejudicial to their own production. Chile also attacked the Community in the GATT organization on the subject of the measures it had taken temporarily to limit imports of apples. Lastly, the United States criticized the way the United Kingdom had implemented a Community Directive concerning new methods for producing poultry.

In fact, in the face of poor trading conditions and increasing tensions, the governments have made increasing use of the normal GATT procedures i.e. primarily the disputes procedures, the analysis of current difficulties through the 'Advisory Group of 18' and the presentation of different points of view in the sub-group on protectionism.

This approach enables the various governments to examine the problems and to continue their management of international trade without being under the direct influence of the protectionist pressures which are everywhere making themselves felt. While an increase in protectionist pressures has to be accepted as a fact, it should nevertheless be recognized that, thanks to the mechanisms negotiated and set up for this purpose within GATT, these pressures have not resulted in an increase in protectionist measures.

The Community has, in this context, kept a close watch on developments in international trade and worked to maintain the liberalization achieved as a result of the multilateral trade negotiations. In this connection mention should also be made of the part played by the Community in the efforts of the OECD to maintain the greatest possible degree of free trade.

As in the past, the Article 113 Committee met frequently, both in Brussels and in Geneva, to establish the positions which

the Community was to defend in the field of international trade.

Lastly, Canada lodged a complaint with the GATT organization against the EEC with a view to benefiting on the same basis as the United States from the concessions the EEC made at the time of the multilateral trade negotiations¹ regarding high-quality beef (Hilton beef).

4. SECTORAL PROBLEMS

(a) *Steel industry*

218. Although during 1979 the situation regarding the iron and steel market undoubtedly improved, nevertheless the Council noted at the end of that year that the prospects for 1980 did not appear to be as favourable as might have been hoped.

In view of this situation, at its meeting on 18 December 1979 the Council decided to extend to 1980 the existing crisis measures which, in addition to a number of measures on the domestic front, also included external measures. These were based, as in the past, on a combination of unilateral measures, such as basic prices and anti-dumping rules, and arrangements with third countries. However, to show the Community's wish to gradually restore normal market conditions, the Council decided to relax a number of the crisis measures in 1980 compared with 1979. As regards the external measures, the main features were a reduction in the number of products subject to basic prices and also a reduction in the number of arrangements with third countries.

In accordance with this remit the Commission negotiated 13 arrangements with third countries which are major exporters of steel to the Community.

The persistent state of crisis, together with the signs in the second half of 1980 of a rapid deterioration in the situation, led the Community to take drastic internal measures during this period.

¹ The GATT working group which investigated this matter supported the substance of Canada's complaint.

On 30 October 1980 the Council gave its assent, in accordance with Article 58 of the ECSC Treaty, to the establishment of a system of production quotas for the Community steel industry.

This attempt to revive the market obviously presupposed the maintenance of the external protective measures which were already in force in 1980. These were based mainly on two instruments, i.e. the basic prices/anti-dumping measures, and the arrangements with third countries. Regarding these arrangements, at its meeting on 24 and 25 November 1980 the Council approved the various provisions enabling the Commission to propose to certain third countries which export steel to the Community that they should conclude new bilateral agreements for 1981.

As in the past these arrangements imply price discipline, while aiming at maintaining established patterns of trade. However, with regard to their quantitative aspects the Council adopted an approach for 1981 which takes account of the anticipated reduction in the Community's consumption in 1981 and also of the measures to reduce production implemented under Article 58 of the ECSC Treaty, which expire on 30 June 1981.

(b) *Textiles*

219. The year 1980 saw the consolidation of the textile trade policy laid down by the Council in 1977 in order to enable the Community to deal with the crisis in this sector.¹

Accordingly the Council took a number of specific decisions to amplify certain or clarify certain aspects of the provisions introduced three years ago.

The following points should be mentioned in particular:

- approval of the negotiations with Greece for a voluntary restraint arrangement for 1980;²

¹ See 25th Review, paragraph 189 and 26th Review, paragraphs 231 – 233.

² See 27th Review, paragraph 221.

- a decision authorizing the Commission to negotiate the modifications to all the bilateral textile agreements with the various exporting countries which would be necessary following the accession of Greece;
- authorization given to the Commission to negotiate a voluntary restraint agreement with Egypt regarding cotton yarn, which hitherto has not been covered by a bilateral agreement;
- decision to sign the bilateral agreements negotiated with Poland and Hungary. These agreements supplement the pattern of bilateral agreements negotiated mainly in 1977;
- a Council Regulation making certain amendments to the basic Regulation on textiles, Council Regulation (EEC) No 3059/78 of 21 December 1978.

It should also be noted that work began within the Council on enabling the Community to take part in the negotiations to be held during 1981 on an international arrangement to replace the Geneva Multifibre Arrangement when it expires at the end of 1981.

(c) *Jute*

220. Following the negotiations with India and Bangladesh on an arrangement for exports of jute products from these two countries,¹ the Council:

- set in motion the procedures necessary for the conclusion and entry into force of the two bilateral agreements on voluntary restraint which resulted from these negotiations;
- adopted the import regulations with respect to the two countries, which faithfully reflect the provisions of the two agreements in question.

It should be noted that the arrangements on quantities introduced under these agreements expire at the end of 1983. After that date all the quantity restrictions on the importation of all jute products originating in these two countries will be lifted.

¹ See 27th Review, paragraph 224.

It should also be noted that after a series of talks with Thailand the Council adopted import regulations governing, for this same period, exports of jute yarn from Thailand to the Benelux countries.

B – Development cooperation policy and the North-South Dialogue

1. DEVELOPMENT COOPERATION POLICY

(a) Financial and technical aid to non-associated developing countries

(i) Framework Regulation

221. Intensive deliberations continued throughout 1980 both within the Council and in the framework of the conciliation procedure with the European Parliament, on the proposed framework Regulation which will in future govern procedures regarding financial and technical aid to non-associated developing countries. However, an agreement has not yet been reached.

(ii) Programme for 1980

222. At its meeting on 18 November 1980 the Development Cooperation Council gave its assent to the technical aspects of the detailed programme drawn up by the Commission following the guidelines already approved by the Council in October 1979.¹

The programme involves 138 million EUA, covering 36 projects in favour of 15 different countries and 9 regional organizations. As in 1979, the allocations for 1980 are shared between Asia (73%), Latin America (20%) and Africa (7%). Amongst the major beneficiary countries in Asia are India, Sri Lanka, Thailand and Bangladesh. In Latin America, the principal beneficiaries are Honduras, Haiti, the Andean Pact countries and

¹ Certain delegations withheld their formal assent pending the adoption of a framework Regulation.

Nicaragua. In Africa, a major portion of the aid has been allocated for reconstruction projects in Zimbabwe.

The principal areas to which priority is given in the programme are: irrigation (30 million EUA), agricultural production (27 million EUA), marketing infrastructures (14 million EUA) and livestock production (12 million EUA). In accordance with the wishes of Member States, co-financing projects, particularly with the Nine, are increasing, and particular attention has once again been given to regional projects.

(iii) General programme for 1981

223. The Development Cooperation Council gave general approval to the Commission's proposals at its meeting on 18 November 1980.¹ These proposals are largely based on the general criteria used when drawing up previous programmes, namely:

- as a general rule, priority is given to the poorest developing countries;
- 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 rural infrastructures with a view to improving food production;
- for the first time in 1981 there is the possibility of projects in the energy sector.

(b) *Generalized preferences*

224. At its meeting on 25 November 1980 the Council agreed on common guidelines concerning all the provisions relating to the GSP arrangements for 1981 and at its meeting on 16 December 1980, in the light of the opinions delivered by Parliament and the Economic and Social Committee, it adopted the Regulations (EEC) and Decisions (ECSC) to apply in 1981.

225. In this context the Council also agreed that the generalized preferences which the Community has granted unilaterally to the

¹ Some delegations withheld their formal assent pending the adoption of a framework Regulation.

developing countries since 1971 will remain in force for a further period of 10 years, which in fact coincides with the development strategy drawn up by the United Nations for the next decade, i. e. 1981 – 1990. In addition the Council declared its willingness to examine the situation with an open mind at the end of the new 10-year period, with a view to further extension of a Community scheme of generalized preferences.

On the other hand, it should be noted that, as in the past, the scheme will be reviewed each year by the Council's subordinate bodies in order to take account of any changes which may occur in the economic situation.

226. The GSP for the 1980s will follow new guidelines in the field of industrial products, the Community having found that the preferential advantages were used during the 1970s for the most part by a restricted number of beneficiary countries and for a limited number of products which were in any case established exports to the EEC.

In order to ensure a better balance in the distribution of the preferential advantages, to provide real assistance in the industrial development of a greater number of developing countries, particularly the least advanced, and to take into account the competitive position of EEC producers in the years to come, the Community considered that the new GSP should be based on the following guidelines. Firstly, it seemed necessary to begin, gradually and in stages, to differentiate the advantages granted to the beneficiary countries, taking account in particular of changes in the economic situation. This will be a question essentially of extending preferential access as much as possible for the developing countries which have the greatest need, in particular the least advanced countries, and limiting, for certain products, the preferences enjoyed by countries which are already regarded as being very competitive.

Secondly, certain provisions were adopted which should simplify the operation of the GSP.

227. In the general context outlined above, the main features of the system of generalized preferences for 1981 may be summarized as follows.

(i) Products covered by the GSP

228. The 1981 GSP provides for total exemption from customs duties for all industrial products (within certain value or quantity limits). As regards processed agricultural products, the Community's offer comprises total or partial exemption for approximately 313 products, with no restrictions on quantity.

Industrial products (including ECSC products)

229. Firstly, the Community decided to abolish the overall quotas and ceilings, which is an essential prerequisite for introducing some differentiation between beneficiary countries. In future the preferential amounts will be determined on an individual basis. The abolition of overall ceilings thus guarantees each beneficiary the possibility of using the open ceiling. In the same way, if duties are reimposed because the ceiling has been exceeded this will be done only in respect of the beneficiary country whose preferential exports have reached this ceiling.

Secondly, in order to simplify the management of the GSP the Community provided for two categories of products (strictly monitored sensitive products, and non-sensitive products) instead of the four product groups of the GSP in the 1970s. Thus, for 64 sensitive industrial products (including 6 ECSC products), the preferential imports from highly competitive countries will be dealt with by allocating individual quotas, while those from the other beneficiary countries will have individual ceilings.

In this context it should be stressed that as a general rule imports from beneficiary countries regarded as the poorest will not be subject to quotas.

230. With regard to textile products, the Council considered that it should extend for one year the system introduced on 1 January 1980, but with an increase of 2% in the quantities eligible for GSP treatment owing to the enlargement of the Community in 1981. The Community is still not in possession of all the facts which it needs to assess the operation of the current system, since the statistics will not be available until next year. The understanding is that this extension does not prejudice the conditions governing the Community's offer in subsequent years.

231. With regard to jute products, duties are suspended completely with regard to third countries which are principal suppliers and which have concluded voluntary restraint agreements with the Community regarding their exports of certain jute products (India and Bangladesh), or have undertaken to conclude such agreements if necessary (Thailand). The exemption which the beneficiary countries concerned currently enjoy will be maintained in 1981 and will be extended to Nepal and the other least advanced developing countries.

232. For coconut products, duties are completely suspended in respect of India and Sri Lanka. The Council decided that in 1981 the exemption will continue to apply to these two countries and also be extended to the least advanced developing countries.

233. With regard to processed agricultural products, the Council agreed to:

- an increase in the preferential margin for 36 products already included;
- relief or exemption from duty on 6 products (nutmeg, preparations containing mald extracts, cereal-based products and certain yeasts);
- the introduction of a number of new products (thyme and laurel);
- the inclusion of a new product (fishmeal) exclusively in respect of the least-advanced developing countries.

234. In addition the Council agreed to maintain the preferences for agricultural products subject to a quota or ceiling with an across-the-board increase of 2% because of the accession of Greece.

235. Lastly, it should be noted that China is now also a beneficiary country in respect of tropical fruit juices and cocoa butter.

(ii) Beneficiaries

236. The list of beneficiary countries for 1981 will include a 123rd country, i.e. Zimbabwe.

It should also be noted that China and Romania will continue to enjoy preferences under special conditions.

(iii) The least-advanced developing countries

237. In accordance with UNCTAD Resolution 96 (IV), the Community adopted a series of measures in favour of the least-advanced developing countries. Under the 1981 scheme, these countries enjoy – without any restrictions – total exemption for all industrial products, including textiles. They will also enjoy exemption for all the agricultural products included in the GSP. However, exemption for tobacco and pineapples is granted within the limits of the quotas laid down. Moreover, a new product (fishmeal) is to be included in the scheme exclusively for these countries.

(c) *Food aid and emergency aid*

(i) Annual programme for 1980

238. At its meeting on 28 May 1980 the Council approved the food aid programmes for 1980, which involve:

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

It should be noted that the figure for cereals refers only to Community operations, i.e. operations financed out of the Community budget. These are in addition to the figures for individual government operations which, like the Community operations, form part of the joint commitment undertaken by the Community and the Member States under the old Food Aid Convention. This joint commitment involves a total of 1 287 000 tonnes.

Under the above-mentioned programmes, the following major allocations should be noted. These are intended for countries which are among the poorest or which are going through critical periods in their food supplies.

As regards cereals, the following countries are involved.

- Bangladesh	105 000 tonnes
- Egypt	100 000 tonnes
- Pakistan	50 000 tonnes
- Ethiopia	} between 15 000 and 20 000 tonnes each
- Somalia	
- Sri Lanka	
- Tanzania	
- Jordan	} between 10 000 and 14 000 tonnes each
- Lebanon	
- Madagascar	
- Mozambique	
- Zambia	

It should also be noted that considerable quantities were also allocated to the various institutions which distribute food aid, such as WFP (100 000 tonnes, including 35 000 tonnes for Kampuchea), UNRWA (Palestinian refugees - 40 000 tonnes), the Red Cross (15 000 tonnes) and UNHCR (12 000 tonnes).

With regard to milk products (skimmed-milk powder and butter oil), the main recipient is India, to which the Community makes a large contribution under the 'Flood II' multiannual programme co-financed by the World Bank:

- skimmed milk powder: 31 000 tonnes; butter oil: 12 700 tonnes.

Other major beneficiary countries for milk products are Bangladesh, Egypt and Thailand. Major allocations also go to international organizations, in particular WFP (35 000 tonnes) and non-governmental organizations (26 000 tonnes).

(ii) Framework Regulation

239. The communication from the Commission regarding the adoption of a new procedure for food aid policy and administration remained under study by the various subordinate bodies of the Council, but a Council decision has not yet been reached on this matter.

(iii) Multiannual programming and establishment of strategic stocks of food in beneficiary countries

240. At its meeting on 18 November 1980, the Development Council adopted a Resolution which will enable the Community to enter into multi-annual commitments on food aid and which also makes provision for the possibility of allocating part of the food aid to setting up strategic stocks of food in one or more beneficiary countries.

(iv) New Food Aid Convention

241. In view of the difficulties in renegotiating a convention on trade in wheat, and because of the particularly difficult situation of a number of developing countries regarding food supplies, the Council agreed to separate this convention provisionally from that on food aid. These two conventions form the two main elements in the negotiations for a new International Wheat Agreement. The Council accordingly gave its assent for the Community to take part in the 1980 Food Aid Convention, under which the Community and its Member States have undertaken a joint commitment involving 1 650 000 tonnes of cereals, an increase of 363 000 tonnes.

It should be noted that this Convention is restricted to the period ending 1 July 1981, the expiry date fixed when the 1971 International Wheat Agreement was last extended. The new Food Aid Convention remains linked to this Agreement. The Community takes the view that the convention applying after this date should be linked to a new agreement on trade in wheat.

(v) *Emergency aid*

242. The Community undertook major operations in several parts of the world in aid of people who were the victims either of conflicts in their countries or of natural disasters. The most important of these operations were:

- 10.5 million EUA for Afghan refugees;
- a programme of aid, particularly food aid, for Nicaragua;
- the continuation of the Community operation in aid of the victims of events in Kampuchea, with the granting of aid

totalling 40 million EUA, and food aid amounting to 35 000 tonnes of cereals;

- 4 million EUA to Zimbabwe for the financing of reconstruction projects in the rural sector on the basis of plans submitted by the Government of Zimbabwe;
- 2 million EUA made available to the victims of the El Asnam earthquake in Algeria, together with food aid to a value of 1.5 million EUA;
- emergency food aid for the Sahel countries and countries in the Horn of Africa.

(d) *Hunger in the world*

243. The Development Council, at its meeting on 18 November 1980, devoted particular attention to the follow-up to the debate in the European Parliament in September, which resulted in the adoption by Parliament of an important resolution. The Development Council congratulated Parliament on its work and itself adopted the following resolution, in which it confirmed its determination to continue its work on this problem:

'The Council, noting that world hunger constitutes one of the fundamental problems facing mankind and accordingly requires special efforts to deal with it, subscribes to the approach that the problem should be tackled and solutions to it sought under its various aspects (relations between developing and industrialized countries, development of agricultural and rural production in the developing countries, food aid, consistency between Community agricultural and commercial policy on the one hand and development cooperation policy on the other) in view of their interdependence.

The Council confirms the prominence which the Community intends to give to the theme of food and agriculture at the global negotiations once they begin. Once the negotiations have been opened the Community will put forward proposals on the various agenda items to be approved for the subject, thereby endeavouring to live up to the expectations generated by its initiative regarding this agenda.

The Council is pleased to note that, according to current programming prospects, a substantial share of the financial and technical aid resources provided for in the Lomé Convention is earmarked for agricultural and rural development projects and hopes in this connection that projects for improving the food situation will be given a prominent place. It also confirms that the financial and technical aid for non-associated developing countries should go as a matter of priority to agricultural and rural development projects and in particular to improving the food situation. It expresses the wish that this form of aid may contribute still further to the campaign against hunger in the world, particularly in the case of the most deprived countries.

The Council emphasizes the fundamental role, acknowledged by the international community, of the efforts which must be made by the developing countries to incorporate agricultural and rural development activities in suitable national food strategies affording greater food security, especially for the most deprived populations. The Council therefore supports any action which can be undertaken within the resources available to assist those countries which so desire to define and implement such strategies.

The Council stresses in this connection the importance of closer integration of the agricultural sector in national development plans and of measures aimed in particular at:

- better adaptation of land ownership structures;
- introduction of pricing policies to provide profitable returns at producer level;
- creation of appropriate rural credit schemes;
- the improvement of marketing and distribution conditions to facilitate the access of all classes of the population to the available food;
- the development of advisory capacity and structures;
- greater participation by the populations concerned in the formulation and implementation of activities in this area.

The Council stresses the importance of developing research capacity geared in particular to food agriculture in the

developing countries and of ensuring complementarity between the activities of research centres in the Community and the efforts undertaken in this area by developing countries.

The Council hopes that satisfactory solutions will soon emerge from the work now in progress in the relevant international bodies on financial assistance to agricultural development in developing countries and on formulas to finance the imports of countries facing insurmountable difficulties caused by the increase in their food import bills.

The Council endorses the view that food aid ought to be:

- better administered to increase its effectiveness;
- seen as a development assistance instrument, especially in the agricultural and rural sectors, allowing activities in this area to be better combined with the development programmes or projects of these countries;
- better adapted to the nutritional needs of developing countries.

With this in mind the Council:

- adopted a Resolution on the use of Community food aid to attain food security objectives in the developing countries, which deals in particular with the multi-annual programming of food aid and the creation of strategic stocks in one or more beneficiary countries;
- stressed that it considers it essential that efforts be continued for the adoption without delay of the framework Regulation to govern this entire area, including the possibility of the Community supplying food aid in products other than those provided at present.

The Council confirms the importance it attaches to increasing world food security. It emphasizes that the two components of the International Wheat Agreement (Wheat Trade Convention and Food Aid Convention) are equally essential to achieve this objective. It accordingly confirms that the Community is ready to use its best endeavours to enable the negotiations for the new Wheat Trade Convention to be resumed

as soon as possible and to be concluded in such a way that the advantage of participation in the Convention by the developing countries is taken into account. It points out that a positive outcome on this matter would make it easier to extend the new Food Aid Convention beyond 30 June 1981.

The Council confirms its concern to seek the greatest consistency between the Community's internal and external policies and its development aid policy. It notes that the Commission plans to conduct a survey of the relationship between Community development aid policy, agricultural policy and trade in agricultural products.

The Council intends to continue its efforts to make a greater contribution to the fight against hunger in the world with the intention in particular of deploying with the utmost effectiveness the financial resources available to the Community.

The Council is resolved to continue examining the problem of hunger in the world at its forthcoming meetings, notably in the light of the studies and proposals by the Commission.'

(e) Investments

244. At its meeting on 18 November 1980 the Development Council adopted the following resolution laying down general guidelines for a common approach on the question of investments during negotiations with developing countries or groups of developing countries:

'The search for a common approach with regard to the encouragement of European investment in the developing countries should be seen as a means of complementing and reinforcing national measures and not as a substitute for them. National spheres of competence thus remain intact.

Whatever solution might be adopted should be so designed as not to conflict with existing national agreements or the practical possibility of Member States subsequently concluding international agreements in this area.

In view of the principles set forth in paragraph 1, the Community should raise in principle the subject of investment in the negotiations with developing countries or groups thereof with the aim of having a clause included in the agreements to be concluded with those countries.

Although the content and final wording of the clause in each specific case may vary depending on the outcome of the negotiations it would be advisable to ensure that the Community's negotiating position:

- seeks to include a provision setting out the objective and, if necessary, the means of cooperation with regard to investments, with the specific measures for achieving the objective being left to the implementation of the agreements;
- lays down a provision aimed at improving the climate for investment and including, *inter alia* a reference to the general aim of non-discrimination.

The Council instructs the Permanent Representatives' Committee to analyse the content and implementation of the above-mentioned general objective of non-discrimination and to consider, on the basis of the Commission proposals and in whatever way it sees fit, the procedures for implementing the provisions on investment protection in the agreements negotiated by the Community.'

(f) *FAO*

245. On the basis of common positions prepared in Brussels and Rome for the corresponding items on the agenda, the Community participated as usual in the Plenary Conference of the FAO, which this year took place from 24 November to 5 December.

2. NORTH-SOUTH DIALOGUE

246. The Community continued during 1980 to participate in the important conferences and negotiations taking place within the context of the North-South Dialogue. In accordance with accepted practice, the joint position of the Community and its

Member States is established by the Council in Brussels in the form of general guidelines which are then put into practice and adapted annually in the light of progress in the negotiations. It has been proved once again that the ability of the Nine to define and defend common positions has greatly added to their authority and influence in international discussions.

As far as the North-South Dialogue is concerned, the year 1980 saw a number of significant initiatives and meetings of the world community. The third General Conference of UNIDO took place in New Delhi from 21 January to 9 February 1980, whilst in New York intensive preparations were continued throughout the first half of the year for the proposed global negotiations under the United Nations, as well as for the Third International Development Strategy for the 1980s. These preparations culminated in the 11th special session of the United Nations General Assembly held in New York from 25 August to 5 September 1980.

(a) *Third General Conference of UNIDO*

247. The third General Conference of UNIDO faced an ambitious agenda covering in particular the review and appraisal of the world industrial situation, with specific reference to a review of progress made in the implementation of the Lima Declaration and the Plan of Action on Industrial Development Cooperation,¹ the strategy for further industrialization as an essential element of the development progress in the 1980s and beyond, questions relating to industrial structures in developing countries, the role of foreign investment, the financing of measures in favour of developing investment, the financing of measures in favour of developing countries, and various institutional questions connected with increasing the effectiveness of the UNIDO organization to meet the challenges of the coming decade and beyond.

The Conference ended without consensus with the adoption by majority vote of the New Delhi Declaration and Plan of Action presented by the Group of 77, which repeated more or

¹ Adopted at the second General Conference held in Lima (12 - 26. 3. 1975).

less *in toto* the conclusions of the ministerial meeting that the Group held in Havana in December 1979.¹

The industrialized countries, including the Community Member States, voted against the text in question as they were unable to accept the following key proposals by the Group of 77:

- the establishment of a global North/South Fund for the promotion and industrialization of developing countries, the level of which should reach USD 300 000 million by the year 2000;
- the confirmation and disaggregation of the Lima target;
- the concept of mandatory redeployment and in this context the question of the UNIDO system of consultations.

The Community and its Member States played an active part in both the formal part of the Conference and in the meeting of the commissions, submitting a number of agreed statements to the Conference on the principal items of the agenda, and maintained their unity throughout the proceedings.

The Community and its Member States regretted the failure of the Conference to reach agreement.

(b) *The 11th special session of the United Nations General Assembly*

248. The 11th special session of the United Nations General Assembly was held in New York from 25 August to 15 September 1980. Its task was, on the one hand, to launch global negotiations and, on the other, to adopt the Third International Development Strategy for the 1980s.

(i) Global negotiations

249. It will be recalled that, following a series of proposals by the Group of 77, the 34th regular session of the UN General Assembly adopted by consensus a Resolution² in which the General Assembly, *inter alia*, 'decided to launch at its Special

¹ For details, see UNIDO document ID/CONF. 4/CRP 16 & Add. 1 & Add. 2.

² Resolution 34/138.

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 negotiation.¹

The Committee of the Whole,¹ which had been given responsibility for acting as preparatory committee for the proposed global negotiation, met three times during 1980 with a view to making the necessary preparations. It addressed itself during these meetings principally to the question of the laying down of procedures for such negotiations as well as to consideration of an agenda. It was emphasized during these meetings by the Community and other industrialized countries that these two questions were inextricably linked and that negotiations would need to proceed on both matters with a view to arriving at an overall agreement.

The Community and its Member States played an active role in the proceedings of the Committee of the Whole, submitting written proposals both regarding procedures and for an agenda.

As far as procedures are concerned, the principal point at issue between the Group of 77 and the industrialized countries was a major difference of opinion on the role of the central body to be established in New York for global negotiations and its relationship with the existing specialized agencies within the UN system. In the view of the Community and other Western countries, these agencies should play their full part in global negotiations, with all due regard to their areas of responsibility.²

As far as the agenda is concerned, the Group of 77 put forward an agenda which contained virtually word for word the conclusions approved on the subject by Ministers of the 77, whereas the Community, supported by other Western industrialized countries, submitted an agenda based on the

¹ Established under UN Resolution 32/174.

² For details of the Community's proposals, see UN document A/AC. 191/III/1980 CRP. 2 of 9. 5. 1980.

so-called thematic approach which attempted to address a limited number of major problem areas covering interrelated questions of importance to the international community as a whole. The major themes contained in the Community's draft agenda were food, energy and external balances.

Despite the efforts made during the three preparatory meetings, the outstanding matters of substance were not resolved before the beginning of the 11th special session.

The Community participated in the special session on the basis of guidelines drawn up by the Council at its meeting on 22 July 1980. Community positions within the framework of these guidelines were further developed during the negotiations in New York, in which the Community played an active role. The special session devoted itself entirely to the question of procedures, on which it was unable to reach agreement. As far as global negotiations are concerned, the special session did not achieve success because of its inability to reach consensus on procedures, in spite of intensive efforts by all parties to reach compromise positions. In the end, the United States, the United Kingdom and the Federal Republic of Germany were unable to join a consensus on the final compromise proposal put forward at the end of the session.¹ This matter, together with the definition of a suitable agenda for global negotiations, was therefore remitted to the 35th regular session of the General Assembly, which was due to discuss the subject between mid-November and the end of 1980.

(ii) New International Development Strategy for the 1980s

250. Intensive work took place in a Preparatory Committee which met several times during the first half of 1980, as well as on the fringe of the July meeting of ECOSOC in Geneva. These preparations culminated in the successful adoption of a text for the Third International Development Strategy for the 1980s, on which consensus was achieved. This text addresses itself in detail both to the goals and objectives of the new Strategy and to the policy measures which should be adopted in order to implement it and also contains chapters relating to a review and

¹ See UN document AS-11/AC.1/L.1/Rev.1.

appraisal mechanism for the implementation of the Strategy. The general policy measures envisaged cover the fields of international trade, industrialization, food and agriculture, financial resources for development, international monetary and financial issues, technical cooperation, science and technology for development, energy, transport, economic and technical cooperation among developing countries, the least developed countries, most seriously affected countries, land-locked and island developing countries, the environment, human settlements, disaster relief and social development.

Because of the impasse on the subject of global negotiations, the formal adoption of the text of the Strategy was left to the 35th regular session of the General Assembly.

(c) 35th regular session of the General Assembly

251. As usual, a common position was also prepared ready for the other debates of the 35th regular session of the General Assembly with regard to matters within the Community's competence.

3. COMMODITIES

252. In 1980, as in 1979, an impasse was again reached during negotiations on some of the most important basic commodities, i.e. cocoa and tin. The international community nevertheless showed that it had the political will to overcome the obstacles and generally to make progress along the road of cooperation. In the context of this international activity, the Council took all the decisions necessary for the Community to be in a position to make a positive and in some cases decisive contribution.

Thus certain results have been achieved which make this a relatively successful year. The following are undoubtedly among the most significant:

- the conclusion of the negotiations on the Common Fund in June and on the third Agreement on Cocoa in December. The texts of these Agreements will be open for signature by the parties concerned in 1981;

- entry into force on 1 October 1980 of the 1979 Agreement on Natural Rubber, for which Kuala Lumpur (Malaysia) was chosen to host the headquarters;
- resumption in December of the negotiations for the sixth International Tin Agreement, which are to continue in 1981;
- decision to move on as soon as possible in 1981 to the negotiating stage as such for an international agreement on jute and jute products;
- agreement in October within the bodies responsible for administering the International Coffee Agreement to implement certain economic measures to enable the Agreement to control market trends more effectively.

C – Relations with the ACP States and the Overseas Countries and Territories

1. THE AFRICAN, CARIBBEAN AND PACIFIC STATES

(a) *Interim measures*¹

253. In view of the fact that the Second ACP-EEC Convention was signed in Lomé (Togo) on 31 October 1979, the first part of 1980 was largely devoted by the ACP-EEC bodies to setting up the transitional provisions required. The ACP-EEC Committee of Ambassadors, under the powers delegated to it by the ACP-EEC Council of Ministers, accordingly adopted Decision 1/80 of 18 January 1980 relating to the transitional measures to apply from 1 March 1980. On 28 February 1980 the Council of the European Communities adopted Regulation (EEC) No 434/80 relating to the implementation of this Decision.²

This Regulation lays down that under certain conditions some of the provisions of the first Convention are to remain in force until the entry into force of the second Convention or until 31 December 1980 at the latest. In addition it gives the ACP-EEC Committee of Ambassadors the authority to exercise, during the

¹ OJ L 55 of 28. 2. 1980 and L 147 of 13. 6. 1980.

² OJ L 55 of 28. 2. 1980.

period of the transitional measures, the powers of the ACP-EEC Council of Ministers under the first Convention.

It was also agreed to implement in advance certain provisions of the new Convention which are more advantageous to the ACP States than the corresponding provisions in the first Convention, in particular those which refer to safeguard measures, the rules of origin, imports of ACP agricultural products, and ACP rum and bananas.

2. FIFTH MEETING OF THE ACP-EEC COUNCIL OF MINISTERS

254. The first meeting of the ACP-EEC Council of Ministers following the signing of the new Convention (their fifth annual meeting) took place on 8 and 9 May 1980 in Nairobi, Kenya. The importance of this meeting lay in the fact that it formed the link between the expiry of the first Lomé Convention and the entry into force of the second. Its main aims were:

- to evaluate the achievements of the first Lomé Convention and to examine the remaining outstanding problems with regard to the implementation of this Convention;
- to review the implementation of the transitional provisions so as to ensure optimum conditions for the transition from the first Convention to the second;
- to make every effort to ensure that once it entered into force the new Convention took effect as quickly and effectively as possible.

255. The ACP-EEC Council also instructed the Committee of Ambassadors to draw up, on the basis of the draft prepared by the co-secretaries, the final version of the report of the ACP-EEC Council of Ministers covering the period of the first Convention (1 April 1976 to 29 February 1980), with a view to forwarding it to the Consultative Assembly for its meeting in September 1980.¹

256. Lastly, the Council gave its assent to the application for accession to the second Convention submitted by Zimbabwe, which became independent on 18 April 1980.²

¹ Decision 9/80 of the ACP-EEC Council of Ministers of 9 May 1980.

² See paragraph 280 of this Review.

3. ADMINISTRATION OF THE FIRST CONVENTION AND PREPARATORY WORK FOR THE IMPLEMENTATION OF THE SECOND CONVENTION

(a) *Trade cooperation*

257. The ACP-EEC Subcommittee on Trade Cooperation held a meeting on 10 October 1980 during which it discussed what action should be taken on the decision of the ACP-EEC Council of 8/9 May 1980, with particular reference to the supply of available agricultural products and to trade patterns.

It should be noted in this connection that there was little change in the structure of ACP-EEC trade during 1980, and the ACP States' trade surplus with the Community remained substantial. On the other hand, the value of this trade increased over the period by 38 % for EEC imports from the ACP States and by 36 % for its exports to the ACP States.

258. In addition the Subcommittee noted that the Community had forwarded to the ACP States the Commission proposal on the scheme of generalized preferences for future years with a view to obtaining any comments which the ACP States might have on this scheme.

(b) *Customs cooperation*

259. On the subject of derogation from the rules of origin, the Council of the European Communities adopted two Regulations, one¹ concerning the maintenance until 31 December 1980 of the derogation concerning fishing flies from Kenya and Malawi, and the second² concerning tuna from Mauritius, covering the period between 1 March 1980 and 31 August 1980.

260. At its meeting on 20 June 1980 the ACP-EEC Customs Cooperation Committee set up an 'ACP-EEC working party on the origin of fish products'. This working party held its first meeting on 24 July 1980, when it laid down the guidelines for its future work.

¹ Regulation (EEC) No 551/80, OJ L 61 of 6. 3. 1980.

² Regulation (EEC) No 552/80, OJ L 61 of 6. 3. 1980.

(c) Stabilization of export earnings (Stabex)

261. It should be noted in this connection that for 1980 the Community made 15 transfers totalling approximately 63 million EUA in respect of losses of export earnings by 12 ACP States in 1979.

In addition, at its meeting on 8 and 9 May 1980, the ACP-EEC Council of Ministers adopted two Decisions:

- Decision No 7/80 relating to the allocation of the remainder of the overall amount allocated to the stabilization system;
- Decision No 8/80 adding sesame seeds to the list of products covered by the stabilization system.

262. The Council of the European Communities adopted a Regulation¹ on 24 June 1980 relating to the monthly notification by the Member States of statistics concerning the imports of product covered by the Stabex system and originating in the ACP States and the Overseas Countries and Territories.

(d) Sugar

263. Once the Council had fixed, on 24 June 1980, the sugar prices for the marketing year 1980/81, the Commission entered into negotiations with the ACP States and also with India regarding the guaranteed prices applicable to cane sugar. These negotiations led to the fixing of the following prices: 35.89 ECU/100 kg for raw sugar, and 44.48 ECU/100 kg for white sugar. The outcome of these negotiations was approved by the Council in the form of Regulation (EEC) No 3185/80 of 4 December 1980.²

As mentioned in the previous Review,³ a problem arose between the Community and the ACP States over the failure of certain ACP States to make deliveries during the 1977/78 marketing year. The Commission, pursuant to Article 7 of Protocol No 3, reduced the 'agreed quantities' for 4 ACP States,

¹ Regulation (EEC) No 1638/80, OJ L 163 of 28. 6. 1980. This Regulation repeals Regulation (EEC) No 2478/77 (OJ L 287 of 11. 11. 1977).

² OJ L 332 of 10. 12. 1980.

³ See 27th Review, paragraph 261.

namely, the Congo, Kenya, Uganda and Surinam, on the grounds, that these failures to make deliveries were not due to reasons of *force majeure*. Noting that there was disagreement between the Community and the ACP States, the Council of Ministers, at its meeting in Nairobi on 8 and 9 May 1980, agreed to implement the provisions of the first Convention with regard to the settlement of disputes (Article 81) and decided on a good offices procedure to be followed by an arbitration procedure if the problem was not resolved. The persons designated under the good offices procedure (Mr Francis, Jamaican Secretary of State for Foreign Affairs and Mr Krohn, a former Director-General in the Commission) made their recommendations in September 1980.

264. Lastly it should be mentioned that the ACP States gave their support to the proposals which the Commission forwarded to the Council concerning a new Community sugar policy, particularly those aimed at reducing production quotas. However, since the provisions relating to the new common organization of the market in sugar were unable to enter into force on 1 July 1980 as planned, the Council decided to extend the old system for one year.

(e) *Industrial cooperation*

265. The ACP-EEC Council of Ministers adopted transitional measures in this field so that the Industrial Cooperation Committee (ICC) could exercise the powers necessary to ensure continuity in the operation of the Centre for Industrial Development (CID) until the entry into force of the second Convention and also prepare the implementation of Title V of the Convention on Industrial Cooperation.

In connection with these transitional measures the work of the ICC during 1980 was mainly concerned with maintaining the activity of the CID as set up under the first Convention while reorganizing the Centre in accordance with the objectives laid down in the new Convention (Article 79).

As regards management, the ICC drew up the CID's budget for 1980, including the interim period from 1 March 1980. This work proved difficult, owing to certain divergences between the

ACP States and the Community, so that for the first time it was necessary initially to resort to the system of provisional twelfths. In this connection, arrangements were made to maintain CID staff provisionally in their posts during the transitional period.

266. Concurrently with these administrative activities, some preparatory work was done on implementing the second Convention, and the Community started examining the problems of restructuring the CID to enable the Centre to perform the broader tasks which fall to it under the new Convention. This Convention extends the field of application of industrial cooperation to the mining and energy sector, and also provides for the establishment of non-discriminatory rules in the ACP States for investments from Member States of the Community and the encouragement of private capital in the process of the industrial development of the ACP States, particularly for small and medium-sized undertakings.

The choice of a Director and Deputy Director for the CID for the duration of the new Convention was made in this light. After a thorough examination of the applications, the Permanent Representatives' Committee agreed on the Community's candidate for the post of Director of the Centre. As the ACP States had proposed for this post the current Deputy Director, a balanced solution was finally found by the ICC.¹

On 1 September and 13 October 1980, the new management of the Centre submitted proposals to the ICC concerning the future structure of the CID, the revision of the 1980 budget, the programme of work and the budget for 1981. These proposals are currently being examined by the ICC.

267. On a more general level, on 11 June 1980 the ACP States forwarded a 'Memorandum on the role and the work of the ACP-EEC Industrial Cooperation Committee'. This document is currently being studied by the competent bodies within the Council, and a position will be adopted on it at a forthcoming meeting of the ICC.

268. Lastly, at its meeting on 8 and 9 May 1980 in Nairobi, the ACP-EEC Council of Ministers took note of the measures

¹ Decision 3/80 of the Industrial Cooperation Committee of 1 July 1980.

adopted by the Committee of Ambassadors to constitute a group of leading personalities who would carry out a study on supplementary finance for industrial cooperation. This study, which is provided for in Annex X to the Final Act of the new Convention, will give particular consideration to the problems of the least developed countries, and of land-locked and island countries. When its work is completed, this group will submit a report to the Committee of ACP-EEC Ambassadors.

(f) *Agricultural cooperation*

269. In order to provide the authorities in the ACP States who are responsible for agricultural development with better access to information, research and training and also to new developments in agricultural and rural matters, the new Convention provides in Article 88 for the creation of a 'Technical Centre for agricultural and rural cooperation'.¹ To supervise the activities of this proposed Centre a Subcommittee on Agricultural Cooperation will be set up under the rules of procedures of the ACP-EEC Committee of Ambassadors. The Council drew up and forwarded to the ACP States several draft texts concerning the Subcommittee and the Technical Centre, with a view to setting up the latter as soon as possible after the entry into force of the second Convention. These texts are to be examined by the Committee of the ACP-EEC Ambassadors on 3 December 1980.

(g) *Financial and technical cooperation*

270. With regard to the administration of the first Convention, mention should first be made of the Resolution of the ACP-EEC Council of Ministers of 9 May 1980 on financial and technical cooperation, which was adopted following a report based on Article 41 of the Convention.

271. The European Investment Bank (EIB) forwarded to the Council, under Article 31 (4) of the Internal Financial Agreement of 1975, reports on the execution of the projects financed out of the resources of the 4th EDF in 1978 and in 1979.

¹ See paragraph 270 et seq. of this Review.

The Council examined the reports presented by the Commission and the EIB respectively under Article 25 (4) of the Internal Financial Agreement of 1975 and Article 29 (1) of Council Decision 76/568/EEC of 29 June 1976¹ on the association of the Overseas Countries and Territories with the EEC, which provide for an evaluation of the conditions under which Community aid is implemented by the ACP States and the Overseas Countries and Territories.

272. The Commission forwarded to the Council *inter alia* a report on the implementation of small-scale projects under the Lomé Convention, and also a report on the outcome of the invitations to tender for projects financed from the 1st, 2nd, 3rd and 4th EDFs for 1978 and 1979.

273. Lastly, on the basis of the annual report of the Court of Auditors,² the Council adopted three Decisions and a Recommendation of 22 April 1980³ granting discharge to the Commission in respect of operations under the 1st, 2nd, 3rd and 4th European Development Funds for the financial year 1978.

274. With regard to the preparatory work for the implementation of the second Convention, the following acts were being examined by the Council's subordinate bodies at the end of 1980:⁴

- Draft Financial Regulation applicable to the 5th EDF;
- Draft Rules of Procedure for the Committee of the EDF;
- Draft Rules of Procedure for the Committee set up under the EIB ('Article 22 Committee').

275. In addition, with a view to their being examined by the common institutions provided for in the second Lomé

¹ OJ L 176 of 1. 7. 1976.

² OJ C 326 of 31. 12. 1979.

³ OJ L 111 of 30. 4. 1980.

⁴ Subsequently the Council:

- on 27 January 1981 adopted a Decision, not published in the OJ, adopting the Rules of Procedure of the EDF Committee;
- on 16 March 1981 adopted the Financial Regulation applicable to the 5th EDF.

Convention, the Council's subordinate bodies prepared draft Rules of Procedure for the ACP-EEC Committee provided for in Article 108 (6) of the second Convention. This is a new body responsible for studying appropriate measures for improving the implementation of financial and technical assistance.

In addition, the Council approved a draft decision of the ACP-EEC Council of Ministers to include the Republic of Kiribati in the lists of the least developed and island States. These lists appear in Article 155 (3) (a) and (c) of the second Convention.

(h) *Institutional matters*

(i) Committee of Ambassadors

276. The Committee of Ambassadors held four meetings during the period under review, and completed the preparatory work for the fifth meeting of the Council of Ministers (Nairobi, 8 and 9 May 1980).¹ It also discussed interim measures pending the entry into force of the new Convention and completed preparatory work on measures relating to the implementation of the new Lomé Convention.

Among the activities of the ACP-EEC Consultative Assembly, particular mention should be made of the meeting of the Joint ACP-EEC Committee which was held in Arusha, Tanzania in February 1980. This Committee also met in Luxembourg in September 1980 to prepare for the annual meeting of the Consultative Assembly itself, which was subsequently also held in Luxembourg. During this meeting the report of the ACP-EEC Council covering the whole of the period of validity of Lomé I was examined in detail. The President-in-Office of the Council of the European Communities also took part in this work, acting where appropriate also in his capacity as President of the ACP-EEC Council of Ministers.

(ii) Entry into force of the second ACP-EEC Convention

277. The conditions for the entry into force of the second ACP-EEC Convention, i.e. completion of the ratification or

¹ See paragraph 254 of this Review.

conclusion procedures by the Community and the Member States and by at least two-thirds of the ACP States were met by 1 December 1980.¹

(iii) Accessions to the Lomé Convention

— St Vincent and the Grenadines

278. This country, which was associated with the Community under Council Decision 76/568/EEC of 29 June 1976, became independent on 27 October 1979 and acceded to the first Convention on 27 February 1980. It subsequently lodged an act of signature and the instruments of ratification of the second Convention.

— Vanuatu

279. The Republic of Vanuatu, the former Franco-British Condominium of the New Hebrides to which Decision 76/568/EEC relating to the association of the OCT to the Community applied, achieved independence on 30 July 1980. On 24 September 1980, it lodged with the ACP-EEC Council of ministers an application for membership of the second Convention, which was approved by the Council of Ministers on 10 December 1980.

— Zimbabwe (formerly Southern Rhodesia)

280. On achieving independence on 18 April 1980, this country asked for accession to the Lomé Convention. The ACP-EEC Council of Ministers approved this request at its meeting in Nairobi on 8 and 9 May 1980.

The negotiations between the Community and Zimbabwe culminated in an accession agreement which was signed with due ceremony on 4 November 1980. Essentially, under this agreement Zimbabwe and the Community will implement all the provisions of the second Convention, with special clauses on sugar and on beef and veal.

Pending completion of the ratification and conclusion procedures, the contracting parties adopted an interim agreement to allow Zimbabwe to be covered by the provisions of

¹ The Convention entered into force on 1 January 1981.

the new Convention regarding trade from 1 January 1981 and until the entry into force of the accession agreement.

The accession of Zimbabwe to the second Convention made it necessary to amend the Internal Agreement on the financing and administration of Community aid, which was signed in Brussels on 20 November 1979, in order to increase the amount of the aid granted by the Community to the ACP States in accordance with Article 186 (4) of the new Convention, which lays down that the accession of a new ACP State 'shall not adversely affect the advantages accruing to the ACP States signatory to this Convention under the provisions on financial and technical cooperation, the stabilization of export earnings and industrial cooperation'. The Internal Agreement amending the 1979 Internal Financial Agreement was signed in Brussels on 16 December 1980.

4. ACCESSION OF GREECE TO THE EUROPEAN COMMUNITIES

281. The accession of Greece on 1 January 1981 requires, under Article 1981 of the second Lomé Convention, negotiations with the ACP States on taking suitable adaptation or transitional measures.

Since the negotiations conducted with the ACP States by the Commission on behalf of the Community had not been concluded at the end of the period under review, on 20 January 1981 the Council of the Communities adopted Regulation (EEC) No 439/81¹ laying down the provisional arrangements for trade between the 'Hellenic Republic and the ACP States, while a parallel decision² was taken by the representatives of the Governments of the ECSC Member States concerning the products covered by that Community.

5. ASSOCIATED OVERSEAS COUNTRIES AND TERRITORIES

282. Since the period of validity of the association arrangements for the OCTs, which expired on 1 March 1980, is linked to that of the relations between the Community and the

¹ OJ L 53 of 27. 2. 1981.

² Decision 81/57/ECSC, OJ L 53 of 27. 2. 1981.

ACP States, the Council extended, on a transitional basis,¹ Decision 76/568/EEC of 29 June 1976 relating to the association of the OCTs to the EEC² until the entry into force of a new Decision on association, or until 31 December 1980 at the latest. The new Council Decision was adopted by the Council at its meeting on 16 December 1980.³ As in the past, it is accompanied by a Decision adopted by the representatives of the Governments of the ECSC Member States opening tariff preferences for products covered by that Community and originating in the OCTs.

283. Regarding the administration of the current Decision, it should be noted in particular that in 1980 the Community made Stabex transfers to a total amount of approximately 3.3 million EUA in respect of the losses in export earnings in 1979 of two overseas countries and territories.

284. The Council took note during 1980 of two reports from the Commission on the administration of financial and technical assistance, in 1976, 1977 and 1978, and in 1979 respectively.

Following the accession to the Lomé Convention of St Lucia and of Kiribati (formerly the Gilbert Islands) on 28 June and on 30 October 1979 respectively, the Council adopted Decision 80/161/EEC of 5 February 1980,⁴ thereby making the necessary modifications to the Association Decision of 1976.

D – Relations with the Mediterranean and Euro-Arab Dialogue countries

1. IMPLEMENTATION OF EXISTING AGREEMENTS WITH MEDITERRANEAN COUNTRIES

(a) Association agreements

(i) Greece

285. Since the Acts of Accession of the Hellenic Republic to the European Communities, which were signed in Athens on 28 May

¹ Decision 80/162/EEC, OJ L 35 of 12. 2. 1980.

² OJ L 176 of 1. 7. 1976.

³ Decision 80/1180/EEC, OJ L 361 of 31. 12. 1980. This Decision entered into force on the same date as the second Lomé Convention i.e. 1 January 1981.

⁴ OJ L 35 of 12. 2. 1980.

1979, came into force as planned on 1 January 1981, 1980 was the last year of the Association Agreement.

Mr P. Helminger, Luxembourg Under-Secretary of State for Foreign Affairs, took part in the 16th and last EEC-Greece Joint Parliamentary Committee meeting in Rhodes on 2 and 3 October 1980 in his dual capacity as President-in-Office of the Council of the Communities and President of the EEC-Greece Association Council.

The EEC-Greece Association Committee held eight meetings at counsellor level. It was not necessary to convene the Association Council during the period under review, which in fact coincided with the interim accession period during which the Greek delegation became more closely involved in the work of the Council of the Community and its various bodies.

Of the matters dealt with by the EEC-Greece Association Committee the most important was the series of measures taken by Greece to contain inflation and to improve the balance of payments situation. It should be noted that certain of these measures, which are directly aimed at restricting imports, were taken under the safeguard clause provided for in Article 60 of the Athens Agreement.¹

At the Community's request consultations were held within the Association Committee about these various measures, which have caused a considerable reduction in exports from the Nine to Greece, particularly in the case of certain products. The Community's chief concern, regarding both procedure and the basic principle, was mainly over the system of 'voluntary restraint' on imports introduced in Greece in Spring 1980 under the control of the Greek Chambers of Commerce, according to which the Greek importers undertook to limit their imports in 1980 to 80 % (or 85 % in some cases) by value of 1978 levels.

These problems were also discussed by the Council of the Communities at its meeting on 21 and 22 July 1980, following which the President-in-Office of the Council, Mr Gaston Thorn,

¹ See 27th Review, paragraph 268.

addressed a letter to Mr Contogeorgis, the Greek Minister responsible for relations with the Community. In this letter he stressed *inter alia* that the Council was anxious that Greece should, with the aid of resolute measures to improve its economic performance, achieve its objective of abolishing restrictive trade measures in October 1980.

At the meeting of the Association Committee on 12 December 1980 the Greek delegation informed the Community delegation that these measures had been abrogated on 15 November 1980.

In addition the Community brought before the Association Committee the question of difficulties caused by the system for taxing motor vehicles in Greece. The Community considered that this system was at least partly responsible for the very sharp drop in exports of cars from the Community to Greece, whereas suppliers in certain third countries had managed to maintain or even increase their sales. A joint working party of experts was formed withing the Commission, and on the basis of a very detailed report which was drawn up at the end of its work the Community delegation took the opportunity at the meeting of the Association Committee on 12 December 1980 to stress that the Nine were uneasy about various aspects of the Greek system of taxing motor vehicles. It expressed the hope that the Greek authorities would shortly take steps to allay these fears.

286. Alongside the procedures for information and consultation between the Community and Greece during the interim period preceding accession, the procedures laid down under the association arrangements (in particular Protocol No 10 and Article 64) were implemented before the Community adopted decisions on concessions to Southern Rhodesia and Yugoslavia. It also requested, as in previous years, Greece's agreement to extending the suspension of the 3% CCT on spirits of turpentine.

287. Under the *ad hoc* examination procedure agreed within the Council, assent was given to a final series of projects financed from Community budgetary resources under the second

Financial Protocol, some of which were submitted by the European Investment Bank and some by the Commission.¹

Thus, as expressly requested by Greece, it was possible to use by 1 January 1981, the date of Greece's accession to the Community, all the funds provided for in the second Financial Protocol which entered into force on 1 August 1978.

(ii) Turkey

288. Following the move by the Turkish Government at the end of 1979 to revive the EEC-Turkey Association,² the Association Council met at ministerial level on 2 February 1980. At the end of this meeting the Association Council adopted the following joint conclusions:

'The Community and Turkey welcome the resumption of the dialogue within the Association Council at ministerial level and emphasize the major political importance they attach to the reactivation and development of the Association and to the attainment of the fundamental objectives of the Agreement.

In view of the current international situation both Parties reaffirm their attachment to the fundamental principles of democracy, freedom and peace underlying the Ankara Agreement.

The Community welcomes Turkey's decision to withdraw its request for suspension of the application of the Additional Protocol. For its part, the Community is ready to review with an open mind the position adopted in May 1979.

The Partners to the Association accordingly emphasize the political need for a fresh approach and will do everything to ensure that the constructive dialogue at this meeting is quickly translated into practical decisions on the present problems of the Association, taking into account the special nature of the association links between Turkey and the Community.

¹ See 27th Review, paragraph 270.

² See 27th Review, paragraph 271.

The Association Council to that end has asked the Association Committee to continue its discussions in the light of today's proceedings and to report back to it in April so that the Association Council could draw the appropriate conclusions.

The two Parties will also seek ways to ensure that the Association develops with a view to facilitating the accession of Turkey to the Community at a later date in accordance with the Ankara Agreement.

In view of the particularly serious economic and financial problems facing Turkey, the Community and its Member States reaffirm their determination to continue the efforts undertaken at both bilateral and multilateral level to assist Turkey.

Turkey repeated its preoccupations regarding the consequences of the enlargement of the Community and the Community reiterated the importance it attached to maintaining and developing its Association relations with Turkey, reassuring the latter that further enlargement would not affect relations between the Community and Turkey and that the rights guaranteed by the Ankara Agreement and the Protocols thereto would not be changed thereby.'

On the basis of these conclusions, some very intensive work was done within the Council, in close cooperation with the departments of the Commission, with the aim of finalizing the Community proposals for the concrete decisions to be adopted by the EEC-Turkey Association Council in the various fields involved in reactivating the Association. The Association Committee – which meets at counsellor level – held a large number of meetings. Because of the scope of this work and the fact that it touched on certain sensitive areas in the Community, preparatory work for the Association Council took longer than initially envisaged. A long coordination meeting with the Council of the Communities was devoted to the meeting at ministerial level of the EEC-Turkey Association Council, which was convened for 30 June 1980. This meeting ended during the night

of 30 June to 1 July 1980 with an agreement in principle between the two delegations on the various matters involved in the reactivation of the Association.

Firstly, the Association Council gave its assent to a decision on the development of the Association comprising provisions on agriculture, social affairs and economic and technical cooperation. As regards the agricultural measures, on a proposal from the Community a new approach was agreed, on the grounds of the specific nature of the Association links with Turkey. It was agreed that customs duties on imports into the Community of Turkish agricultural products would be removed in four stages, beginning on 1 January 1981. However, this new arrangement will comprise conditions regarding quantities or seasons in respect of certain products which are sensitive in the Community. In addition, the Association Council adopted provisions for implementing Article 33 of the EEC-Turkey Additional Protocol.

On social matters, under the heading 'Questions relating to employment and the free movement of workers' the above-mentioned Decision of the Association Council, provides for certain improvements for Turkish workers who are already employed in the Member States of the Community and for the members of their families, compared with the system laid down in Decision No 2/76 of the Association Council of 20 December 1976 relating to the implementation of Article 12 of the Ankara Agreement. The Association Council also agreed on certain provisions for furthering the socio-cultural interests of Turkish workers and members of their families, and on measures to encourage exchanges of young workers, in accordance with Article 40 of the Additional Protocol.

The adoption by the Community of a declaration on social security, in which the Member States undertook to work out the necessary legal measures and the procedures required both for taking into account periods of insurance completed in Turkey for the acquisition, maintenance or recovery of the right to benefits and also for calculating these benefits, enabled the Association Council to give its assent to the implementation of Article 39 of the Additional Protocol on the basis of a proposal for a decision

which the Community had submitted to Turkey some time previously.

In accordance with Chapter 3 of the Decision on the development of the Association, the contracting parties agreed to incorporate a new aspect into the framework of relations between the EEC and Turkey, namely economic and technical cooperation, the aim being that the Community should contribute to the development of Turkey by supplementing the efforts made by Turkey itself and that the existing economic links between Turkey and the Community should be reinforced on as broad a basis as possible, for the mutual benefit of both parties.

Lastly, a third Decision approved in principle by the Association Council concerns the implementation of exceptional Community aid of 75 million EUA to Turkey to take into account the particular economic difficulties facing the country, as well as to enable the first concrete cooperation schemes to be put into operation pursuant to Chapter 3 of the Decision on the development of the Association, pending the entry into force of a fourth Financial Protocol.

The three above-mentioned decisions, after legal and linguistic revisions, were adopted formally by the ECC-Turkey Association Council by written procedure on 19 September 1980. Some provisions on agriculture in the decision on the development of the Association required further implementing regulations within the Community. These were adopted by the Council, on the basis of a proposal from the Commission, on 20 January 1981.¹

At the Association Council meeting on 30 June and 1 July 1980 the parties also reached agreement on the essential points of a fourth Financial Protocol to succeed the third Protocol which expires on 31 October 1981. The contracting parties agreed to base this Protocol largely on the provisions of the third Financial Protocol, while making the following improvements. The total amount will increase from 310 to 600 million EUA, of which 225 million EUA will be granted in the form

¹ See also Regulation (EEC) No 562/81, OJ L 65 of 11. 3. 1981.

of normal loans from the European Investment Bank's own resources. 375 million EUA will be granted from Community budgetary funds, most of this in the form of loans on special terms (40-year amortization period with a grace period of 10 years and at an interest rate of 1 % per annum, compared with 2.5 % under the third Financial Protocol). Approximately 50 million EUA out of these 375 million EUA will be granted in the form of non-repayable aid to finance economic and technical cooperation projects. This is a new feature which the Association Council decided to incorporate into the Association relationship.

The final text of this fourth Financial Protocol still has to be negotiated with the Turkish delegation, on the basis of a proposal to be presented by the Commission.

289. With regard to the implementation of the third EEC-Turkey Financial Protocol, which was signed on 12 May 1977 and entered into force on 1 May 1979, it should be noted that under the *ad hoc* procedure agreed within the Council¹ assent was given to two major projects to receive loans by the European Investment Bank from Community budgetary resources. The first of these two loans to the Turkish Government on special terms (40 years duration and interest rate of 2.5 % per annum,) is worth 75 million EUA and is for the Elbistan project (brown coal mining and a thermal power station). The second loan, which is worth 60 million EUA, is for the Karakaya project, on the River Euphrates (construction of a hydro-electric complex).

290. At the 25th meeting of the Joint EEC-Turkey Parliamentary Committee, which was held on 22 – 24 April 1980 in Luxembourg, discussion centred on problems relating to the revival of the Association relationship and the second enlargement of the Community. The Council of the Community was represented by Mr G. Zamberletti, Italian Secretary of State for Foreign Affairs.

291. On 12 September 1980 the armed forces seized power in Turkey. At their political cooperation meeting in Brussels on 15 – 16 September the Ministers of the Nine adopted the following declaration:

¹ See 27th Review, paragraph 270.

'The Ministers for Foreign Affairs of the Nine held an exchange of views on the situation in Turkey and expressed concern at the turn of events in that country.

They took note of the assurance given by the military authorities concerning the rapid re-establishment of democratic institutions, the observance of human rights and the guarantees regarding the treatment of those politicians currently under house arrest.

They are deeply anxious that these assurances should be fully and speedily put into effect.

It is in this spirit that the Community will pursue its cooperation with Turkey.'

292. At the request of the Turkish delegation a meeting of the Association Council was held at ambassador level on 3 December 1980. The Turkish delegation gave the first indications of the new Ankara government's intentions regarding a return to democracy in Turkey, and on the success of the programme for stabilizing the economy which was introduced in January 1980. In addition the Turkish delegation informed the Community of its serious concern over the fact that in October 1980 certain Member States had introduced entry visas for Turkish nationals.

(iii) Malta

293. Following the examination by the Council's subordinate bodies of the report forwarded by the Commission on 30 November 1979 on the outcome of talks with the Maltese authorities,¹ it was agreed that the Commission would continue its exploratory talks with a view to forwarding to the Council specific proposals concerning the Community's relations with Malta, in view particularly of the end of the first stage of the Association Agreement on 31 December 1980.

In the middle of November 1980 the Commission forwarded to the Council a communication containing a recommendation for a negotiating brief to the Commission for an

¹ See 27th Review, paragraph 277.

Additional Protocol with Malta. This recommendation is being studied within the Council.

Pending the opening and conclusion of these negotiations, on 22 December 1980 the Council adopted a Regulation extending the agreements applicable to trade with Malta beyond 31 December 1980.¹

294. In the process of implementing the Financial Protocol with Malta, which entered into force on 1 November 1978, and in accordance with the provisional examination procedure agreed by the Council, a non-repayable aid amounting to almost all the balance of the credit provided for in this connection, was granted to Malta for several technical assistance and training projects.

(iv) Cyprus

— 6th meeting of the EEC-Cyprus Association Council

295. The EEC-Cyprus Association Council held its 6th meeting, at ministerial level, in Brussels on 24 November 1980 under the chairmanship of Miss Colette Flesch, Luxembourg Minister for Foreign Affairs and President-in-Office of the Council of the European Communities.

The Cypriot delegation was led by Mr Nikos Rolandis, Cyprus Minister for Foreign Affairs.

This meeting was devoted to the operation of the Association Agreement and also to the transition to the second stage of the Agreement.

With regard to the operation of the Association Agreement the two delegations first of all noted that in the field of financial cooperation between the Community and Cyprus agreement in principle had been reached on a number of projects which might be financed by the Community. On the subject of developing trade between the Community and Cyprus, despite a persistent deficit in Cyprus' balance of payments *vis-à-vis* the Community, they detected a number of positive elements.

¹ OJ L 367 of 31. 12. 1980.

With regard to the transition to the second stage of the Association Agreement, the Association Council agreed to the following:

'The two parties agree to start on 1 January 1981 the process of transition to the second stage of the Association Agreement. This process will be achieved in various phases involving the following steps:

1. An additional Protocol will be negotiated between the Community and Cyprus before the end of the year to extend the current arrangements until 31 December 1981.
2. From the beginning of 1981, the parties will hold negotiations to define the trade arrangements to apply in 1982 and 1983.
3. From 1982 the parties will negotiate the conditions and detailed rules for implementing Article 2 (3) of the EEC-Cyprus Association Agreement.
4. It is understood that the expected benefits should extend to the whole population of the island'.

— Negotiation of a Protocol for 1981

296. Pursuant to point 1 of the above statement approved by the Association Council on 24 November 1980, the Community and Cyprus negotiated a 'Protocol relating to the arrangements to apply in 1981 under the Decision adopted on 24 November 1980 by the EEC-Cyprus Association Council', which provides for the process of transition to the second stage of the Association Agreement between the European Economic Community and the Republic of Cyprus.

The aim of the Protocol is to extend until the end of 1981 the arrangements governing EEC-Cyprus relations. That means that, as regards trade, the agricultural concession made by the Community to Cyprus will not be changed, and that Cyprus will not be required to make any additional tariff reduction during the period of validity of this new Protocol.

In view of the time needed to complete the procedures for signing and concluding this Protocol which, on the basis of

Article 238 of the Treaty of Rome, involves consulting Parliament, at its meeting on 16 December 1980 the Council adopted a Regulation to implement unilaterally from 1 January to 30 June 1981 the trade arrangements laid down in the above-mentioned Protocol.

(b) *Other Mediterranean agreements*

(i) The Maghreb countries

— Second meeting of the EEC-Tunisia Cooperation Council

297. The EEC-Tunisia Cooperation Council held its second meeting, at ministerial level, in Brussels on 15 December 1980, under the chairmanship of Miss Colette Flesch, Luxembourg Minister for Foreign Affairs and President-in-office of the Council of the European Communities.

The delegation of the Republic of Tunisia was led by Mr Hassan Belkhodja, Tunisian Minister for Foreign Affairs.

On the occasion of this second meeting the Cooperation Council first of all reviewed the implementation of the Cooperation Agreement.

With regard to trade, the Cooperation Council noted that, while still not fully satisfactory, the development of trade patterns between the Community and Tunisia was favourable to that country overall. It noted however that Tunisia's trade deficit with the Community, though reduced in 1979, was still considerable.

The Cooperation Council also examined the implementation of the Agreement in the fields of economic cooperation, financial cooperation and labour matters. With regard in particular to the Financial Protocol, the two delegations noted with satisfaction the progress achieved in the implementation of concrete projects. They noted that it should be possible to commit the whole of the funds provided for under the Financial Protocol within the time laid down.

The Cooperation Council also took note of the wish expressed by the Tunisian delegation that the Financial Protocol

should be renewed and that in their opinion it should be directed primarily at agricultural projects.

Lastly the Cooperation Council turned its attention to the Tunisian delegation's concern regarding the effect of enlargement of the Community on future EEC-Tunisia cooperation and in particular the fears expressed in this context by Tunisia concerning olive oil exports from that country to the Community.¹

— Administration of the agreements

298. In implementation of the Financial protocols which came into force on 1 November 1978, a number of financing projects were approved under the *ad hoc* examination procedure agreed within the Council.

Under this heading non-repayable grants and/or special loans were committed from the Community budget to finance *inter alia* the following projects.

- For the three Maghreb countries:
 - a programme of participation in international trade events during the second half of 1980 and in 1981.
- For Tunisia:
 - a scientific and technical cooperation project to assist national research programmes;
 - sales promotion projects;
 - stepping up the promotional activities in the Community of the Tunisian Agence de Programmation des Investissements (API) and strengthening the capacity of the BDET (Banque de Développement Economique de Tunisie) for carrying out studies on industrial potential.
- For Algeria:
 - aid for six vocational training centres to be set up, and for extensions to a further five.

¹ For further details, see the joint press release issued following the Cooperation Council's meeting (Doc. CEE-TU 2604/80 Presse 198).

● For Morocco:

- publication of a Moroccan trade directory;
- a market research project for lorries manufactured in Morocco for the African market;
- staffing and equipping ten institutes of applied technology;
- as part of the project to develop the central Haouz, construction of the upstream section of the Canal de Rode and of the Sidi Driss dam;
- a study of the North American market for a number of Moroccan products;
- water treatment and supply system for Nador and Safi;
- establishment of a lexicographical data base (Lexar project);
- financing of equipment, installations, supplies and raw materials for the operation of a national laboratory for the production of veterinary vaccines.

In addition, the European Investment Bank granted loans from its own resources with an interest subsidy of 2%, which were combined in certain cases with loans on special terms financed from the Community budget.

Among these loans particular mention should be made of those to help finance the following projects:

- construction of a railway line between Gafsa and Gabès in Tunisia;
- a general loan to the Office for Industrial Development for acquisition of holdings in small and medium-sized industrial undertakings in Morocco.

299. The Council adopted several implementing Regulations for 1981 in connection with the Cooperation Agreements with the Maghreb countries and, as in previous years, concluded a number of Agreements in the form of exchanges of letters, concerning detailed rules for applying the concessions laid down in the Agreements with regard to certain agricultural products including processed products.

300. Finally, throughout the second half of the year, the Council continued, on the basis of a Commission communication, to study the implementation of the labour (social security) provisions of the Agreement.

(ii) Spain

301. As in previous years, the Council adopted certain implementing Regulations in connection with the 1970 Agreement.¹

(iii) Israel

302. With a view to the formal conclusion of the negotiations with Israel in connection with Article 22 of the Agreement (the examination clause),² at its meeting on 18 March 1980 the Council defined the position of the Community with regard to these negotiations.

The negotiations on Article 22 between the Community and Israel were concluded on 21 November 1981. In mid-December the Commission forwarded to the Council the results of these negotiations and recommended that the Council sign an Additional Protocol to the EEC-Israel Agreement embodying these results. The Commission's report is to be examined by the Council's subordinate bodies at the beginning of 1981.

The EEC-Israel Cooperation Committee – set up by the Cooperation Council to assist it in its work – met on 22 September 1980 to prepare for the second meeting of the EEC-Israel Cooperation Council. It gave particular attention to developments in trade and the functioning of the trade arrangements, and drew up an assessment of the projects undertaken in the various fields of cooperation.

The second meeting of the EEC-Israel Cooperation Council was held at ministerial level in Luxembourg on 7 October 1980 under the chairmanship of Mr Gaston Thorn, Luxembourg Foreign Minister and President-in-Office of the Council of the

¹ OJ L 167 of 1. 7. 1980, with corrigendum in OJ L 185 of 18. 7. 1980, and OJ L 370 of 31. 12. 1980.

² See 27th Review, paragraphs 288 – 290.

Communities. The Israeli delegation was led by Mr Itzhak Shamir, the Israeli Foreign Minister.

During this meeting the two delegations reviewed the implementation of the various provisions of the Cooperation Agreement between the Community and Israel.

The Cooperation Council started its work by examining the effects of the provisions in the Agreement concerning trade. It went on to assess the progress achieved in implementing industrial, agricultural and scientific cooperation, stressing the good results which had been achieved in these fields. It also reviewed the work on financial cooperation.

Lastly, the Cooperation Council held an exchange of views on the effects of enlargement on future relations between Israel and the Community with particular reference to Spain's accession.¹

303. Lastly, at the end of December the Council adopted certain implementing Regulations in respect of the Agreement between the Community and Israel.²

(iv) Mashreq countries

304. The EEC-Egypt Cooperation Council held its first meeting at ministerial level in Luxembourg on 21 April 1980 under the chairmanship of Dr. Hamed Abdel-Latif El Sayeh, Minister for the Economy, External Trade and Economic Cooperation of the Arab Republic of Egypt. The Community delegation was headed by Mr Emilio Colombo, the Italian Foreign Minister and President-in-Office of the Council of the European Communities.

At this first meeting the Cooperation Council examined the effects of implementing the Agreement as regards both trade and financial and technical cooperation. In connection with this it took a number of decisions on laying down general guidelines on cooperation, defining the concept of originating products and methods of administrative cooperation.³

¹ For further details see the joint press release issued at the end of the meeting of the Cooperation Council (CEE-ISR 2904/80).

² OJ L 370 of 31. 12. 1980.

³ OJ L 286 of 29. 10. 1980.

The Egyptian delegation asked for the implementation of the clause in Article 46 of the Agreement on examining the effects of the Agreement and any improvements which either side might wish to make. It was agreed that this procedure would start with exploratory talks which are currently taking place between the Commission and the Egyptian delegation.

The Cooperation Council also took note of the concern expressed by the Egyptian delegation regarding the effects of enlargement on future relations between Egypt and the Community.¹

The EEC-Lebanon Cooperation Council held its first meeting at ambassador level in Brussels on June 1980 under the chairmanship of Mr Kesrouan Labaki, Secretary-General of the Lebanese Ministry for Foreign Affairs. The Community delegation was headed by Mr Eugenio Plaia, Permanent Representative of the Italian Republic to the Communities and President-in-Office of the Permanent Representatives' Committee of the European Communities.

During this first meeting the two delegations held an exchange of views on the effects of implementing the trade provisions of the Agreement. They then reviewed the work accomplished or in hand with regard to both the exceptional assistance granted to Lebanon by the Community in 1977 and also the financial, economic and technical cooperation provided for in the Agreement.

In this connection the Cooperation Council took a number of decisions on laying down general guidelines on cooperation, defining the concept of originating products and methods of administrative cooperation.²

The Lebanese delegation asked for the implementation of the clause provided for in Article 44 of the Agreement on examining the effects of the Agreement and any improvements which either side might wish to make. It was agreed that this

¹ For further details see the joint press release issued at the end of the meeting of the Cooperation Council (CEE-RAE 2908/80).

² OJ L 286 of 29. 10. 1980.

procedure would start with exploratory talks between the Commission and the Lebanese delegation.

Finally, the Cooperation Council took note of the Lebanese delegation's anxieties regarding the effects of enlargement on future relations between Lebanon and the Community.¹

As part of the implementation of the Financial Protocols signed with the Mashreq countries, which came into force on 1 November 1978, a number of financing projects were approved under the provisional examination procedure agreed within the Council.

Under this heading non-repayable grants were made to finance the following:

- sales promotion projects for products from the four Mashreq countries;
- a vocational and scientific training programme in Egypt;
- a preliminary study on the export potential of Egyptian products.

The EIB granted loans from its own resources with an interest subsidy of 2 % for financing two thermal power stations in the Lebanon (Zouk and Jieh) and a transport and electricity distribution project in Jordan.

2. ADAPTATION AND TRANSITION PROTOCOLS TO THE AGREEMENTS WITH THE MEDITERRANEAN COUNTRIES FOLLOWING THE ACCESSION OF GREECE

305. Following the recommendation for a Decision which the Commission forwarded to the Council on 4 December 1979 concerning the opening of negotiations with certain third countries,² on 11 February 1980 the Council, with a view to concluding the Protocols in question, gave the Commission directives providing for transitional measures to take account of

¹ For further details, see the joint press release issued at the end of the meeting of the Cooperation Council (CEE-RL 3007/80).

² See 27th Review, paragraph 295.

those adopted by the Community and Greece, together with technical adjustments.

Following the conclusion of negotiations with Cyprus, Egypt, Jordan, Lebanon and Spain, adaptation and transition Protocols to the Agreements between the EEC and these countries and to the Agreements between the Member States of the ECSC and Egypt, Jordan and Lebanon were signed in Brussels in December 1980. As regards Israel, the negotiations on the Adaptation Protocols to the EEC/ECSC-Israel Agreements were concluded and the Protocols initiated on 18 December 1980.

In order to determine the arrangements applicable to trade between Greece and the Community's various Mediterranean partners, at its meeting on 15 – 16 December 1980 the Council adopted unilateral measures:¹

- implementing the content of the Protocols for the countries with which negotiations had been concluded by the date of the meeting;
- to ensure that Greece accords most-favoured-nation treatment to imports into Greece from the countries with which negotiations on adaptation protocols had not been concluded or opened, namely, Algeria, Israel, Malta, Morocco, Portugal, Syria, Tunisia and Turkey, pending the conclusion of negotiations for Adaptation Protocols with these countries.

(v) *Yugoslavia*

306. It was not possible to begin negotiations on Adaptation Protocols to the EEC/ECSC-Yugoslavia Agreements since no agreement had been reached on the Council Decision proposed by the Commission on 21 October 1980.

In order to lay down arrangements for trade between the enlarged Community and Yugoslavia, on 20 January 1981, on a proposal from the Commission of 19 December 1980, the

¹ OJ L 382 of 31. 12. 1980.

Council adopted a Regulation¹ unilaterally establishing the arrangements applicable to imports originating in Yugoslavia following the accession of Greece, to apply until 31 March 1981.²

3. EURO-ARAB DIALOGUE

307. Following the suspension of the Dialogue in Spring 1979, since the Ministers for Foreign Affairs of the Nine had expressed their readiness to reactivate it,¹ exploratory contracts were resumed with the Secretariat-General of the Arab League in Tunis.

The Arab side having subsequently expressed the desire to resume the Dialogue, at the European Council in Venice on 12 – 13 June 1980, 'the Nine noted the importance which they attach to the Euro-Arab Dialogue at all levels and the need to develop its political dimension. They accordingly agreed on the advisability of holding a meeting of the two sides at political level. In this way they intend to contribute towards the development of cooperation and mutual understanding between Europe and the Arab world.' This meeting at political level between a European and an Arab delegation (of restricted composition) took place in Luxembourg on 12 – 13 November 1980 with a view in particular to drawing up future guidelines and procedures for resuming the Dialogue in all its aspects, namely, economic, technical, financial, social and cultural.

At this meeting the two sides agreed that it would be appropriate to hold a Euro-Arab meeting at Foreign Minister level. This could be held in June or July before Parliament's 1981 summer recess. The preparatory work, which will require careful attention, will be entrusted to a select *ad hoc* Euro-Arab working party.

With regard to economic, financial and cultural cooperation, both sides set themselves the prime objective of achieving concrete results as soon as possible in the form of

¹ OJ L 53 of 27. 2. 1981.

² These arrangements were subsequently extended on two occasions, namely until 31 May 1981 (OJ L 85) and until 31 July (OJ L 142).

projects, agreements and common institutions. The two Parties also agreed to examine the possibility of extending their cooperation in other economic fields of mutual interest.

With a view to a comprehensive, balanced reactivation of the Dialogue, work also started within the Council to determine the economic aims of the Community in the Dialogue and thus contribute to working out the Community's position in the fields of economic, technical and financial cooperation.

4. YUGOSLAVIA

308. Following the work done by the Council at the end of 1979,¹ on 15 January 1980 the Council reached unanimous political agreement in favour of the early conclusion of a broader agreement with Yugoslavia.

As a result of the efforts made on both sides, the two parties managed to conclude their negotiations after two meetings, held on 1 and 21–23 February 1980, and on 25 February 1980 they initialed the texts of an EEC-Yugoslavia Agreement to replace the 1973 non-preferential trade agreement, and of an ECSC-Yugoslavia Agreement.

The Council and the representatives of the Member States decided on 18 March 1980 to sign these Agreements which give substance to the will expressed by the two Parties in their Joint Declaration in Belgrade on 2 December 1976 to strengthen their cooperation.² The signing of these Agreements took place in Belgrade on 2 April 1980.

The EEC-Yugoslavia Cooperation Agreement is a *sui generis* agreement in view of the position of Yugoslavia, a State which is non-aligned, European, Mediterranean and a member of the Group of 77 developing countries.

The Cooperation Agreement provides for economic and technical cooperation on a broad front, supported by financial cooperation, provisions on cooperation on labour questions and

¹ See 27th Review, paragraph 316.

² See 24th Review, paragraph 250.

also the implementation of provisions in the field of trade in order to promote a better trade balance.

The essential characteristics of this Agreement are as follows: unlimited period of validity, overall cooperation covering a wide range of fields, an initial five-year period for the trade provisions, and the creation of an institution, the Cooperation Council, which is to play an important role in the life of the Agreement.¹

The EEC-Yugoslavia Cooperation Agreement and the ECSC-Yugoslavia Agreement will enter into force after completion of the necessary ratification procedures in Yugoslavia and the Member States.²

309. To enable the trade provisions of the Cooperation Agreement, as well as the financial cooperation it provides for, to be implemented in advance, on 18 March 1980 the Council authorized the Commission to open negotiations with Yugoslavia with a view to the conclusion of an Interim Agreement on trade and trade cooperation, and of an Interim Protocol on the advance implementation of the Financial Protocol to the Cooperation Agreement. The Interim Agreement and Protocol were negotiated on 14 April 1980, signed in Brussels on 6 May 1980 and entered into force on 1 July 1980.³

In implementing and administering this Interim Agreement, the Council adopted a number of implementing Regulations, namely, a Regulation on safeguard measures, a Regulation establishing ceilings for 1980 and Community supervision for imports of certain goods originating in Yugoslavia,⁴ and Regulations relating to Community tariff quotas for 1980 for 'Sljivovica' (plum spirit) and certain tobaccos originating in Yugoslavia.⁵

¹ For further details on the content of the Cooperation Agreement, see the joint press release issued at the signing in Belgrade on 2 April 1980 (Doc. 6189/80 Presse 42).

² These ratification procedures will be completed in 1981.

³ OJ L 130 of 27. 5. 1980 and L 139 of 5. 6. 1980.

⁴ OJ L 164 of 31. 6. 1980.

⁵ OJ L 196 of 30. 7. 1980.

The Joint Committee set up by the 1973 Trade Agreement, which is to exercise the functions conferred on it under the Interim Agreement until the establishment of the Cooperation Council provided for in the Cooperation Agreement, met at ministerial level in Belgrade on 11 November 1980 to review the operation of the Interim Agreement and Protocol since 1 July 1980.

310. In addition, at its above-mentioned meeting on 18 March 1980 during which it decided to sign the Cooperation Agreement, the Council gave its assent to the opening of a Commission delegation in Belgrade.

E – Enlargement of the Community

1. ACCESSION NEGOTIATIONS WITH PORTUGAL AND SPAIN

(a) *Portugal*

311. During 1980, the Conference between the European Communities and Portugal continued the joint identification of the basic problems to be resolved at a later stage of the negotiations. In this connection the Conference held more detailed discussions on certain of the matters which had been broached in 1979¹ and also discussed some new topics, i.e. right of establishment, economic and financial matters, own resources and social questions. It also started its examination of secondary Community legislation.

The process of identifying basic problems will require additional work in connection with agriculture and fisheries. These questions involve considerable internal preparatory work on the part of the Community. In the case of agriculture this has been started and followed up in the Council's subordinate bodies.

The Conference met four times at deputy ministerial level, on 20 February, 30 April, 6 June and 27 June, as well as twice at ministerial level, on 5 February and 22 July 1980.

¹ See 27th Review, paragraph 296.

(b) Spain

312. During 1980, the Conference between the European Communities and Spain continued the joint identification of the basic problems to be resolved in later negotiations. In the course of this process, which started in 1979,¹ it moved into new areas of negotiation, namely, transport, right of establishment and freedom to provide services, regional policy, social questions, Euratom, economic and financial matters and own resources. The Conference also went into the problems in greater detail with regard to the fields which had been discussed in 1979¹ as well as several of the above-mentioned fields. It also started its examination of secondary Community legislation.

The process of identifying basic problems will require additional work in connection with one topic which has not yet been discussed, i.e. fisheries, where considerable internal preparatory work on the part of the Community is involved.

As regards the other topics, the Conference is to continue the joint task of discussing them in more detail. Lastly, the Conference began its search for solutions to the basic problems which had been identified. In accordance with its intention, expressed in July 1980, of working out the broad outlines of measures for resolving these problems as and when it became possible, the Community has already put forward outline solutions with regard to capital movements.

The Conference met six times at deputy ministerial level, on 1 February, 14 March, 6 June, 23 June, 26 September and 3 November as well as three times at ministerial level, on 22 April, 21 July and 25 November 1980.

(c) Effects of enlargement on relations with third countries

313. On the basis of the report forwarded by the Commission to the Council in June 1979² a detailed overall examination of this matter is being made by the Council's subordinate bodies. Several Mediterranean countries once again made a point of

¹ See 27th Review, paragraph 297.

² See 27th Review, paragraph 299.

stressing their grave concern on this subject at the Cooperation Council meetings which were held this year.

F – Relations with third countries

1. EUROPEAN INDUSTRIALIZED COUNTRIES

(a) EFTA countries

(i) Administration of the EEC-EFTA Free Trade Agreements

314. The Joint Committees established by the Free Trade Agreements concluded in 1972 between the Community and each EFTA country met on two occasions¹ during 1980 in order to examine the working of these Agreements.

Before these meetings the Council adopted a joint Community position which would enable it to take the necessary decisions in the Joint Committees for making certain amendments to Protocol 3 to each Agreement.

Subsequently the Council adopted the Regulations to implement these decisions.²

In March the Council concluded Agreements in the form of exchanges of letters with Finland, Norway and Sweden rectifying certain zero-duty quotas opened by the United Kingdom in accordance with Protocol 1 to the respective Agreements between the Community and these countries.³ In the same month the Council also concluded an agreement in the form of an exchange of letters with Iceland amending the Free Trade Agreement for the purpose of adjusting certain tariff specifications.⁴

As in 1979,⁵ in July the Community concluded an Agreement in the form of an exchange of letters with Finland amending certain zero-duty tariff quotas opened by the United

¹ Except for the EEC-Portugal Joint Committee, which met only once.

² OJ L 257 of 1. 10. 1980 and OJ L 371 of 31. 12. 1980.

³ OJ L 76 of 22. 3. 1980.

⁴ OJ L 123 of 19. 5. 1980.

⁵ See 27th Review, paragraph 300.

Kingdom for 1980 in accordance with Protocol 1 of the Agreement between the Community and the Republic of Finland.¹ In addition the Community concluded Additional Protocols to the Free Trade Agreements with Austria, Finland, Iceland, Norway, Sweden and Switzerland amending these Agreements consequent on the accession of the Hellenic Republic to the Community.²

(ii) Agreement between the Community and Austria on quality wines

315. During 1980 the Community negotiated and initialed an Agreement with Austria on reciprocal monitoring and protection of quality wines and certain wines designated by a geographical indication.

(iii) EEC-Austria and EEC-Switzerland 'Community transit' Agreements

316. In May the Council concluded Agreements in the form of exchanges of letters on the amendment of the respective 'Community transit' Agreements between the Community and Austria and Switzerland.³

The two Joint Committees set up under these Agreements met in September 1980. The Council had previously established a joint position to enable the committees to take the necessary decisions on amending these Agreements.

(iv) Cooperation with EFTA countries

317. At its meeting in July 1980 the Council took note of the report of the Permanent Representatives' Committee on the development of cooperation between the Community and each of the EFTA countries. It also took note of the comments from the EFTA countries on the report on cooperation submitted in 1979 and on the decisions and action taken since that date.

The Council instructed the Permanent Representatives' Committee to continue its efforts on examining the state of progress on cooperation and to report in June 1981.

¹ OJ L 209 of 12. 8. 1980.

² OJ L 357 of 30. 12. 1980.

³ OJ L 155 of 23. 6. 1980.

(v) Relations with Portugal under the 1972 Free Trade Agreement

318. At the meeting of the EEC-Portugal Joint Committee on 30 April 1980, the Portuguese delegation repeated its request for financial aid from the Community to support concrete measures which would allow the Portuguese economy to prepare for accession to the Community.

In October 1980 the Council decided to grant exceptional pre-accession aid to Portugal totalling 275 million EUA, comprising investment loans financed by the EIB amounting to 150 million u. a. and 125 million EUA from the Community budget. An Agreement to this effect in the form of an exchange of letters was concluded in December 1980.¹

In February the Community concluded an Agreement in the form of an exchange of letters with the Portuguese Republic regarding prepared or preserved tomatoes.²

The Council adopted Regulations opening, allocating and providing for the administration of Community tariff quotas for certain wines originating in Portugal.³

In September the Community concluded an Agreement in the form of an exchange of letters relating to Article 9 of the Supplementary Protocol to the Agreement between the EEC and the Portuguese Republic⁴ to establish the compatibility of Portuguese legislation with Community legislation as regards wine covered by a registered designation of origin.⁵ Consequently the tariff quotas provided for by the above-mentioned Article 9 were opened.⁶

In December the Council concluded an Agreement in the form of an exchange of letters relating to imports of prepared and preserved sardines⁷ and adopted a Regulation establishing

¹ OJ L 349 of 23. 12. 1980.

² OJ L 46 of 21. 2. 1980.

³ OJ L 162 of 27. 6. 1980.

⁴ See 27th Review, paragraph 303.

⁵ OJ L 245 of 17. 9. 1980.

⁶ OJ L 306 of 15. 11. 1980

⁷ OJ L 380 of 31. 12. 1980.

ceilings and Community surveillance of imports of certain products originating in Portugal.¹

(b) *Non-European industrialized countries*

319. The Council was kept regularly informed by the Commission of its consultations with the main non-European industrialized trading partners, namely, the United States, Japan, Canada, Australia and New Zealand. These consultations, some organized on a regular basis and some on an *ad hoc* basis, were used to deal with all matters of common interest and also specific problems which arise in bilateral relations with these countries.

(i) United States

320. Regarding the United States, particular mention should be made of two sectors where difficulties arose. These are synthetic fibres and steel.

As regards synthetic fibres, in the United States there is a two-tier price system for petroleum and natural gas, with restrictions on exports of certain products derived from these raw materials, e.g. naphtha, which give American producers advantages over their competitors. The Council discussed on several occasions the serious difficulties caused in a number of European markets by sudden and substantial increases in imports from the United States.

The competent Community bodies therefore adopted a number of trade defence measures, namely, Community surveillance of imports of certain polyester yarn,² quantity restrictions until the end of 1980 on imports of polyester yarn and certain carpet yarn into the United Kingdom,³ imposition of anti-dumping duties on imports of certain polyester yarn,⁴ and certain acrylic fibres.⁵

¹ OJ L 367 of 31. 12. 1980.

² Regulation (EEC) No 514/80, OJ L 58 of 1. 3. 1980.

³ Regulations (EEC) Nos 387/80 and 388/80, OJ L 45 of 20. 2. 1980. The latter was confirmed by Regulation (EEC) No 1457/80, OJ L 145 of 11. 6. 1980.

⁴ Regulations (EEC) Nos 2297/80 and 3439/80, OJ L 231 of 2. 9. 1980 and OJ L 358 of 31. 12. 1980.

⁵ Regulation (EEC) No 1100/80, OJ L 114 of 3. 5. 1980.

The Community, feeling that certain aspects of the two-tier system of energy prices in the United States were not compatible with GATT rules, also committed the Member States to holding consultations with the United States under Article 23 of the General Agreement. At the end of 1980 these consultations had still not produced satisfactory results. Thus the Council, at its meeting on 16 and 17 December 1980, again stressed the concern caused by the American measures on energy prices and the artificial advantage which American exporters thus enjoyed for a number of products. It accordingly felt that the situation called for a new and more determined initiative and asked the Commission to give top priority to continuing its talks with the American Government and to submit a report to the Council as soon as possible. The Commission's first report was to be presented to the Council in February 1981.

In the steel sector the Community followed with great concern certain protectionist developments in the United States. Thus, when at the end of March the US Steel Corp., the largest American steel producer, lodged a series of anti-dumping suits against European imports, the American Government decided to suspend the 'trigger price mechanism' (TPM). Because of the uncertainty which they created regarding import arrangements, these measures had an adverse effect on conditions for exporting iron and steel products to the United States and were discussed on several occasions by the Council's subordinate bodies.

The problem was to defend as effectively as possible the interests of European exporters. In the end, the re-establishment by the United States in October 1980 of an amended TPM and the withdrawal of the anti-dumping suits led to somewhat more normal relations in this field. However, it was decided that the Community must remain vigilant and follow closely the effects of the new TPM on exports of iron and steel products.

(ii) Japan

321. The pattern of trade between the Community and Japan was characterized in 1980 by a persistent and increasing trade deficit to the Community's disadvantage.

According to the latest available statistics, the Community's trade deficit with Japan will reach 9 to 10 000 million dollars over the year, which is nearly double the 1979 figure.

The ratio of imports to exports, which in 1979 was approximately 47.2%, will probably be lower in 1980 because of the increase in Japanese exports to the Community – particularly in certain sensitive sectors such as electronics and motor cars – and the stagnation of Community exports to Japan.

322. In view of this situation, the Commission presented to the Council at its meeting on 22 July 1980 a communication recommending a re-examination of the Community's trade policy with regard to Japan and the definition of a Community strategy for relations with that country. This communication was examined in depth by the Council's subordinate bodies.

323. Subsequently, in the light of internal work on this communication and as a result of exploratory talks with the Japanese authorities and in particular with Mr Okita, the Japanese representative for external economic relations, the Commission proposed to the Council the outlines of a common approach to relations between the Community and Japan.

On this basis, at its meeting on the 24 and 25 November last the Council adopted a statement which is given in full below:

"The Council expresses its serious concern at the present state of trade between Japan and the Community and its likely future development. It finds that the penetration of European Community products on the Japanese market remains inadequate.

It further considers that Japanese competition by its nature and the extent of the effort behind it and by its concentration on a small number of particularly sensitive sectors leads to an imbalance which places a strain on the normal development of international trade. The Commission, in conjunction with the Member States, should undertake a detailed

analysis of the concentration of Japanese exports to the Community, and, more generally, of the industrial and commercial strategy of Japan.

The Council therefore agreed on the need for a wide-ranging dialogue between the Community and Japan based on a common strategy. Fundamental to this approach should be the concept that Japan should not attempt to deal with the balance-of-payments deficit caused by recent oil price increases by an exaggerated export drive, and that it should as a matter of urgency increase its imports of Community products.

In order to promote this dialogue certain developments are essential. These should be:

- in the sectors where a continued increase in Japanese exports to the European Community would lead to difficulties there needs to be effective moderation designed to produce early and tangible results. This should apply towards the European Community as a whole and not only to certain markets;
- the yen should reflect the fundamental strength of the Japanese economy;
- there should be no new measures on the part of the Japanese authorities to restrict imports. Indeed, there should be a clear commitment on the part of the Japanese Government to a substantial and early increase in the imports of Community products. The Japanese authorities should facilitate opportunities for European investment and banking in Japan;
- in relation to imports, regard should be paid by the Japanese authorities to avoid measures or policies which give other major trading partners more favourable treatment than is given to the Community;
- on the European side further progress must be made in getting European industries to develop positive strategies to deal with Japanese competition, including not only restructuring in Europe but also greater involvement in the Japanese market.

To the extent that tangible progress in these areas is made, certain possibilities in relation to liberalization on both sides could be explored.

In addition, there should be discussions – including in particular discussions between the businessmen and firms concerned – on industrial cooperation, including conditions for investment both in Japan and the Community, facilities for joint ventures and the transfer of technology.

On this basis and in the light of further studies carried out in conjunction with Member States, on both general and specific problems, the Commission will pursue its forthcoming discussions with the Japanese authorities. It will do this in close contact with Member States, in particular the Article 113 Committee, and will report back to the Council before the end of February 1981.

The Council will be kept continuously informed about the results of the dialogue. The Council will give the Commission at the appropriate time and in the light of the results of these efforts the necessary directives for the negotiations.'

324. At its meeting in Luxembourg on 1 and 2 December 1980, the European Council subscribed to this statement.

This declaration by the Council formed the basis of discussions which the Commission subsequently held with the Japanese authorities, in particular on the occasion of the visit of Mr Ito, Japanese Minister for Foreign Affairs, to the Commission on 11 December 1980.

(iii) Australia

325. Trade relations with this country remain difficult. Australia has repeated its criticisms of Community measures in the agricultural sector regarding sheepment and sugar, and the Community has asked Australia to remove certain barriers to trade in the industrial sector affecting cars, footwear and textiles.

A large number of consultations have been held on these problems with a view to ironing out the concrete difficulties and

fostering a climate of mutual confidence. A major problem which had been weighing heavily on relations between the Community and Australia was resolved in October when an arrangement regarding voluntary restraint in the sheepmeat sector was concluded with that country, as with all the Community's other main suppliers.

2. RELATIONS WITH THE DEVELOPING COUNTRIES

326. The Community continued its efforts to give a new dimension to its bilateral relations with certain developing countries. It is thus in the process of negotiating with several non-associated partners the conclusion of a new type of framework agreement which will cover the broad fields of commercial and economic cooperation and also, in certain cases, development cooperation.

However, the formal aspects of this new type of framework agreement are of the same nature as the conventional instruments which have hitherto governed relations with certain third countries. The main aim is to establish the general objectives and the broad outline of the cooperation envisaged, while leaving to the Joint Committees the task of putting into practice the general guidelines laid down in the agreements and defining the details of the chosen model for cooperation.

(a) *Asia*

(i) ASEAN

327. The Cooperation Agreement negotiated in 1979¹ was signed in Kuala Lumpur on 7 March 1980 and entered into force on 1 October 1980, thus enabling the signatories to start the concrete implementation of the desired cooperation objectives.

The signing of the Agreement took place at the second EEC-ASEAN meeting at ministerial level,² which was held in Kuala Lumpur on 6-8 March 1980 and concluded with the

¹ See 27th Review, paragraph 310.

² For the first meeting at ministerial level, held in 1978, see 26th Review, paragraph 348.

approval of two statements, one on political questions and the other on economic matters.

Following the entry into force of the Agreement, the first meeting of the Joint Cooperation Committee was held in Manila on 26 and 27 November 1980.

(ii) India

328. On 22 April 1980 the Council authorized the Commission to open negotiations with India for the conclusion of an economic and commercial Cooperation Agreement.

The Agreement, as envisaged by the Community, would be fairly similar to that concluded with ASEAN and that signed with Brazil. The two parties propose, through a Joint Committee, to seek ways and means of achieving a large measure of cooperation in the commercial and economic fields.

This Agreement, which will replace the commercial Cooperation Agreement concluded with India in 1974, will constitute a new and major stage in reinforcing and strengthening the existing fruitful links between the Community and India.

(b) *Latin America*

(i) Brazil

329. On 5 February 1980 the Council authorized the Commission to negotiate a Cooperation Agreement with Brazil to replace the Trade Agreement which had governed bilateral relations with the Community since 1974.

These negotiations were concluded on 18 April 1980, and the agreement was signed on 18 September 1980. It is expected that the Agreement will be concluded some time in Spring 1981.

(ii) Andean Group

30. The Community's desire to strengthen its relations with the countries of the Andean Group¹ found concrete expression in the

¹ Ecuador, Bolivia, Colombia, Peru and Venezuela.

decision taken by the Council on 6 May 1980 to authorize the Commission to open negotiations with the Andean Group with a view to concluding a framework Cooperation Agreement with the countries in this area.

On the basis of the framework agreement concluded with ASEAN, the negotiating brief envisages an Agreement which will provide for establishing cooperation on a broad front in the commercial and economic fields, as well as development cooperation.

The adoption of this Decision followed the first meeting at ministerial level, held in Brussels on 5 May 1980, between the European Community and the Andean Group, which concluded with the signing of a Joint Statement covering all the matters of common interest, both political and economic.

It should be noted, however, that owing to the situation created in Bolivia following the military *coup*, the Council decided to suspend the negotiations on this Agreement for the time being, pending developments in the situation within the Andean Group. However, the Commission was authorized to continue discussions at a technical level with the Cartagena Junta.

(c) Gulf States and North Yemen

331. At the beginning of the year the Council and the Ministers of the Nine meeting in political cooperation examined the possibility of proposing cooperation to the Arab States on the Gulf and the other Arab countries with which the Community has not so far concluded Agreements, without prejudice to the the continuation of the Euro-Arab Dialogue or the North-South Dialogue. At its meeting on 5 February 1980 the Council decided that in principle the conclusion of cooperation agreements with the Gulf States which so wished constituted an objective of particular interest to the Community.

With this in mind, the Council began to examine the technical problems of drawing up such agreements with regard to preserving a balance between all the interests involved. In addition the Presidency, in close contact with the Commission,

sounded out these countries on the possibilities for following up the Community's initiative. These soundings were extended to North Yemen (Sana'a) following the interest expressed by that country.

3. STATE-TRADING COUNTRIES

(a) *China*

332. During 1980 the Council carried out the preparatory work for the second meeting of the Joint Committee set up under the EEC-China Trade Agreement. This meeting was held in Brussels on 3 and 4 November 1980.

As a result of this preparatory work the Community was able to inform China of a series of measures to make the unilateral import arrangements more flexible. In general these measures consist of increases in the import quotas for China and go a long way to satisfying that country's express requests on these matters.

During this second meeting of the Joint Committee other questions relating to trade were also discussed, e.g.:

- application of the textiles agreement;
- application of the generalized system of preferences;
- implementation of the Chinese commitment regarding 'favourable consideration'; for exports originating from the EEC;
- trade promotion schemes;
- legal questions concerned with Chinese legislation.

Following this meeting both sides noted that the contractual framework established by the Trade Agreement made for a better understanding of each other's interests and was to a very large degree in line with the objectives pursued by each.

(b) *Romania*

333. The successive stages of cooperation between the Community and Romania have been the admission of Romania to

the generalized system of preferences, the offer made to Romania as to all the State-trading countries, of a Trade Agreement in 1974, a series of high-level visits to both capitals, the conclusion of agreements on textiles and steel products, and lastly the proposal from the Romanian authorities in 1978 to conclude with the Community an Industrial Agreement and an Agreement on the establishment of a Joint Committee.

This progression culminated on 28 July 1980 in the signing of two Agreements between the Community and the Socialist Republic of Romania.

The first Agreement, on trade in industrial products, is a non-preferential trade agreement based on the principle of reciprocity and comprises in the first instance a whole series of provisions of the usual kind e.g.:

- reference to GATT;
- trade promotion clause;
- clause on maximum liberalization;
- clauses on prices, safeguards etc.

In addition the Agreement provides for a number of economic concessions on each side. Under this heading the Community has agreed to bilateral consolidation of the existing areas of liberalization and undertaken to eliminate or suspend from 1 January 1981 a number of specific quantity restrictions.

Measures were also taken to make the import arrangements more flexible with regard to the import quotas.

For its part Romania undertook to develop and diversify its imports of goods originating in the Community at least at the same rate as its imports from the other member countries of GATT. It also undertook to supply appropriate economic information to give the Community a better appreciation of the opportunities for exporting to Romania.

The second Agreement, setting up the Joint Committee, establishes an institutional framework in which both parties can raise any trade matters of mutual concern, such as trends in

trade, development and diversification, solutions to any difficulties and exchange of information.

The Joint Committee will also monitor the smooth operation of the existing Agreements and arrangements between the parties, i.e.:

- agreement on trade in industrial products;
- textiles agreement;
- steel arrangement;

and will be able to make recommendations regarding solutions to any problems relating to trade.

On a more general note, it should be stressed that Romania was the first Eastern European country to agree to establish contractual relations with the Community. In this connection the President of the Council, Mr Thorn, in his speech on the occasion of the signing of the agreements, which took place in Bucharest on 29 July 1980, spoke in particular of the new dimension which these two agreements brought to cooperation between the two partners, since the Community's fundamental objective was and would remain to achieve normal relations with its close neighbours in Eastern Europe. These agreements showed that by approaching the problems in a realistic and pragmatic way, avoiding dogmatism and prejudice, it was possible to find a basis for mutually advantageous cooperation and to reach agreements which took account of the individual characteristics of either side and the facts of their respective socio-economic situations. Mr Thorn concluded by saying that Romania, like the Community, was concerned to promote more just and equitable international relations, founded on the principles of cooperation, mutual interest, independence and equality among States. Both parties shared the conviction that these fundamental principles were the only guarantees of détente and peace.

On the occasion of signing the Agreements, the President of the Council was received by the President of the Socialist Republic of Romania, Mr Ceausescu, with whom he held political discussions. The Vice-President of the Commission, Mr Haferkamp, took part in some of these discussions. The

President of the Council also had talks with the Minister for Foreign Affairs, Mr Andrei, and Mr Burtica, the Deputy Prime Minister. Another working session was held by the Community delegation, headed by Mr Dondelinger, and a Romanian delegation headed by Mr Oancea, Deputy Minister for Foreign Affairs.

In preparation for the implementation of the two Agreements with Romania, at its meeting on 22 December 1980 the Council adopted an implementing Regulation laying down the particular procedures and detailed rules applicable within the Community for implementing certain provisions of the Agreements with Romania.

Finally, the Community and Romania having notified each other on 17 December 1980 that the necessary legal procedures had been completed, the Agreements entered into force on 1 January 1981.

(c) *Poland*

334. The European Council which met on 1 and 2 December 1980 stated that the Nine were ready to respond, as far as they were able, to the requests for economic assistance which Poland had made to them.

Referring to this statement, on 16 December 1980 the Council decided that, under the circumstances and as an exceptional measure, the Community would allow Poland to purchase various quantities of agricultural products at favourable prices so as to meet the urgent needs reported by that country. These purchasing arrangements were implemented through the machinery of the agricultural policy.

In addition, the Member States agreed to keep each other informed of their intentions regarding credit to assist in the purchase of these agricultural products or other means of giving financial assistance.

4. INTERNATIONAL ORGANIZATIONS AND CONFERENCES

(a) *Economic Commission for Europe*

335. From the Community's point of view the most important subject dealt with by the ECE during 1980 was energy.

It will be recalled in this connection that in 1979 the 34th meeting of the ECE had set up a new subsidiary body known as the Group of Senior Advisers to ECE Governments on Energy. The main task of this new body was to study the possibility of organizing a high-level ECE meeting on energy.

336. At their second meeting, in March 1980, the government advisers considered, in drawing up their programme of work, that this task could not be completed until the ECE Secretariat had compiled the information required to draft a report.

337. The 35th session of the Economic Commission for Europe was held in Geneva on 15–26 April 1980. It confirmed the conclusions adopted and the decisions taken by the advisers and instructed the ECE Secretariat to make its report so that the third meeting of the Senior Advisers to ECE Governments on Energy, which was to be held two or three months after circulation of this report, could deal with it as soon as possible.

338. The ECE Secretariat submitted an initial draft report at the beginning of October. This document is being studied by the competent bodies of the Community.

339. The Member States of the Community followed the usual procedures to coordinate their position regarding preparatory work both for the meetings of the Senior Advisers' Group and for the annual session of the ECE.

(b) Conference on Security and Cooperation in Europe

340. The second meeting provided for in the Final Act of Helsinki to discuss the implementation of the Final Act and the development of cooperation and détente in Europe opened in Madrid on 11 November 1980.

It was the responsibility of the Community institutions to carry out the preparatory work for this meeting in connection with the questions covered by Basket Two. These are mainly concerned with cooperation in the fields of economics, science, technology and the environment.

In accordance with the guidelines laid down in political cooperation for the other Baskets, i.e. questions relating to security in Europe and cooperation in humanitarian and other

fields, the Community's work was concerned firstly with examining the implementation of the Final Act and secondly with drawing up further proposals to help improve cooperation in Europe.

341. The work on the implementation of the Final Act mainly consisted of collecting a large amount of data to assess how far the various signatories to the CSCE had honoured the commitments entered into at the Helsinki Conference.

342. As regards new proposals, the Community mainly concentrated on the theme of exchanges of information between East and West in the economic and commercial field. Improvement in these exchanges between East and West is a constant objective of the Western countries in general and the Community in particular.

In view of the imbalance in this field between East and West, it is in the Community's interests to try to obtain better access for Western users to economic and commercial information from Eastern Europe, which is why this subject was adopted as a suitable opportunity for a new initiative from the Nine in Madrid.

The other proposals for Madrid drawn up by the Community have the common aim of creating more favourable conditions for businessmen concerned with East-West trade.

The Community considers that the development of East-West economic cooperation is only possible if there is a considerable improvement in the general framework for the activities of Community businessmen.

343. The Community's preparatory work was completed at the beginning of October 1980. The Permanent Representatives' Committee agreed to forward the Community's conclusions and proposals to the political cooperation bodies responsible for integrating the Community's contribution into the wider context of the Nine's objectives and strategy for the Madrid meeting.

344. A wide-ranging debate was held in the European Parliament on 15 October 1980 on the subject of preparations for the Madrid meeting. Mr Thorn, speaking as President-in-Office of the Council, emphasized the need to approach the Madrid

Conference with an open mind, critically but constructively, and patiently to continue endeavouring to improve relations among all the countries of Europe.

(c) EEC/CMEA negotiations

345. In the press release issued following the meeting held in Moscow on 28 and 29 November 1979 between a CMEA delegation headed by Mr Faddeyev and a Community delegation headed by Mr Haferkamp, mention was made of plans to organize a further meeting at the same level by April 1980 at the latest, and to hold a prior meeting in February or March 1980 of a drafting group of experts.

346. The meeting of experts was held in Geneva on 4 and 5 March 1980.

The Community re-examined the situation in the light of the outcome of this meeting. As there were no clear indications of any development in the CMEA position, the Community announced that it did not consider in the circumstances that there was as yet any prospect of decisive progress if a further meeting took place between Mr Haferkamp and Mr Faddeyev.

347. The two parties thus agreed to continue the negotiations through the experts, who met again in Geneva in July and October 1980. In these meetings the experts reached agreement on joint texts covering a number of minor points in the draft agreement. However, no decisive progress was made on the fundamental questions under negotiation.

No decision has been made at this stage on further negotiations although, following the last meeting of the experts, the Community negotiator indicated that he could agree to a new meeting at this level in January 1981 if the CMEA considered it useful.

G – Fisheries policy (external aspects)

348. In 1980 the Community pursued its policy of ensuring that Community fishermen obtained fishing rights in the waters of third countries through appropriate Community agreements.

At the end of 1979 the Community entered into consultations with a view to making practical arrangements with Canada, the Faroe Islands, Norway, Spain and Sweden, so as to ensure the continuation of the respective fishing activities.

349. Following these consultations the Council adopted a number of Regulations allowing Canada, Iceland,¹ Spain, the Faroe Islands, Norway and Sweden² to carry out fishing activities within appropriate limits in Community waters.

350. The Council also adopted a Regulation authorizing several third countries³ to fish in Community waters off the coast of the French Département of Guyana.

351. In June the Council adopted Regulations on the conclusion of Agreements on fisheries between the Community and Sweden, the Faroe Islands, Senegal, Guinea-Bissau, Norway and Canada, as well as an Agreement with Sweden on certain measures to promote salmon reproduction in the Baltic Sea.⁴

352. On 25 November 1980 the Council adopted a Regulation on the conclusion of the Agreement on fisheries between the Community and Spain.⁵

353. The Council approved a Decision on the maintenance in 1980 of certain fishing rights of Community fishermen in the territorial waters of Yugoslavia.

354. With regard to the North-West Atlantic Fisheries Organization (NAFO) the Community adopted a Regulation concerning the amendments to this Convention⁶ and a Regulation implementing Articles XVIII and XXIII of this Convention as regards the scheme of joint international enforcement.⁷ The Council also adopted a Regulation laying

¹ OJ L 212 of 15. 8. 1980.

² OJ L 168 of 1. 7. 1980.

³ These were Barbados, Guyana, Japan, Korea, Surinam, Trinidad and Tobago and the United States of America, OJ L 340 of 31. 12. 1979 and OJ L 360 of 31. 12. 1980.

⁴ OJ L 226 of 29. 8. 1980.

⁵ OJ L 322 of 28. 11. 1980.

⁶ OJ L 74 of 20. 3. 1980.

⁷ OJ L 63 of 2. 3. 1980.

down certain technical measures for conserving fishery resources applicable to vessels flying the flag of a Member State and fishing in the Regulatory Area defined in this Convention.¹

The Community took part as an observer in the work of a number of international organizations which deal with fishery questions, including the NEAFC, OECD, ICSEAF and ICCAT, the Conference on the Conservation of Living Marine Resources in the Antarctic, and also the sixth 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 1981.

355. Lastly, the Council signed the Convention on future multilateral cooperation in the fishing grounds of the north-east Atlantic (NEAFC).

H – International conferences

1. CONFERENCE ON THE LAW OF THE SEA.

356. The Community took part as an observer in the ninth session of the United Nations Conference on the Law of the Sea, which was held in two parts in spring and summer 1980.

Although it was not possible at this session to conclude the negotiation phase of the Conference, and although a further session is already planned for March-April 1981, some progress was made towards a final draft Convention.

In addition to certain matters which pose problems for a number of States, in particular the question of delimiting the maritime zones between States whose coasts are adjacent or facing and also that of financing the seabed enterprise and limiting production from the seabed, at its 10th session the Conference will have to examine the problems of the mandate to be given to the preparatory Committee, the arrangements for protecting investments made before the entry into force of the

¹ OJ L 212 of 15. 8. 1980.

Convention for the exploitation of seabed resources, and also the participation in the new Convention of entities other than States. This last point is of very special interest for the Community as such since it concerns its participation in this Convention. For this reason the delegation of the Member States and the Community worked hard throughout the ninth session to have a clause included to enable the Community to accede to the Convention under favourable conditions.

Besides the work done by the three major committees and the plenary conference, it should also be noted that much work remains to be done at Drafting Committee level before the conference can reach the stage of formal decisions.

It should also be noted that during the summer part session the German delegation proposed that Hamburg should be the seat of the International Court for the Law of the Sea.

2. WORK OF THE UNITED NATIONS INTERNATIONAL LAW COMMISSION AND LEGAL COMMITTEE

357. The Council considered two matters dealt with successively by the United Nations International Law Commission and the 6th Committee (Legal) of the United Nations General Assembly.

At the request of the EEC Commission, the Member States coordinated their position within the Council on the following:

- the most-favoured-nation clause;
- treaties concluded between States and international organizations or between international organizations.

The most-favoured-nation clause has been under study for seven or eight years by the International Law Commission, whose rapporteurs, Mr Ustor and then Mr Ushakov, have produced draft articles. Since, in the opinion of the Community, these contain certain gaps or in some cases unsatisfactory wording, the Community made comments and proposed amendments during the 35th session of the General Assembly in November 1980.

With regard to treaties concluded between States and international organizations or between international organizations, which were the subject recently of the Reuter report and draft articles, the Community showed its interest by making representations to the 6th Committee in October 1980. At a later date it is to address comments on this draft to the Secretariat-General of the United Nations.

Chapter V

Agriculture

A – Problems concerning all the sectors covered by the common agricultural policy

1. 1980/81 AGRICULTURAL PRICES AND RELATED MEASURES

358. On 7 April 1980 the Commission presented to the Council a set of proposals on fixing prices for the main agricultural products and various related measures for the 1980/81 marketing year.

The main features of these proposals were price increases of 2 to 3.5 % for most agricultural products and of 1.5 % for milk, sugar and beef and veal, and a freeze on the price of butter for a further year, in view of the market situation.

Parliament and the Economic and Social Committee were consulted on these proposals and delivered their opinions within the required time limits.

These matters were studied in depth at various meetings held by the Council in February, March (extension of the milk and beef and veal marketing years), April and May 1980.

An initial compromise took shape at the meeting on 27 April, the outcome of which was communicated to the European Council.

In the end the Council finalized its agreement on common prices and related measures for the forthcoming marketing year after a 'marathon' meeting on 28 – 30 May.

The increases, expressed in ECU, average between 5.5 and 7.5 %, except for milk (2,5 % for butter and 5.3 % for skimmed-milk powder), beef and veal and sugar, for which they are limited to 4 %. The average overall increase is 4.8 %.

At the same time the Council agreed to fix the rate of the co-responsibility levy in the milk sector at 2 % with a derogation, allowing for a reduction of 0.5 % in certain cases. In addition it confirmed the present arrangements for sugar for a further period of one year. It also made a start on reducing the positive monetary compensatory amounts with reductions of 1 point in the FR of Germany and 0.2 points in the Benelux countries. Lastly, it reviewed the budgetary impact of the EAGGF in 1980 and considered that the Community budget could bear this expenditure.

It should be noted that the effect of these price increases in ECU terms varies in certain Member States as a function of adjustments to the green currency rates, so that the average increase in prices expressed in national currencies is 5.7 %.

Thus the agreement which the Council finally reached is some distance away from the Commission's proposals. In taking these decisions the Council was aware of the necessity of taking care to maintain producers' incomes and at the same time safeguard the interests of consumers who in a number of States were facing difficulties as a result of inflation.

In this connection the effect on retail prices, while varying from one product to another, should amount overall to less than 0.5 % of household expenditure, thus helping to fight inflation.

Concurrently with these decisions on prices, and as part of the same overall compromise solution, the Council gave its assent to the setting up of a common organization of the market in the sheep meat and goatmeat sector, on the understanding that the Regulation would not be formally adopted before the entry into force of the agreements on voluntary restraint which were being negotiated with the exporting third countries, in particular New Zealand.

All in all, this compromise solution preserved the broad outlines of the agricultural policy while providing for the adjustments which had become necessary.

2. REPERCUSSIONS OF THE MONETARY SITUATION ON THE OPERATION OF THE COMMON AGRICULTURAL POLICY

359. In 1980 the currencies of the Member States of the Community followed somewhat divergent trends in the foreign exchange markets. On the one hand, despite the persistence of certain economic and financial problems, the Member States participating in the European Monetary System which came into force in March 1979 succeeded in avoiding the need to adjust the central rates of their respective currencies, thus manifesting a greater degree of cohesion than had been the case in previous years. On the other hand, the freely floating pound sterling appreciated strongly throughout the year on the exchange markets against the currencies of these Member States.

As a result, and because a number of Member States were unable, for a variety of reasons, to adjust the conversion rates for expressing common prices in national currency (henceforth referred to as 'representative rates') to exchange market realities, the monetary compensatory amounts applied to intra- and extra-Community trade in agricultural products continued to play an important role in the application of the common agricultural policy. Nevertheless, as in 1979, the Council was able to take a number of decisions in the agri-monetary sphere with a view to achieving its aim – agreed at two meetings in March 1979 – of eliminating the existing monetary compensatory amounts over a period of time so as to re-establish uniform common agricultural prices.¹ Accordingly, the existing monetary compensatory amounts were reduced by varying amounts for France, Italy, the Benelux countries and the Federal Republic of Germany by adjusting the representative rates of these Member States' currencies. These adjustments were agreed within the framework of the negotiations culminating in the fixing of new agricultural prices for the 1980/81 marketing year.² On the other hand, no adjustment was made in the representative rate for the pound sterling, and the positive monetary compensatory amounts applicable to the United Kingdom, introduced in March,

¹ See 27th Review, paragraph 329.

² Council Regulations (EEC) Nos 779/80, OJ L 85 of 29. 3. 1980; 1174/80 and 1175/80, OJ L 118 of 9. 5. 1980; and 1366/80, OJ L 140 of 5. 6. 1980.

accordingly increased steadily throughout the year, in line with the rising value of the pound on the exchange markets.

Apart from being a further step towards re-establishing the unity of the agricultural market, these adjustments also made it possible to adjust agricultural producers' incomes in various Member States to take account of changes in production costs in the countries concerned.

The effect of these adjustments in the representative rates was, as far as Member States participating in the European Monetary System were concerned, to reduce the gap between the highest and lowest agricultural prices to approximately 12% for most products by the end of 1980, compared with approximately 15% at the beginning of the year.

The impending effective entry of Greece into the Community made it necessary for the Council to adopt, on 22 December 1980, a Regulation fixing a representative rate for the Greek drachma to be applicable from 1 January 1981.¹ The rate adopted was fixed at a level close enough to exchange market realities to avoid the need to introduce monetary compensatory amounts for Greece at the moment of accession.

It will be recalled that in adopting, on 29 March 1979, Regulation (EEC) No 652/79 on the impact of the EMS on the CAP,² the Council had introduced the ECU into the CAP on a temporary basis, and that use of the ECU was subsequently extended until 31 March 1980 by Regulation (EEC) No 1264/79 of 25 June 1979.

In February 1980 the Commission forwarded to the Council a set of proposals seeking – subject to a number of amendments – to consolidate the provisions currently applicable in the agri-monetary sphere;³ one of these proposals provided, *inter alia*, for the use of the ECU in the CAP on a permanent basis.

As it became clear from the preliminary work undertaken by the Council's subordinate bodies that the Council would not

¹ Regulation (EEC) No 3447/80, OJ L 359 of 31. 12. 1980.

² See 27th Review, paragraph 328.

³ OJ C 57 of 7. 3. 1980.

be in a position to adopt the above-mentioned proposals before 31 March, the date on which the use of the ECU in the CAP was due to end under the terms of Regulation (EEC) No 652/79 as amended, on 20 March the Commission forwarded to the Council a proposal to extend the application of this Regulation for a further temporary period, until 30 June 1980.

On 26 April 1980 the Council adopted a Regulation¹ extending until 30 June 1980 the provisions of Regulation (EEC) No 652/79 relating to the use of the ECU in the CAP; this extension took effect retroactively from 1 April 1980, so filling the legal vacuum which had existed since that date and which had led the Commission to continue to apply, as a precautionary and temporary measure, the existing arrangements in order to avoid a break in the agri-monetary system which would have led to the increase or the reintroduction of certain monetary compensatory amounts.

The adoption by the Council of this Regulation was made possible by a simultaneous agreement to modify the system of franchises applied to the monetary differences used in calculating the monetary compensatory amounts. Thus, this Regulation also extended the application of the franchise of 1 point to all Member States applying positive monetary compensatory amounts, irrespective of whether such amounts were 'fixed' or 'variable' (previously, the 1 point franchise had only applied to positive monetary compensatory amounts which were 'fixed'). Furthermore, the Regulation also extended to all Member States – again, irrespective of whether the monetary compensatory amounts in question were 'fixed' or 'variable' – the rule whereby the monetary difference to be used for calculating monetary compensatory amounts should be 1 point in cases where, after deduction of the franchise, the figure obtained was less than 1.1 point and more than zero.

On 18 June 1980 the Council once again extended,² until 31 March 1981, the application of Regulation (EEC) No 652/79 and the revised rules in the matter of franchises.

¹ Regulation (EEC) No 1011/80, OJ L 108 of 26. 4. 1980.

² Regulation (EEC) No 1523/80, OJ L 152 of 20. 6. 1980.

3. ADJUSTMENTS TO THE COMMON AGRICULTURAL POLICY: THE COMMISSION'S REFLECTIONS

360. In accordance with the terms of reference which it received from the Council on 30 May 1980 the Commission drew up a communication to the Council, which it forwarded on 8 December 1980, entitled 'Reflections on the common agricultural policy'. This is based on the 1980 annual report on the agricultural situation in the Community.

The work of studying this important document will start at the beginning of 1981 and will be submitted to the Council for discussion in due course.

4. MEDIUM AND LONG-TERM CONTRACTS

361. Pending receipt of a communication from the Commission on this subject, the Council's subordinate bodies have regularly exchanged views on the desirability of laying down a Community policy to assist the marketing of basic agricultural products in surplus and also to regularize certain sales of basic materials in the Community, by means of medium and long-term contracts with the main importing and exporting countries in the world markets.

On the same principle, but following a different procedure, an ACP – EEC group of experts was instructed to study the question of supplying agricultural products available in the Community to the ACP States.¹

5. ACCESSION OF GREECE

362. The accession of Greece with effect from 1 January 1981 made it necessary to adopt a number of transitory measures and to adapt established Community arrangements with a view to implementing the agricultural provisions of Greece's Act of Accession. On the basis of the principles which emerged during the negotiations, in November 1980 the Commission forwarded proposals for the necessary regulations. Although the Council

¹ See also paragraph 257 et seq. of this Review.

had little time to study the many details of these proposals, it managed to overcome the main difficulties so that the necessary legal framework could be applicable from the moment of accession (see details by product sector below).

B – Drafting of regulations on the common organization of markets and basic amendments

1. DRAFTING OF NEW BASIC REGULATIONS

(a) *Sheepmeat and goatmeat*

363. On 27 June 1980, following many long discussions, the Council adopted the Regulation¹ on the common organization of the market in sheepmeat and goatmeat.

The major difficulty, which for several years had prevented the establishment of this market organization, concerned the different production and consumption patterns in the various national markets.

The main feature of the British market is the consumption of a cheap product, and it had always been very ready to accept frozen meat from New Zealand while maintaining the incomes of its own producers by a deficiency payment system.

On the other hand the main feature of the French market is the consumption of young animals, which implies a rapid turnover in production with higher costs than British producers. This also explains, in spite of the price difference, the French consumers lack of interest in fatty cuts and frozen meat in general.

Recent developments have revealed a growing interdependence between the Continental and Irish markets and the French market, even though most Member States on the Continent have adopted a very liberal attitude on imports of frozen meat for their own domestic consumption which, after all, is quite small.

¹ Regulation (EEC) No 1837/80, OJ L 183 of 16. 7. 1980.

There is a deficit in this sector, and the United Kingdom in particular has a long-standing association with one of its suppliers of frozen meat, New Zealand, which supplies 230 000 tonnes – almost half its total consumption. On account of this the Council did not find it advisable to strengthen protection in this sector and move away from the bound rates of duty, but favoured the formula of voluntary restraint agreements with the main Community suppliers.

To this end the Council adopted Decision 80/982/EEC of 14 October 1980 on the conclusion of voluntary restraint Agreements with Argentina, Australia, New Zealand and Uruguay in the sheepmeat and goatmeat sector.¹

Since under agreements the Council had given a general guarantee that imports from third countries would be maintained at levels compatible with free trade, for intra-Community trade the Council introduced a system of premiums which would mitigate any effects on the producers of the interpenetration of the two main producer markets of sheepmeat in the Community, i.e. the British and French markets. The system provides for two kinds of premium, depending on the purpose. One premium is intended to compensate for any loss of income by producers in France or in regions where the prices are affected by the French market, and the other is a variable slaughter premium designed to replace the existing system in the United Kingdom.

In order to estimate the possible loss of income, reference prices were fixed for the 1980/81 marketing year at levels close to the market prices obtaining in the different regions created for the purpose, namely:

Region 1 (Italy)	375 ECU/100 kg
Region 2 (France)	345 ECU/100 kg
Region 3 (Benelux, Denmark and the FR of Germany)	315 ECU/100 kg
Region 4 (Ireland)	310 ECU/100 kg
Region 5 (United Kingdom)	293 ECU/100 kg

¹ OJ L 275 of 18. 10. 1980.

An estimate of foreseeable trends in these market prices is used to assess the premium, half of which is paid in advance, with an adjustment at the end of the marketing year on the basis of actual market prices.

For the variable slaughtering premium, which is granted only in the United Kingdom, the Council fixed seasonally-adjusted guide prices, and in order to avoid pressure on prices in other markets because of this premium it made provision for a clawback on certain exports of a sum equivalent to the premium paid.

To cover the possibility that this system of premiums might prove unequal to maintaining market balance the Council made provision for private purchasing measures and even, if requested by one or more Member States, public purchasing measures.

On the basis of these principles, on 14 October 1980 the Council adopted, on the same lines as the general rules applying to the beef and veal Regulations, the following general implementing provisions allowing the new common organization of the market to enter into force:¹

- Council Regulation (EEC) No 2642/80 of 14 October 1980 laying down conditions for the application of protective measures in the sheepmeat and goatmeat sector;
- Council Regulation (EEC) No 2643/80 of 14 October 1980 laying down general rules governing the granting of the premium for the benefit of sheepmeat producers;
- Council Regulation (EEC) No 2644/80 of 14 October 1980 laying down general rules of intervention with regard to the sheepmeat and goatmeat sector;
- Council Regulation (EEC) No 2645/80 of 14 October 1980 concerning the collection of the levy applicable to certain live animals in the sheepmeat and goatmeat sector.

At the same time the Council also adopted the following Regulations to enable the basic Regulation to enter into force in its entirety:

¹ OJ L 275 of 18. 10. 1980.

- Council Regulation (EEC) No 2640/80 of 14 October 1980 concerning the beginning of the 1980/81 marketing year in the sheepmeat and goatmeat sector;
- Council Regulation (EEC) No 2641/80 of 14 October 1980 derogating from certain import rules laid down in Regulation (EEC) No 1837/80 on the common organization of the market in sheepmeat and goatmeat.

On 22 December 1980 the Council adopted Regulation (EEC) No 3446/80¹ amending the basic Regulation to take account of the accession of the Hellenic Republic and fixing the reference price for Greece (Region 6) at 345 ECU/100 kg.

(b) *Community policy on alcohol*

(i) Ethyl alcohol of agricultural origin

364. During 1980 the Council continued its examination of the amended proposal on the common organization of the market in ethyl alcohol of agricultural origin. Although the Council's technical bodies reached a consensus on the methods of chemical analysis for determining neutral alcohol, the Council still has to make a decision on the basic problems raised by this proposal. These concern mainly the principle of a guaranteed market for ethyl alcohol of agricultural origin, the extent of such a guarantee (in respect of volume and basic alcoholic products), the question of reserving certain sectors to maintain a guaranteed market, specific measures for certain products and the method of financing the system.

(ii) Spirituous beverages obtained from cereals

365. Since the Council had not reached a decision on the above-mentioned proposal, and with a view to implementing the provisions of Protocol No 19 annexed to the 1972 Act of Accession, on 2 and 10 December 1980 the Commission forwarded to the Council two proposals seeking:

- to create, under the basic Regulation on cereals, a legal basis for granting a refund on cereals exported in the form of certain spirituous beverages;

¹ OJ L 359 of 31. 12. 1980.

- to introduce a special system for granting a 'refund' on whisky, since a conventional system could not be used because of the particular feature of whisky manufacture and the provisions of Protocol No 19.

These texts are being studied by the Council's subordinate bodies, and Parliament and the Economic and Social Committee have also been consulted.

(c) *Potatoes*

366. The Council continued its examination of the Commission's proposal to set up a common organization of the market in potatoes.

Since the main points of disagreement, i.e. support for the market in ware potatoes and a system for new potatoes, could not be resolved the Council will resume its examination of these matters in 1981.

2. ADJUSTMENTS OR AMENDMENTS TO THE BASIC REGULATIONS

(a) *Cereals*

Amendment of the basic Regulation on cereals

367. As part of its decisions on agricultural prices and related measures, on 15 July 1980¹ the Council amended Regulation (EEC) No 2727/75² on the common organization of the market in cereals.

Firstly the basic Regulation on cereals was amended to include rye in the system of a single intervention price for all fodder cereals, although it lays down a transition period to allow producers to adapt to the new system of prices for this cereal.

Secondly, it was amended to take account of experience gained in determining intervention centres for cereals, which previously had to be carried out each year. The Council has removed this obligation.

¹ Regulation (EEC) No 1870/80, OJ L 184 of 17. 7. 1980.

² Regulation (EEC) No 2727/80, OJ L 281 of 1. 11. 1975.

Following its decision to maintain the production rebates for certain starch products, which were originally restricted to the 1979/80 marketing year, the Council amended the basic Regulation as necessary.

(b) *Rice*

Amendment to the basic Regulation

368. On 15 January 1980¹ the Council amended the basic Regulation on rice to adapt it to the nomenclature of the current Common Customs Tariff.

This amendment became necessary when rice seed was included in the common organization of the markets in seeds.

On 15 July 1980² the Council amended the basic Regulation on rice in connection with its decisions on prices. The prime aim of this amendment was to embody in the regulations the alignment of prices for long-grained and round-grained rice which the Council had decided on.

The Council's further objective in amending the basic Regulation on rice was to maintain production rebates for certain rice-based starch products, which had originally been restricted to the 1979/80 marketing year.

(c) *Sugar*

369. As stated in the previous Review,³ in December 1979 the Council received a proposal for a Regulation laying down the Community's sugar and isoglucose policy for a period of five years from 1 July 1980. However, since it was not possible to take the decisions on this proposal in time for the beginning of the 1980/81 sugar marketing year, on 24 June 1980 the Council adopted Regulation (EEC) No 1592/80⁴ extending for a further year the provisions of Regulations (EEC) Nos 3330/74 and 1111/77. In addition, the Council proposed adopting a new basic Regulation in the sugar and isoglucose sectors, on the basis of

¹ Regulation (EEC) No 113/80, OJ L 16 of 22. 1. 1980.

² Regulation (EEC) No 1871/80, OJ L 184 of 17. 7. 1980.

³ See 27th Review, paragraph 339.

⁴ OJ L 160 of 26. 6. 1980.

a proposal from the Commission, before 1 November 1980 with a view to implementing it as from 1 July 1981.

Thus, on 30 September 1980 the Commission forwarded to the Council a proposal for a Regulation on the common organization of the market in sugars.¹ The proposed system adopts the general approach which the Commission followed in its previous proposal and also takes account of the positions adopted by the Council regarding the continuation of a quota system for a further five-year period and the principle of producers' total responsibility for meeting the cost of disposing of any production which is surplus to Community consumption. Provisions similar to those for sugar are proposed for isoglucose. This proposal was forwarded to Parliament and the Economic and Social Committee for their opinions and is at present being studied by the Council.

Lastly, after consulting Parliament, on 22 December 1980 the Council amended the basic Regulation on sugar to take account of the accession of Greece to the Communities on 1 January 1981.² Greece was allocated a basic quota of 249 151 tonnes of white sugar for the period from 1 January to 31 March 1981.

(d) *Isoglucose*

370. Following a judgement of the Court of Justice, in June 1979 the Council amended Regulation (EEC) No 1111/77 laying down common provisions for isoglucose by replacing the title 'System of levies' with the title 'Quota arrangements'.³

However, in a judgement given in October 1980 the Court of Justice annulled this amendment on formal grounds, as infringing an essential procedural requirement due to the absence of an opinion of Parliament as required by Article 43 of the Treaty, although the Court affirmed that the Regulation in question was in basic conformity with Community law and rejected all the points of substance in the plaintiffs' objections.

¹ OJ C 271 of 18. 10. 1980.

² Regulation (EEC) No 3455/80, OJ L 360 of 31. 12. 1980.

³ See 27th Review, paragraph 341.

In view of this judgement the Commission forwarded to the Council proposals for Regulations¹ to reinstate retroactively the provisions in the annulled Regulation and in Regulation (EEC) No 1592/80.² The Council expects to make a decision on these proposals in the very near future, on receipt of Parliament's opinion on this matter.

As regards the system for isoglucose to be implemented from 1 July 1981, in September 1980 the Commission forwarded to the Council an overall proposal for a Regulation on the common organization of the markets in the sugars sector.²

(e) *Wine*

(i) Action programme for 1980 – 86

371. On 18 February 1980 the Council formally adopted the nine Regulations to which it had given its assent in principle at its meeting on 10 and 11 December 1979.³

These Regulations⁴ represent a veritable short-term, medium-term and long-term action programme, designed to revive the market and restructure the wine-growing sector.

The measures adopted thus concern both market factors and structures.

372. With regard to the market aspects, the following measures were adopted:

- introduction, as a temporary measure until 30 June 1984, of a mechanism for a minimum price which may be fixed by the Council under specific market conditions and after other intervention measures have been exhausted; when this instrument is used distillation will be permitted at the same price level;
- amendments to the system known as 'extra-obligatory wine deliveries' referred to in Article 40 of the basic Regulation

¹ OJ C 334 of 20. 12. 1980.

² See paragraph 424 et seq. of this Review.

³ See 27th Review, paragraph 342.

⁴ All these texts were published in OJ L 57 of 29. 2. 1980.

with a view to extending it to Italy, under certain conditions and taking account of the obligatory distillation of wines from table grapes implemented in this Member State under Article 421 of the same Regulation;

- creation of the legal framework to allow the use in wine making of 'grape sugar' (rectified concentrated grape must);
- strengthening the system of aid for the use of grape musts with a view to applying it to particular uses, such as the production of grape juices;¹
- extending authorization of the temporary use of 'sugaring in the wet' (admixture of saccharose in aqueous solution), as practised in the FR of Germany, until 15 March 1984, but restricted to certain geographical areas and certain varieties of vines;²
- extension until 30 June 1984, under more restrictive conditions, of the coupage of German red wines with imported red wines;³
- amendments to the rules on the description of wines, firstly with a view to improving consumer protection by providing correct information and secondly in order to take account of experience gained in this field since 1977.⁴

These measures were subsequently supplemented by Regulation (EEC) No 1988/80, which was adopted on 22 July 1980 on a proposal from the Commission, after Parliament and the Economic and Social Committee had delivered their opinions.⁵ This Regulation provides for the 'performance guarantee' system to be maintained until the end of 1982/83 marketing year, but under more stringent conditions. This system concerns additional measures applying to holders of long-term private storage contracts, and was due to expire on 30 September 1980.

¹ The measures mentioned in the first four indents above are contained in Regulation (EEC) No 453/80.

² Regulation (EEC) No 459/80.

³ Regulation (EEC) No 460/80.

⁴ Regulations (EEC) No 459/80 and No 451/81.

⁵ OJ L 195 of 29. 7. 1980.

373. Turning to the structural aspects, the programme which was drawn up on 18 February 1980 comprises the following:

- the general legal framework applicable from 1 March 1980, for measures concerning the wine-growing potential,¹ i.e.:
 - classification of land according to its natural suitability for wine-growing, as required for improving the necessary discipline and for applying the various structural measures proposed;
 - a precise statement on replanting rights (eight years after grubbing up); a system of prior authorization for planting vines which produce quality wines p.s.r., and, in general, for notifying the operations carried out;
 - prohibition of new plantings for table wines before 30 November 1986, with limited exemptions when necessary;
 - provision for adopting restrictive measures also in the quality wines p.s.r. sector, for Member States which so desire, in accordance with trends in the wine-growing potential for these products. In this connection, in view of the situation in the FR of Germany, the Council adopted Regulation (EEC) No 455/80 which suspended until 30 November 1980 the possibility of authorizing any new plantings of vines intended for the production of quality wines p.s.r. in this Member State;
- the introduction of various premium systems to encourage optimum siting of vineyards and rationalization and restructuring in this sector. These systems comprise:
 - premiums for abandoning wine-growing² on land which is little suited to vines, under one of three options, namely: temporary abandonment for eight years (attracting a premium of 1 813 – 3 022 ECU/hectare according to productivity);
 - permanent abandonment with a loss of replanting rights (attracting an additional premium of 2 418 ECU);

¹ Regulation (EEC) No 454/80.

² Regulation (EEC) No 456/80.

- renunciation of replanting rights suspended since 1976 following the granting of the reconversion premiums laid down in Regulations (EEC) No 1162/76¹ and No 348/79² (800 ECU).

This system is applicable in general as from 1 September 1980, apart from certain specific measures which came into force on 1 March 1980. In adopting Regulation (EEC) No 1993/80 of 22 July 1980,³ the Council enlarged the area covered by these exceptions to include, retrospectively, the temporary abandonment premium granted for vineyards located in the specific area which produce brandies designated 'Armagnac' in view of the particular problems in this region;

- a premium for the cessation of farming after abandoning wine-growing,⁴ (namely) an annual premium of 363 ECU per hectare, for a maximum of 5 hectares, for full-time farmers aged between 55 and 65 years and a single premium of 604 ECU, for the same maximum area, for part-time farmers. This system has been in force since 18 September 1980;
- a vineyard restructuring premium payable in connection with collective projects,⁵ in respect of table wines and for projects involving more than 100 hectares and individual holdings of not less than 2 hectares in area. The premium is between 2 418 and 3 022 ECU per restructured hectare. This system was to be introduced on 1 September 1980, except for certain provisions relating to restructuring operations in the Langedoc-Roussillon area governed by Directive 78/627/EEC,⁶ which entered into force on 1 March 1980.

(ii) Other measures

374. At its meeting on 10 and 11 November 1980 the Council, on a proposal from the Commission and after receiving the opinions of Parliament and the Economic and Social Committee, adopted

¹ See 24th Review, paragraph 298.

² See 27th Review, paragraph 348.

³ OJ L 195 of 29. 7. 1980.

⁴ Regulation (EEC) No 457/80.

⁵ Regulation (EEC) No 458/80.

⁶ OJ L 206 of 29. 7. 1978.

Regulation (EEC) No 2930/80,¹ extending until 31 August 1982 the period laid down in Article 46 of the basic Regulation during which it is permitted, on an exceptional and temporary basis, to use certain cation exchange resins in the preparation of wines.

375. In connection with the accession of Greece on 1 January 1981, a number of Regulations to adapt the common organization of the wine-growing market to the new situation were adopted in 1980 by the Council on a proposal from the Commission, having regard to the 1979 Act of Accession. These were:

- Regulation (EEC) No 1989/80 of 22 July 1980,² amending the basic Regulation as regards the system of average prices, the rules for the deacidification of products, the classification of certain varieties of vine and the definition of wine-growing zones;
- Regulation (EEC) No. 1990/80, which was adopted and published at the same time as the preceding text, and makes the necessary amendments to the basic Regulation to take account of resinated wine (retsina) produced in certain geographical areas of the Hellenic Republic;
- Regulation (EEC) No. 3456/80 of 22 December 1980,³ which made certain purely formal amendments to Regulations (EEC) Nos 337/79, 338/79 and 358/79 made necessary by the accession of Greece.

(f) *Fresh fruit and vegetables*

376. Following a favourable opinion from Parliament, on 28 May 1980 the Council made a number of amendments⁴ to the basic Regulation (EEC) No 1035/72.⁵ The main aims were:

- to include prison institutions, children's holiday camps, hospitals and old people's homes among the beneficiaries of the free distribution of products withdrawn from the market,

¹ OJ L 305 of 14. 11. 1980.

² OJ L 195 of 29. 7. 1980.

³ OJ L 360 of 31. 12. 1980.

⁴ Regulation (EEC) No 1315/80, OJ L 134 of 31. 5. 1980.

⁵ OJ L 118 of 20. 5. 1972.

since under the existing arrangements it had not been possible to dispose of all the products in question;

- to provide for withdrawal of the countervailing charge only after it has been actually applied for at least two days. This decision implements the agreement in principle reached by the Council at its meeting on 18 – 22 June 1979, and should give increased protection against imports from third countries. Under the previous system it was possible for this charge to be withdrawn before having been actually applied;
- to lay down quality standards for aubergines and courgettes, in which there is considerable intra-Community trade.

(g) *Processed fruit and vegetables*

377. In order to keep a better check on imports of certain kinds of processed fruit and vegetables, the Council took the following measures:

- (i) Extension of the list of sensitive products for which an import licence is required (Regulation (EEC) No 516/77, Article 10 and Annex IV)

The Council adopted Regulations on 28 May 1980¹ and 22 July 1981² adding to the list of sensitive products in Annex VI of the basic Regulation No 516/77 mushrooms (sub-heading ex 07.03 E of the Common Customs Tariff) and frozen and preserved strawberries (sub-headings ex 08.10 A and ex 08.11 E of the Common Customs Tariff).

This measure will make it possible in future to obtain statistics on imports of these products.

- (ii) Submission of an export document for cultivated mushrooms to be issued by the exporting country

In view of certain deflections of trade in preserved cultivated mushrooms, falling under sub-heading ex 20.02 A of the Common Customs Tariff, from third countries, which had undertaken to monitor the volume of their exports to the

¹ Regulation (EEC) No 1314/80, OJ L 134 of 31. 5. 1980.

² Regulation (EEC) No 2021/80, OJ L 198 of 31. 7. 1980.

Community, on 13 May 1980¹ the Council decided to make provisions for making the issue of the import certificate subject to the production of a document issued by the country exporting these products.

(h) *Oils and fats*

(i) Olive oil

378. On a proposal from the Commission and after receiving the opinion of Parliament and the Economic and Social Committee, on 15 July 1980 the Council adopted Regulation (EEC) No 1917/80,² amending the basic Regulation on oils and fats and supplementing Regulation (EEC) No 1360/78 on producer groups and associations thereof. The main aim of Regulation (EEC) No 1917/80 is to take account of the experience gained in administering the system of aid for the production of olive oil in producer groups and the system of aid for consumption. Accordingly, a number of technical amendments were made to the provisions governing these two systems under Regulation No 136/66/EEC. Regulation (EEC) No 1360/78 was extended to cover producers of olive oil in metropolitan France.

379. Lastly, as part of the modifications made necessary by the effective accession of Greece to the Community on 1 January 1981, on a proposal from the Commission the Council adopted Regulation (EEC) No 3454/80 of 22 December 1980³ withdrawing olives falling under the CCT sub-headings 20.01 C and 20.02 F from the common organization of the market in processed fruit and vegetables and making them subject to Regulation No 136/66/EEC.

(ii) Colza and sunflower seeds

380. Regulation No 136/66/EEC setting up a common organization of the markets in the oils and fats sector laid down an intervention system for oil seeds based on a basic intervention price and derived intervention prices. The object of the latter was

¹ Regulation (EEC) No 1203/80, OJ L 122 of 15. 5. 1980.

² OJ L 186 of 19. 7. 1980.

³ OJ L 360 of 31. 12. 1980.

to keep the seeds market fluid. Since this aim had not been achieved, however, on 24 June 1980 the Council decided, after consulting Parliament, to establish as from the 1982/83 marketing year a single intervention price for oil seeds.¹ The abolition of the derived prices, which simplifies administration, has been effected or proposed in the other sectors with a similar system.

(i) *Peas and field beans*

Special measures

381. In order to be able to grant to undertakings which extract protein concentrate the aid provided for under Regulation (EEC) No 1119/78² laying down special measures for peas and field beans used in the feeding of animals, on 9 June the Council adopted Regulation (EEC) No 1459/80.³ This Regulation extends aid to these undertakings subject to quantity and quality restrictions.

(j) *Proteins*

Soya beans

382. In 1979 the Council introduced a system of aid for soya bean producers which provided for the payment of aid to the initial purchaser who had concluded a contract with the producer⁴ and who undertook to pay the producer a minimum price.

On 30 June 1980 the Council adopted general implementing rules in order to put this system into operation.⁵ The main provisions of these rules are as follows:

- the contract between the producer and the initial purchaser must be lodged with the competent agency of the Member State before harvesting begins. The contract must specify the

¹ Regulation (EEC) No 1585/80, OJ L 160 of 26. 6. 1980.

² OJ L 142 of 30. 5. 1978.

³ OJ L 146 of 12. 6. 1980.

⁴ See 27th Review, paragraph 359.

⁵ Regulation (EEC) No 1724/80, OJ L 170 of 3. 7. 1980.

area from which the quantity harvested is to be delivered and the minimum price payable to the producer;

- Member States are to check the accuracy of the areas indicated in the contracts and of the quantities shown in the harvest declarations which the producer must sign.

In order to be able to review the effectiveness of the system as regards production and marketing, as well as the financial and monitoring aspects, the Council agreed to restrict it to an experimental phase of one year, with final rules to be implemented for the 1981 harvest.

(k) *Dehydrated fodder*

(i) Amendment to the basic Regulation

383. By its Regulation (EEC) No 114/80 of 15 January 1980¹ the Council amended the basic Regulation on dehydrated fodder² to adjust the Common Customs Tariff classification of certain by-products. At the same time it made protein concentrates subject to this basic Regulation.

384. When making its decision on farm prices, and pending the introduction of a common organization of the market in potatoes, the Council adopted Regulation (EEC) No 1370/80 extending until 30 June 1981 the system of aid for dehydrated potatoes so as not to impair the continuity of this aid.

(ii) Aid system

385. Following the amendments to the basic Regulation regarding protein concentrates,² on 9 June 1980³ the Council adopted the required amendments to Regulation (EEC) No 1417/78 on the aid system for dried fodder.

The Council made this aid for protein concentrates subject to strict conditions, and at the same time made technical

¹ OJ L 16 of 22. 1. 1980.

² Regulation (EEC) No 1117/78, OJ L 142 of 30. 5. 1978.

³ Regulation (EEC) No 1458/80, OJ L 146 of 12. 6. 1980.

amendments to the provisions governing the advance fixing of the additional aid.

(l) *Tobacco*

Improved control of the market

386. With a view to creating a better balance between production of and demand for tobacco, the Council found it necessary to supplement the measures taken in 1979¹ by tightening the rules for baled tobacco to be observed by dealers. This became necessary since a number of undertakings carrying out the initial processing and market preparation phases were disposing of most of their production into intervention, thus causing the EAGGF excessive expenditure.

Specifically, the Council decided² to introduce into Article 10 of Regulation (EEC) No 727/70³ a provision that where an undertaking sells into intervention more than 25 % of the quantities of a particular variety and harvest treated by that undertaking the derived intervention price should be reduced by 10 % for that variety.

(m) *Seeds*

387. Following the inclusion of rice seed in the common organization of the market in seed by the Council in 1979,⁴ on 22 July 1980⁵ the Council extended the field of application of Regulation (EEC) 1674/72,⁶ which laid down general rules for granting and financing aid for seed, to cover rice seed.

On the same date⁷ the Council updated the names of the seeds of certain species to take account of changes which had been made in legislation on seeds and seedlings.

¹ See 27th Review, paragraph 362.

² Regulation (EEC) No 1778/80, OJ L 174 of 9. 7. 1980.

³ OJ L 94 of 28. 4. 1970.

⁴ See 27th Review, paragraph 363.

⁵ Regulation (EEC) No 1969/80, OJ L 192 of 26. 7. 1980.

⁶ OJ L 177 of 4. 8. 1972.

⁷ Regulation (EEC) No 1968/80, OJ L 192 of 26. 7. 1980.

C – Management of the common organization of the markets

1. PROBLEMS CONCERNING ALL THE SECTORS COVERED BY THE COMMON AGRICULTURAL POLICY

(a) *Rules governing exports and imports of agricultural products and goods*

388. In 1979 the Council received a proposal for a Regulation to codify and update the provisions of Regulation (EEC) No 441/69 on pre-financing export rebates.¹ On 4 March 1980 the Council adopted this Regulation² which, compared with Regulation (EEC) No 441/69, provides for a simplification of procedures and for the application of its provisions to all products and goods except those on a list to be drawn up by the Management Committee.

Since the importing of certain mixtures and sets of agricultural products had given rise in a number of cases to abuses regarding the level of import duty, on 18 December 1980, after consulting Parliament, the Council adopted a Regulation providing for appropriate duties to be levied on mixtures and sets containing agricultural products when they are imported into the Community.³ This Regulation, applying initially to products falling under Chapters 2 and 11 of the Common Customs Tariff, provides that in such cases import duties shall be levied according to the nature of the components of the mixture.

(b) *Common Customs Tariff nomenclature*

389. In the course of its work on the accession of Greece, the Council gave its assent in principle at its meeting on 18 December 1980 to Regulation (EEC) No 42/81 authorizing Greece to include national subdivisions for certain agricultural products within the Common Customs Tariff nomenclature,⁴ and also to the Regulation concerning stocks of agricultural products in Greece on 1 January 1981.⁵

¹ See 27th Review, paragraph 335.

² Regulation (EEC) No 565/80, OJ L 62 of 7. 3. 1980.

³ Regulation (EEC) No 3324 80, OJ L 349 of 23. 12. 1980.

⁴ Regulation (EEC) No 42/81, OJ L 3 of 1. 1. 1981.

⁵ Regulation (EEC) No 9/81, OJ L 1 of 1. 1. 1981.

(c) Sales of agricultural products on board ships

390. The rules on this matter which were introduced as from 1 February 1978 in accordance with Regulation (EEC) No 3023/77 were to be re-examined by the Council before 31 December 1979, in particular with regard to the advisability of laying down a final time limit in the light of experience.¹

Further to this commitment, on 12 November 1980 the Commission forwarded to the Council a report on the implementation of Regulation (EEC) No 3023/77, which related to certain measures to put an end to the abuses arising from sales of agricultural products on board ships, and also a proposal for a Regulation to apply from 1 January 1981.

These matters are being studied by the Council's subordinate bodies, and Parliament's opinion regarding the Commission's proposal has been requested.

2. CEREALS

(a) Cereal prices for the 1980/81 marketing year

391. Under the agreements on fixing prices and related measures reached at its meeting on 28-30 May 1980 the Council fixed the following prices for cereals:

¹ See 25th Review, paragraph 354.

Product	Type of price or amount	1979/80 ECU/tonne	1980/81	
			ECU per tonne	%
1	2	3	4	5
Durum wheat	Target price	277.37	294.71	+ 6.25
	Single intervention price	249.12	260.33	+ 4.50
	Aid (restricted to certain regions)	77.31 ECU/ha	79.24 ECU/ha	+ 2.50
Common wheat	Target price	201.42	214.01	+ 6.25
	Single common intervention price	149.17	155.88	+ 4.50
	Reference price for common wheat of bread-making quality	168.06	175.20	+ 4.25
Barley	Target price	182.89	194.32	+ 6.25
	Single common intervention price	149.17	155.88	+ 4.50
Rye	Target price	192.50	197.31	+ 2.50
	Single intervention price	159.82	163.82	+ 2.50
Maize	Target price	182.89	194.32	+ 6.25
	Single common intervention price	149.17	155.88	+ 4.50

It can be seen from this table that the price increase for rye was kept relatively low. This is the only cereal apart from durum wheat which had still not been integrated into the 'silo' system, which provides for a single common intervention level and alignment of the target prices.

(b) Quality requirements for common wheat of bread-making quality

392. In the absence of a definition of the requirements for an average bread-making quality of common wheat, the Council laid down the minimum requirements for common wheat for

bread-making, so as to be able to fix the reference price for common wheat.¹

(c) Production aid for durum wheat

393. The Council increased the aid for durum wheat by 2.5 %, from 77.31 ECU/ha to 79.24 ECU/ha.

No change was made in the list of regions in which this aid may be granted.²

(d) Monthly increases in cereal prices

394. The Council raised the monthly price increases for cereals, wheat and rye flour and wheat groats and meal, by approximately 4.5 % to take account of storage costs and interest charges for storing cereals and the need to match supplies of these cereals to the requirements of the market.

(e) Reduction of the levy on certain imports of feed grain into Italy

395. Having extended to 1 August 1980³ the reduction of 6.04 ECU/tonne in the levy, the Council agreed, when fixing farm prices, to allow Italy a reduction in the levy of 6 ECU/tonne up to the end of the 1980/81 marketing year. For the 1981/82 marketing year this reduction will be cut to 4 ECU/tonne and for 1982/83 to 2 ECU/tonne. No reduction will be made as from the 1983/84 marketing year.

(f) Carry-over payment at the end of the 1979/80 marketing year

396. To prevent a massive flow of cereals into intervention when the monthly intervention price increases cease to apply, and in view of the market situation, particularly as regards common wheat and rye for human consumption, together with the likelihood of maize being offered for intervention, on 28 May

¹ Regulation (EEC) No 1874/80, OJ L 184 of 17. 7. 1980.

² Regulation (EEC) No 1879/80, OJ L 184 of 17. 7. 1980.

³ See 27th Review, paragraph 367; Regulation (EEC) No 811/80, OJ L 88 of 1. 4. 1980.

1980¹ the Council fixed an end-of-year carry-over payment for these three cereals.

This measure is applicable only to cereals harvested in 1979 and guaranteed of a quality comparable to that required for intervention.

(g) *Accession of Greece*

397. In connection with the accession of Greece the following measures were adopted:

- the general rules for the system of accession compensatory amounts (Regulation (EEC) No 1/81, OJ L 1 of 1. 1. 1981);
- fixing of the intervention prices and the reference prices applicable in Greece (Regulation (EEC) No 2/81, OJ as above);
- the adaptation of production refunds granted in Greece under Regulation (EEC) No 2742/75 (Regulation (EEC) No 44/81, OJ L 3 of 1. 1. 1981);
- general rules concerning the components for protection of the processing industry and fixing of the components applying in Greece (Regulation (EEC) No 45/81, OJ L 3 of 1. 1. 1981).

3. STARCH PRODUCTS

398. At its meeting on 28-30 May 1980, when agreement was reached on farm prices, the Council agreed to reduce by some 16 % the production refunds on the main starch products.² However, more appreciable increases of 18 % and 7.5 % were made in the premiums for potato starch so as to take account of the general economic situation in the potato starch sector and the price situation in the potato starch market since the beginning of the 1980/81 marketing year.

4. RICE

399. The Council fixed the target price for husked rice at 408.16 ECU/tonne and the intervention price for paddy rice at

¹ Regulation (EEC) No 1317/80, OJ L 134 of 31. 5. 1980.

² Regulation (EEC) No 1877/80, OJ L 184 of 17. 7. 1980.

293.71 ECU/tonne, which represents increases of approximately 6.8 % and 7 %.¹

The monthly increases were raised by 4.5 % over those for the previous marketing year.²

The measures concerning the accession of Greece are described in paragraph 397 of this Review.

5. PIGMEAT

(a) *Basic price*

400. When fixing the prices in the agricultural sector for the 1980/81 marketing year, on 18 June 1980 the Council adopted Regulation (EEC) No 1584/80³ fixing, for the period 1 November 1980 to 31 October 1981, the basic price and the standard quality for slaughtered pigs. This price was fixed at a slightly higher level than for the previous year, rising from 1 504.46 ECU to 1 587.21 ECU per tonne (an increase of 5.5 %).

(b) *Accession of Greece*

401. At the end of 1980, as part of the procedure of extending Community Regulations to Greece, the Council adopted Regulation (EEC) No 43/81⁴ establishing a list of representative markets for pigmeat in the Community and providing for the inclusion in this list of the Greek markets of Alexandroupolis, Serres, Ioannina, Larissa, Chalkis, Pyrgos and Heraklion.

6. POULTRY

(a) *Water content of frozen and deep-frozen poultry*

402. At its meeting on 28 and 29 May 1980 the Council adopted an explanatory statement agreeing that Regulation (EEC) No 2967/76⁵ laying down common standards for the water content of

¹ Regulation (EEC) No 1873/80, OJ L 184 of 17. 7. 1980.

² Regulation (EEC) No 1876/80, OJ L 184 of 17. 7. 1980.

³ OJ L 160 of 26. 6. 1980.

⁴ OJ L 3 of 1. 1. 1981.

⁵ OJ L 339 of 8. 12. 1976.

frozen and deep-frozen chickens, hens and cocks does not apply to poultry exported from the Community.

On 30 October 1980 the Council adopted Regulation (EEC) No 2835/80,¹ altering from 1 November 1980 to 1 April 1981, the date laid down in the above-mentioned Regulation (EEC) No 2967/76 by which the Council was to decide whether or not this Regulation should cover frozen and deep-frozen poultry treated with polyphosphates, as it had become apparent that the question of making poultry treated with polyphosphates subject to Regulation (EEC) No 2967/76 required additional study by technical experts before the Council could take a final decision.

(b) *Accession of Greece*

403. In December 1980, as part of the procedure of extending Community regulations to the Hellenic Republic, the Council adopted Regulation (EEC) No 3485/80² amending, in accordance with the new situation, Regulation (EEC) No 2782/75³ on the production and marketing of eggs for hatching and of farmyard poultry chicks.

(c) *Marketing standards for eggs and poultry*

404. The Council was not able to complete its work on this matter during the period under review. The technical problems which have arisen, particularly with regard to the application of the proposed standards by the industries concerned, will require additional study by the competent departments.

7. MILK AND MILK PRODUCTS

(a) *Market situation and prices*

405. As in previous years the market situation in the milk sector in 1980 was one of surplus production. The measures taken since 1977 to restrict the volume of production, particularly with regard

¹ OJ L 292 of 1. 11. 1980.

² OJ L 365 of 31. 12. 1980.

³ OJ L 282 of 1. 11. 1975.

to the co-responsibility levy, have still not re-established the desired balance between supply and demand in this sector. However, with a more favourable situation in the world market, in 1980 the Community managed to dispose of most of the surplus butter and skimmed-milk powder at less expense than in the past, with the result that public stocks of these two products at the end of 1980 were approximately 128 000 and 230 000 tonnes respectively.

Because it proved impossible to fix the prices for the 1980/81 marketing year by the intended date, i.e. 1 April 1980, the Council had to extend the 1979/80 milk year and the other related arrangements until 1 June 1980.¹

406. On 5 June 1980, when fixing the farm prices for the 1980/81 marketing year, the Council fixed the prices in the milk sector. These were the target price for milk (increased by 4 % compared with the previous year) and the intervention prices for butter (+ 2.30 %), skimmed-milk powder (+ 4.94 %) and the Italian cheeses Grana Padano (+ 3.17 %) and Parmiggiano Reggiano (+ 2.91 %).² At the same time the Council fixed the threshold prices for certain milk products,³ increasing them in line with the target price for milk.

(b) *Measures to ensure the gradual re-establishment of market equilibrium*

407. In view of the surpluses in the milk market the Council maintained and indeed reinforced a number of existing measures to re-establish gradually the balance between supply and demand in this market.

(i) Co-responsibility levy

408. The co-responsibility levy, which has been a feature of the milk sector since 1977, was renewed by the Council for a further period of three milk marketing years. The rate of this levy for 1980/81 was fixed at 2 % of the target price for milk, with a 0.5 % reduction for less-favoured areas up to a limit of 60 000 kg per

¹ Regulation (EEC) No 1030/80 of 23. 4. 1980, OJ L 110 of 29. 4. 1980.

² Regulation (EEC) No 1359/80 of 5. 6. 1980, OJ L 140 of 5. 6. 1980.

³ Regulation (EEC) No 1360/80 of 5. 6. 1980, OJ L 140 of 5. 6. 1980.

producer.¹ In order to safeguard the future situation, particularly as regards the budget, in fixing the rate for 1980/81 the Council stipulated that if it turned out that the quantity of milk in 1980 increased by 1.5 % or more over 1979, an additional levy would be imposed for 1981/82 to cover the costs of disposing of the additional quantities produced.

(ii) Aid for butter consumption

409. The schemes of aid for consumption as decided in 1979 were continued by the Council for the 1980/81 milk year² in that the Member States were authorized to grant general aid for butter on the market up to a maximum of 50 ECU/100 kg, 75 % of which would be financed by the Community. The special system for the United Kingdom, namely, a subsidy of 45.94 ECU/100 kg financed wholly by the Community, was also extended.²

(iii) Premiums for the non-marketing of milk and for the conversion of dairy herds to beef production

410. The Council adopted Regulation (EEC) No 1365/80 of 5 June 1980 extending the system of premiums for the non-marketing of milk and the conversion of dairy herds.³ However, the extension of the system of premiums for the non-marketing of milk was limited to 15 September 1980, since this measure had proved ineffective on a cost/benefit basis.

(iv) Prohibition of inward processing for butter and skimmed-milk powder

411. The Council extended for the 1980/81 year the prohibition which has been in force since 1975 on inward processing arrangements for skimmed-milk powder and butter.⁴

(c) *Other measures*

(i) Transfer of skimmed-milk powder to Italy

412. An amendment was made to Regulation (EEC) No 1763/78 as regards the transfer of skimmed-milk powder to the Italian

¹ Regulation (EEC) No 1364/80 of 5. 6. 1980, OJ L 140 of 5. 6. 1980.

² Regulation (EEC) No 1362/80, OJ L 140 of 5. 6. 1980.

³ OJ L 140 of 5. 6. 1980.

⁴ Regulation (EEC) No 1363/80, OJ L 140 of 5. 6. 1980.

intervention agency, laying down that the powder transferred to Italy should be used only for feeding calves, not pigs and poultry.¹

(ii) Conditions of inclusion for certain cheeses

413. Regulation (EEC) No 1361/80 of 5 June 1980² was adopted, amending Regulation (EEC) No 2915/79 by adjusting the conditions for including certain cheeses under certain tariff headings to the new prices in the milk sector, and also amending Regulation (EEC) No 950/68 regarding the Common Customs Tariff.

(iii) Fat content of standardized milk

414. On 8 December 1980, in accordance with the provisions of Regulation (EEC) No 1411/71,³ 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.⁴ For the 1980/81 milk year the figures laid down were as follows:

Ireland:	3.51 %;
United Kingdom:	3.82 %.

(d) *New Zealand butter*

415. Protocol No 18 to the Act of Accession of the United Kingdom to the Community provided for special and exceptional arrangements for imports into the United Kingdom of butter and cheese from New Zealand. Under the terms of the Protocol these arrangements expired at the end of 1977; they were replaced by Regulation (EEC) No 1655/76,⁵ which established new special arrangements, for butter only, covering the period ending 31 December 1980. Under these new arrangements New Zealand was authorized to export to the United Kingdom 125 000 tonnes of butter in 1978, 120 000 tonnes in 1979 and 115 000 tonnes in 1980.

¹ Regulation (EEC) No 190/80, OJ No 23 of 30. 1. 1980.

² OJ L 140 of 5. 6. 1980.

³ OJ L 148 of 3. 7. 1971.

⁴ Regulation (EEC) No 3194/80, OJ L 333 of 11. 12. 1980.

⁵ OJ L 185 of 9. 7. 1976.

416. During 1980 the Commission forwarded two proposals to the Council, one to amend Regulation (EEC) No 1655/76 by adjusting the cif price in New Zealand's favour in exchange for a reduction of 20 000 tonnes in the effective quantity to be exported by New Zealand in 1980, and the other to set up new special arrangements for imports of New Zealand butter which would apply for an unspecified period after 1980. On 30 September 1980 the Council adopted the Commission's first proposal amending the arrangements for 1980.¹

However, the Council was unable to reach agreement on the Commission's second proposal for new arrangements after 1980. For this reason, pending the outcome of discussions on the new arrangements the Council extended the existing arrangements for 1980 until 1 February 1981, i.e. for one month, with a limit of 7 920 tonnes of butter.²

8. BEEF AND VEAL

417. As part of its overall compromise solution on prices, under Regulations (EEC) Nos 808/80³ and 1031/80⁴ the Council extended the marketing year until 2 June 1980 and then on 5 June 1980 with effect from 2 June 1980, adopted Regulation (EEC) No 1358/80⁵ fixing the guide price and the intervention price for adult bovine animals for the 1980/81 marketing year and introducing a Community grading scale for carcasses of adult bovine animals.

(a) *Prices*

418. The prices for this marketing year were fixed at the following levels:

- guide price: 160.76 ECU/100 kg,
- intervention price: 144.68 ECU/100 kg,

¹ Regulation (EEC) No 2540/80, OJ L 260 of 3. 10. 1980.
² Regulation (EEC) No 3457/80, OJ L 360 of 31. 12. 1980.
³ OJ L 83 of 1. 4. 1980.
⁴ OJ L 110 of 29. 4. 1980.
⁵ OJ L 140 of 5. 6. 1980.

in both cases a 4 % increase over the prices for the previous year.

The Council also extended the validity of the conditions regarding flexibility in the permanent intervention arrangements, i.e. those relating to the suspension and resumption of buying-in measures.

(b) *Premium system*

419. On 5 June 1980 the Council adopted Regulation (EEC) No 1357/80¹ introducing a system of premiums for maintaining suckler cows, which provides for a Community premium of 20 ECU for each suckler cow, to which may be added a national premium of the same amount.

420. On 27 June 1980 the Council adopted its Regulation (EEC) No 1667/80² extending the system of premiums for the birth of calves and fixing this premium for the 1980/81 marketing year at 42.948 ECU. It also adopted Regulation (EEC) No 1666/80² extending the system of premiums for the slaughter of certain adult bovine animals provided for in Regulation (EEC) No 870/77.

421. On 1 January 1981 the Council adopted Regulation (EEC) No 7/81³ making the guide prices and the intervention prices fixed by the Community of Nine applicable to Greece.

(c) *System of trade with third countries*

422. On 21 January 1980 the Council adopted Regulation (EEC) No 121/80⁴ extending until 30 June 1980 the period of validity of Regulation (EEC) No 2862/77 on levies applicable to imports of certain adult bovine animals and beef from the Socialist Federal Republic of Yugoslavia, pending the conclusion of a new cooperation agreement between the Community and Yugoslavia.

¹ OJ L 140 of 5. 6. 1980.

² OJ L 166 of 1. 7. 1980.

³ OJ L 1 of 1. 1. 1981.

⁴ OJ L 17 of 23. 1. 1980.

423. On 27 June 1980 the Council decided, as in the past, to open the tariff quotas of 38 000 head of heifers and cows, other than those intended for slaughter, of certain mountain breeds falling within sub-heading ex 01.02 A II b) of the Common Customs Tariff (Austria quota)¹ and of 5 000 head of bulls, cows and heifers, other than those intended for slaughter, of certain Alpine breeds falling within sub-heading ex 01.02 A II b) of the Common Customs Tariff (Swiss quota).¹

9. SUGAR

424. On 24 June 1980 the Council fixed the following prices for the 1980/81 sugar year:²

	Prices in ECU/100 kg
— Target price for white sugar	45.55
— Intervention price for white sugar	43.27
— Derived intervention price for white sugar for Italy	45.21
— Derived intervention price for white sugar for the French overseas departments	43.03
— Derived intervention price for white sugar for Ireland and the United Kingdom	44.48
— Intervention price for raw sugar	35.89
— Minimum price for beet	3.31
— Threshold price for white sugar	53.30
— Threshold price for raw sugar	45.71
— Threshold price for molasses	6.00

In the context of its decisions on sugar prices, the Council also fixed the maximum quota at 127.5 % of the basic quota and decided that the maximum amount of the production levy on the 'B' quota should be fixed at 30 % of the intervention price, i.e. 12.98 ECU/100 kg of white sugar.

425. In addition, on 18 December 1980 the Council agreed that in view of the sugar supply situation in Greece the sugar prices

¹ OJ L 166 of 1. 7. 1980.

² Regulations (EEC) Nos 1593/80 and 1594/80, OJ L 160 of 26. 6. 1980.

applicable in this Member State for the 1980/81 sugar year as from 1 January 1981 should be the same as those applicable in the rest of the Community apart from the regions with a deficit.¹

426. The guaranteed prices for preferential sugar were fixed for the delivery period 1 July 1980 to 30 June 1981, after consulting the countries concerned, at:

- 35.89 ECU/100 kg for raw sugar;
- 44.48 ECU/100 kg for white sugar.²

These prices also apply to cane sugar originating in the French overseas territories.³

The differential levy on preferential sugar refined in a mixed refinery was fixed by the Council for the 1980/81 sugar year at 2.25 ECU/100 kg of white sugar. As in the past, this charge will not be levied on preferential sugar refined in Ireland up to a maximum of 30 000 tonnes of white sugar. The differential amount to be granted on raw cane sugar from the French overseas departments was also fixed at 2.25 ECU/100 kg of white sugar.⁴

427. Lastly, the Council decided to fix at 1.50 ECU/100 kg of white sugar the aid to facilitate the marketing in the European regions of the Community of sugar produced in the French overseas departments.⁵

428. By Regulation (EEC) No 1488/76 the Council established as from the 1976/77 sugar year a system of minimum stocks of no less than 10 % of certain quantities of sugar. Since that time the Community's supply situation has completely changed, and production considerably exceeds consumption in the Community. To deal with this situation, on 12 August 1980 the Council decided to introduce a certain degree of flexibility into the system for the 1980/81 sugar year by allowing the

¹ Regulation (EEC) No 3/81, OJ L 1 of 1. 1. 1981.

² Regulation (EEC) No 3185/80, OJ L 332 of 10. 12. 1980.

³ Regulation (EEC) No 3186/80, OJ L 332 of 10. 12. 1980.

⁴ Regulation (EEC) No 1595/80, OJ L 160 of 26. 6. 1980.

⁵ Regulation (EEC) No 1596/80, OJ L 160 of 26. 6. 1980.

Commission, as part of its everyday management of the sugar market, to vary this percentage within the range between 5 % and 10 %.¹

10. WINE

(a) *Monitoring the market situation*

429. Following its annual practice, the Commission forwarded to the Council the report on expected trends in vine planting and replanting in the Community and on the relationship between production and utilization in the wine-growing sector. The report presented in 1980 concerned the 1979/80 marketing year and was based on the new Article 30c of the basic Regulation, following the amendments made to this Regulation in February 1980.² The Council is to discuss this report in 1981, once it has been examined by its technical bodies.

In addition, at its meeting on 10 November 1980, the Council took formal note of the final estimates of the market situation at the end of the 1978/79 wine-growing year. These estimates are provided annually by the Commission under Article 5 of the basic Regulation.

430. With regard to the regulations on statistical surveys of vineyards, on a proposal from the Commission and after receiving Parliament's opinion, in 1980 the Council extended until 31 October 1981, for Italy, the final date laid down in Regulation (EEC) No 357/79 for carrying out the first basic survey.

This measure was embodied in Regulation (EEC) No 1992/80 of 22 July 1980.³

(b) *Price system*

431. On 24 June 1980⁴ the Council fixed the different guide prices in the wine sector for the period 16 December 1980 to

¹ Regulation (EEC) No 2153/80, OJ L 211 of 14. 8. 1980.

² See paragraph 371 et seq. of this Review.

³ OJ L 195 of 29. 7. 1980.

⁴ Regulation (EEC) No 1591/80, OJ L 160 of 24. 6. 1980.

15 December 1981 at levels which gave a linear increase of 5.5 % over those of the preceding 12-month period for the different types of table wine concerned.

432. With regard to the second category of prices concerning the wine sector, i.e. the activating prices which determine the threshold for operating the intervention machinery, in its Regulation (EEC) No 3195/80 of 8 December 1980¹, the Council differentiated between the rates of increase for the different types of wine as follows:

- for red wines and white wines of types A II and A III there was an increase of 5.5 % 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 % for red wines, and
 - 91.2 % for the above-mentioned white wines, in view of the decisions made in 1979 on the activating prices for these wines;²
- for white wines of type A I a smaller increase was granted, namely 4.8 %, 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 90.4 %.

433. The following table illustrates the price situation in the wine sector for 1980/81 for the Nine Member Community.

¹ OJ L 333 of 11. 12. 1980.

² See 27th Review, paragraph 396.

Type of wine	Guide price 16. 12. 1980 to 15. 12. 1981	Activating price 16. 12. 1980 to 15. 12. 1981	Representative price at the beginning of 1980/81
R I: red wine with an actual alcoholic strength of between 10% vol and 12% vol	2.68 ECU/ % vol/hl	2.49 ECU/ % vol/hl	2.18 ECU/ % vol/hl
R II: red wine with an actual alcoholic strength of between 13% vol and 14% vol	2.68 ECU/ % vol/hl	2.49 ECU/ % vol/hl	2.10 ECU/ % vol/hl
R III: red wine from wine varieties of the 'Portugieser' type	41.79 ECU/hl	38.87 ECU/hl	71.85 ECU/hl
A I: white wine with an actual alcoholic strength of between 10% vol and 12% vol	2.51 ECU/ % vol/hl	2.27 ECU/ % vol/hl	1.76 ECU/ % vol/hl
A II: white wine from wine varieties of the 'Sylvaner or Müller-Thürgau' type	55.69 ECU/hl	50.79 ECU/hl	64.31 ECU/hl
A III: white wine from wine varieties of the 'Riesling' type	63.60 ECU/hl	58.00 ECU/hl	76.32 ECU/hl

(c) Intervention arrangements

434. Because of the imbalance between supply and demand on the market, which was a result of the abundant harvest in 1979, in 1980 the Council, on a proposal from the Commission, invoked Article 15 of the basic Regulation.

Accordingly it adopted Regulation (EEC) No 564/80 of 3 March 1980¹ to allow the surplus production of wines to be absorbed by distillation. Subsequently this Regulation was amended, in view of the progress of the distilling operations, by Regulations (EEC) Nos 1293/80 of 28 May 1980² and 1900/80 of 15 July 1980.³

435. On 19 May 1980 the Commission forwarded to the Council a new proposal for general rules relating to certain distilling operations on wine and the by-products of the wine-making process, to replace the proposal which had been under study since 1977.⁴

In view of the technical and legal complexity of this matter, the Council was not able to deal with the proposal during 1980. However, in Regulation (EEC) No 1991/80 of 22 July 1980⁵ it adopted the provisions which needed to be decided before the start of the new wine-growing year.

These provisions, which were adopted in the form of an amendment to Regulation (EEC) No 343/79,⁶ consist mainly of alterations to the rules on the criteria for fixing the contribution of the EAGGF to expenditure incurred by the intervention organizations and of keeping in force the provisions concerning margins, which were due to expire on 31 July 1980.⁷

436. In view of the impending effective accession of Greece to the Community on 1 January 1981, on 18 December 1980 the Council firstly fixed guide prices in the wine sector for the period 1 January to 15 December 1981⁸ and also adopted the general rules for the introduction of accession compensatory amounts arising from these prices.⁹

437. The prices fixed by the Council were as follows:

¹ OJ L 62 of 7. 3. 1980.

² OJ L 132 of 29. 5. 1980.

³ OJ L 185 of 18. 7. 1980.

⁴ See 25th Review, paragraph 431.

⁵ OJ L 195 of 29. 7. 1980.

⁶ See 27th Review, paragraph 348.

⁷ See 27th Review, paragraph 399.

⁸ Regulation (EEC) No 12/81, OJ L 1 of 1. 1. 1981.

⁹ Regulation (EEC) No 13/81, OJ L 1 of 1. 1. 1981.

- for red wine of types R I and R II, 90 % of the corresponding prices applicable in the other nine Member States;
- for other wines, the same prices as in the other Member States.

The trigger prices fixed for the Nine also apply to Greece during the above-mentioned period.

438. As regards the 'wine delivery' system, under which by-products of wine-making must be distilled, the Council adopted Council Regulation (EEC) No 1994/80 of 22 July 1980,¹ which lays down the following prices for this system:

- 0.82 ECU/% vol./hl for the buying-in price to producers;
1.31 ECU/% vol./hl for the flat-rate price for alcohol from any source (marcs, lees or wine);
- 1.41 ECU/% vol./hl for the price of alcohol from grape marcs;
- 1.21 ECU/% vol./hl for the price of alcohol from lees or wine.

(d) *Production arrangements*

439. On 8 December 1980,² in the absence of a Community organization for alcohol³ and of provisions governing the production of flavoured wines, the Council extended until 31 December 1981 the period of validity of the provisions of Regulation (EEC) No 351/79. These mainly concern the authorization – notwithstanding Article 69 of the basic Regulation on wine – to add alcohol to grape musts and wines intended for the preparation of flavoured wines.

(e) *Trading arrangements*

440. With regard to trading arrangements, 1980 will be remembered in the wine sector for the adoption of Regulation (EEC) No 2931/80 of 11 November 1980⁴ on certain quality wines

¹ OJ L 195 of 29. 7. 1980.

² Regulation (EEC) No 3196/80, OJ L 333 of 11. 12. 1980.

³ See paragraph 371 et seq. of this Review.

⁴ OJ L 305 of 14. 11. 1980.

originating in the Republic of Austria. The aim of this Regulation is to authorize the delivery for direct human consumption in the Community of certain Austrian wines with a total alcoholic strength by volume of more than 15 %, in accordance with Article 50 (2) (a) of the basic Regulation on wine. However, this Regulation will enter into force only on the same date as the Agreement mentioned in paragraph 442 below.

(f) *Luxembourg Protocol*

441. Harmonization of taxes on wines in the Community had not been achieved by 31 December 1980, 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 be of benefit to the agricultural income of the Grand Duchy of Luxembourg. In its Regulation (EEC) No 3451/80 of 22 December 1980 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 on the Grand Duchy of Luxembourg.¹ These provisions thus remain applicable until the entry into force of the provisions relating to the harmonization of excise duties on wine in the Community, or until 31 December 1981 at the latest.

(g) *Coordination of the position of the Member States regarding the laws of third countries and work at international level*

442. Notwithstanding the point discussed in (e) above, during the period under review the Council has worked on the following:

- coordination of the position of the Member States with regard to the International Vine and Wine Office, with particular reference to the matter of protecting registered designations of origin and ascriptions of origin in the wine-growing sector;
- a comparative examination of Community and Portuguese regulations on wines covered by a designation of origin, with a view to implementing the procedure laid down in Article 9 of

¹ OJ L 360 of 31. 12. 1980.

the Additional Protocol between the Community and Portugal signed on 19 December 1979, which provides for tariff reductions on 'Verde' and 'Dão' wines;

- finalizing the texts of an agreement with Austria on reciprocal protection for quality wines, which was signed on 28 October 1980.¹

11. FRESH FRUIT AND VEGETABLES

(a) *Prices and marketing premiums for the 1980/81 marketing year*

(i) Prices

443. In fixing the prices for agricultural products for the year, on 5 June 1980 the Council adopted Regulation (EEC) No 1368/80² fixing the basic and buying-in prices for the nine species of fruit and vegetables covered by Regulation (EEC) No 1035/72.

In line with the Council's general policy on agricultural prices the above-mentioned amounts were increased by 6 % over those for the previous marketing year.

However, the increase for apples was of the order of 5.5 % so as to take account of the difficult market situation for these products.

(ii) Premiums

444. The Council also increased the marketing premium for oranges, mandarins, clementines and lemons by %.²

The period during which the premium for lemons would be paid was extended until 1 June 1981.³

(b) *Basic and buying-in prices for apples for June 1980*

445. The high level of stocks of apples in Spring 1980 made it likely that there would be appreciable withdrawals in May, mainly

¹ See also paragraph 429 et seq. of this Review.

² Regulation (EEC) No 1368/80, OJ L 140 of 5. 6. 1980.

³ Regulation (EEC) No 1367/80, OJ L 140 of 5. 6. 1980.

because there was no buying-in price for apples for the month of June. In order to alleviate the situation basic and buying-in prices for this product for June were laid down by the Council on 28 May 1980.¹ These prices were at the same levels as for May.

12. PROCESSED FRUIT AND VEGETABLES

(a) *Aid for industries producing certain preserved fruits and vegetables*

446. In May 1978² the Council modified the arrangements for processed fruit and vegetables by granting an aid for processing certain sensitive fruits and vegetables, in order to make the Community's industry more competitive. The number of products eligible for this aid was increased in 1979 by Regulation (EEC) No 1639/79.³

However, it was necessary *inter alia* for financial reasons to restrict the quantity of Williams pears and cherries which were eligible for aid.

447. On the basis of provisional figures, the quantity of Williams pears, which had been fixed at 105 % of the quantity processed in 1978, was 57 100 tonnes⁴ for 1979/80.

Subsequently the Council amended this quantity⁵ on the basis of more precise information, so that for the 1980/81 marketing year 74 000 tonnes of Williams pears were processed under the system of aid laid down in Regulation (EEC) No 516/77.⁶

448. Using the same criteria as for pears, the Council laid down the quantity of cherries for 1980/81 at 26 750 tonnes of hard-fleshed heart cherries and other sweet cherries, and 49 140 tonnes of Morello cherries.⁶

¹ Regulation (EEC) No 1316/80, OJ L 134 of 31. 5. 1980.

² Regulation (EEC) No 1152/78, OJ L 144 of 31. 5. 1978.

³ See 27th Review, paragraph 356 et seq.

⁴ Regulation (EEC) No 1640/80, OJ L 192 of 31. 7. 1979.

⁵ Regulation (EEC) No 1318/80, OJ L 134 of 31. 5. 1980.

⁶ Regulation (EEC) No 1460/80, OJ L 146 of 12. 6. 1980.

(b) *Aid for pineapple producers for the 1980/81 marketing year*

449. On 22 July 1980¹ the Council fixed the aid payable to producers of tinned pineapples (whose operations are centred on Guadeloupe and Martinique) and also the minimum price which the recipients of this aid must pay to the producers of fresh pineapples.

These amounts represented increases of approximately 11 % and 5 % respectively over the previous year's levels.

(c) *Accession of Greece*

450. The following measures were adopted in connection with the accession of Greece:

- general rules for implementing the 1979 Act of Accession (Regulation (EEC) No 10/81, OJ L 1 of 1. 1. 1981);
- fixing of the basic and buying-in prices applicable in Greece (Regulation (EEC) No 11/81, OJ L 1 of 1. 1. 1981);
- fixing of the basic and buying-in prices applicable in Greece for cauliflowers and apples (Regulation (EEC) No 40/81, OJ L 3 of 1. 1. 1981);
- an amendment to Regulation (EEC) No 1035/77 laying down special measures to encourage the marketing of products processed from lemons (Regulation (EEC) No 3487/80, OJ L 365 of 31. 12. 1980);
- adaptations to the provisions of the 1979 Act of Accession in respect of processed fruit and vegetables and general rules for the application of the Act in this sector (Regulation (EEC) No 41/81, OJ L 3 of 1. 1. 1981).

13. VEGETABLE OILS

(a) *Exotic oils (import arrangements)*

451. In 1978 the Commission forwarded to the Council a proposal for a Regulation² aimed at resolving the problems

¹ Regulation (EEC) No 1971/80, OJ L 192 of 26. 7. 1980.

² OJ C 247 of 18. 10. 1978.

arising from the fact that imports into the Community of certain exotic oils, in particular palm oil, were increasingly in the form of a product which had been fractionated into its two constituent parts, liquid and solid. This causes difficulties in classifying the two constituents when they are imported into the Community, with the result that different duties are applied in the different Member States. The Council's subordinate bodies are continuing their examination of this proposal, which has raised questions connected with Community policy on oils and fats, tariff problems and the generalized preference scheme for developing countries.

(b) *Colza, rape and sunflower seeds*

(i) Procedure for implementing the basic Regulation

452. When fixing the prices for colza, rape and sunflower seeds for the 1979/80 marketing year, the Council instructed the Commission to propose appropriate measures to improve the Community market situation regarding colza seeds and oils.¹ In this connection the Commission proposed an amendment to Regulation No 115/67/EEC regarding the criteria for determining the world market price for oil seeds. The aim of this amendment, which was adopted by the Council on 11 November 1980,² is to authorize during the 1980/81 marketing year an adjustment to the current rate of aid so as to allow a greater quantity of oil seeds of Community origin to be crushed, thus reducing the danger that large-scale intervention might be necessary after a particularly good harvest.

(ii) Price measures

453. As part of its overall decision on agricultural prices for the 1980/81 marketing year, on 24 June 1980 the Council fixed the prices and monthly increases for colza, rape and sunflower seeds as follows:³

¹ See 27th Review, paragraph 408.

² Regulation (EEC) No 2917/80, OJ L 304 of 13. 11. 1980.

³ Regulations (EEC) Nos 1586/80 and 1588/80, OJ L 160 of 26. 6. 1980.

	ECU/100 kg
<i>Colza and rape seed:</i>	
— Target price	38.69
— Basic intervention price	36.77
— Monthly increases (7 months)	0.404
<i>Sunflower seeds:</i>	
— Target price	42.63
— Basic intervention price	40.05
— Monthly increases (5 months)	0.478

454. At the same time the Council adopted the list of the main intervention centres and the derived intervention prices applicable in these centres.¹ These prices were fixed at levels which would allow a smooth transition to the single intervention price system to be set up as from the 1982/83 marketing year.² This Regulation was amended on 1 January 1981 with a view to establishing an intervention centre in Greece and fixing the prices applicable in this centre.³

(c) *Olive oil*

455. Under the heading of general rules implementing the basic Regulation on oils and fats, in 1980 the Council, on a proposal from the Commission, adopted firstly the general rules for campaigns to promote olive oil consumption in the Community.⁴ These provisions, which stem from Article 11 (4) of Regulation No 136/66/EEC, cover the specific fields in which campaigns are to be carried out in order to make the most effective contribution to boosting olive oil consumption.

456. Secondly, the Council made its usual review of other schemes, with a view to adopting the relevant provisions for the 1980/81 marketing year. These were embodied in Regulation

¹ Regulation (EEC) No 1587/80, OJ L 160 of 26. 6. 1980.

² See paragraph 380 of this Review.

³ Regulation (EEC) No 6/81, OJ L 1 of 1. 1. 1981.

⁴ Regulation (EEC) No 1970/80 of 22 July 1980, OJ L 192 of 26. 7. 1980.

(EEC) No 2528/80 of 30 September 1980¹ in respect of olive oil producer organizations, Regulation (EEC) No 2529/80, adopted on the same date,¹ relating to the system of production aid, and Regulation (EEC) No 2762/80 of 28 October 1980,² amending Regulation (EEC) No 3089/78,³ in respect of the system of aid for the consumption of olive oil. These provisions are basically a repetition of those for the preceding marketing year.⁴

On a proposal from the Commission the Council adopted a series of Regulations concerning the prices for olive oil for the 1980/81 marketing year and fixing as usual the following price components:

- the production target price, the level of production aid and the intervention price for olive oil,⁵ including a special intervention price for Greece;⁶
- the representative market price, threshold price and the proportion of consumption aid to be allocated to campaigns to promote the consumption of olive oil in the Community;⁷
- the monthly increases in the representative market price, the intervention price and the threshold price for olive oil.⁸

The table below gives the levels for the main components of the pricing system in the olive oil sector for the 1980/81 marketing year.

¹ OJ L 259 of 2. 10. 1980.

² OJ L 287 of 30. 10. 1980.

³ See 26th Review, paragraph 467.

⁴ See 27th Review, paragraph 410.

⁵ Regulation (EEC) No 1589/80 of 24 June 1980, OJ L 160 of 26. 6. 1980.

⁶ The levels of this price and of the production and consumption aids approved by the Council on 18 December 1980 are laid down in Regulation (EEC) No 4/81, OJ L 1 of 1. 1. 1981.

⁷ Regulation (EEC) No 2834/80 of 30. 10. 1980, OJ L 292 of 1. 11. 1980.

⁸ Regulation (EEC) No 1590/80 of 24. 6. 1980, OJ L 160 of 26. 6. 1980.

	ECU/100 kg
Production target price	247.97
Representative market price	145.00
Intervention price	180.12
Intervention price for Greece	170.80
Threshold price	142.79
Production aid	55.81
Consumption aid	47.16 ¹

457. Lastly, the standard amount for the period 1 November to 31 December 1980 for unprocessed olive oil from Greece remains unchanged from the previous marketing year.²

The above-mentioned Regulations (EEC) Nos 2528/80 and 2529/80 were subsequently amended by the Council³ with a view to their application to Greece as from 1 January 1981.

The system of consumption aid, however, did not require any amendments in this context, since this system applies to Greece only as from 19 November 1981.

The adaptation of Community regulations as a result of the accession of the Hellenic Republic also involved the following measures in the administrative field:

- amendment⁴ of Regulation (EEC) No 154/75, on the establishment of a register of olive cultivation in the Member States producing olive oil;
- amendment of Regulation (EEC) No 591/79⁵ laying down general rules concerning the production refund for olive oils used in the manufacture of certain preserved foods;⁶

¹ Including 1.3% and 3% to be allocated to the campaigns referred to in Article 11 (5) and (6) respectively of the basic Regulation.

² Regulation (EEC) No 2761/80 of 28 October 1980, OJ L 287 of 30. 10. 1980.

³ By Regulation (EEC) No 3445/80 of 22 December 1980, OJ L 359 of 31. 12. 1980, and Regulation (EEC) No 3452/80 of 22 December 1980, OJ L 360 of 31. 12. 1980, respectively.

⁴ Regulation (EEC) No 3453/80 of 22 December 1980, OJ L 360 of 31. 12. 1980.

⁵ See 27th Review, paragraph 409.

⁶ This text, which was approved in principle by the Council on 18 December 1980, was formally adopted as Regulation (EEC) No 38/81, OJ L 3 of 1. 1. 1981.

- implementation of a Regulation laying down the general rules for the system of accession compensatory amounts for olive oil.¹

These measures were adopted in principle by the Council at its meeting on 18 December 1980.

(d) *Castor seed*

458. On 30 June 1980 the Council fixed the guide price² and the minimum price³ to be paid to the producers of these products for the 1980/81 marketing year at 54.37 ECU/100 kg and 51.78 ECU/100 kg. These two prices represent an increase of 5.5 % over those in force for the 1979/80 marketing year.

(e) *Linseed*

459. On 30 June 1980 the Council⁴ increased the guide price for linseed by 6 % to 42.18 ECU/100 kg.

(f) *Cotton seed*

460. The amount of aid per hectare payable to producers of cotton seed for the 1980/81 marketing year was increased by 5.5 % over the rate applying for the previous marketing year and was fixed by the Council on 30 June 1980 at 140.72 ECU/ha.⁵

14. PROTEINS

(a) *Dried fodder*

461. On 5 June 1980⁶ the Council fixed the flat-rate production aid and the guide price for dried fodder for the 1980/81 marketing year at 6.51 ECU/tonne (an increase of 6 %) and 134.6 ECU/tonne (an increase of 6.5 %) respectively, together with the other factors for calculating the supplementary aid.

¹ Regulation (EEC) No 5/81, OJ L 1 of 1. 1. 1981.

² Regulation (EEC) No 1752/80, OJ L 172 of 5. 7. 1980.

³ Regulation (EEC) No 1753/80, OJ L 172 of 5. 7. 1980.

⁴ Regulation (EEC) No 1750/80, OJ L 172 of 5. 7. 1980.

⁵ Regulation (EEC) No 1751/80, OJ L 172 of 5. 7. 1980.

⁶ Regulation (EEC) No 1369/81, OJ L 140 of 5. 6. 1980.

On the same date¹ the Council fixed the flat-rate production aid for dehydrated potatoes at 12.42 ECU/tonne – an increase of 6 % over that for the previous marketing year.

462. In connection with the accession of Greece, the target price and the level of the flat-rate production aid for dehydrated potatoes were laid down under Regulation (EEC) No 47/81 (OJ L 3 of 1. 1. 1981).

(b) Peas and field beans

463. On 15 July 1980² the Council fixed the prices for the 1980/81 marketing year for peas and field beans.

The activating price was fixed at 34.97 ECU/100 kg and the minimum purchase price at 22.66 ECU/100 kg, an increase of 5.5 %.

(c) Soya beans

464. On 30 June 1980 the Council fixed the guide price and minimum price payable to producers of soya in accordance with the new system of aid for these products.³ These prices were fixed at 42.05 ECU/100 kg and 38.69 ECU/100 kg respectively.⁴

15. HOPS

465. In its Regulation of 30 June 1980⁵ the Council fixed the aid for producers in connection with the 1979 harvest. In view of the favourable situation on the hops market and the level of producers' incomes, the following amounts of aid were laid down:

Varieties	ECU/ha
Aromatic	250 (– 41 %)
Bitter	225 (– 38 %)
Others	250 (– 48 %)

¹ Regulation (EEC) No 1371/81, OJ L 140 of 5. 6. 1980.

² Regulation (EEC) No 1899/80, OJ L 185 of 18. 7. 1980.

³ See 27th Review, paragraph 139, and Regulation (EEC) No 1640/79, OJ L 190 of 28. 7. 1979.

⁴ Regulation (EEC) No 1754/81, OJ L 172 of 5. 7. 1980, and Regulation (EEC) No 1755/81, OJ L 172 of 5. 7. 1980.

⁵ Regulation (EEC) No 1756/80, OJ L 172 of 5. 7. 1980.

16. TOBACCO

(a) *Prices and premiums for the 1980 harvest and amendment of the list of varieties*

466. On 30 June 1980¹ the Council fixed the prices and premiums for the 1980 harvest.

Following its general guidelines on agricultural prices, the Council increased the norm and intervention prices by some 5 %. The average increase in derived intervention prices was restricted to 3 %. On the other hand the premiums were increased by an average of 7 % so as to mitigate the reduced value of Community preference following the devaluation of the dollar and the multilateral and bilateral agreements concluded by the Community.

The increases in the prices and premiums were tailored to the market situation and prospects for each variety. The increases in premiums were therefore greater for Paraguay (11 %), Burley (15.4 %) and Kentucky (15 %) varieties than those for the oriental varieties and for Badischer Geudertheimer tobacco.

With regard to the oriental varieties, it should be noted that in accordance with the Council's decisions in July 1979² the intervention prices for the Perustitza and Erzegovina varieties from the 1980 harvest were reduced from 90 % to 80 % of the norm price.

In the same Regulation (EEC) No 1979/80,¹ the Council adjusted the reference qualities of certain varieties of leaf and baled tobacco to reflect the market situation. It also included the Samsun variety in the list of varieties. This means that the producers and processors of this variety, which has passed the experimental stage of cultivation and has good market prospects, will be covered by the system of prices and premiums in force in this sector.

¹ Regulation (EEC) No 1779/80, OJ L 194 of 9. 7. 1980.

² Regulation (EEC) No 1557/79, OJ L 188 of 26. 7. 1979.

(b) *Accession of Greece*

467. The following measure was adopted in connection with the accession of Greece:

- provision for the disposal by Greece of Greek stocks of raw tobacco from harvests prior to accession (Regulation (EEC) No 8/81, OJ L 1 of 1. 1. 1981).

17. SEEDS

468. In accordance with its guidelines on prices, the Council amended the aids for the marketing years 1980/81 and 1981/82 which had been fixed in 1979¹ for two species of seeds, the producers of which were faced with a reduction in income because of increased imports from third countries at low prices.

18. TEXTILE FIBRES AND SILKWORMS

(a) *Flax and hemp*

(i) Aid

469. On 30 June 1980 the Council fixed² the amounts of aid for producers of flax and of hemp for the 1980/81 marketing year at 264.71 ECU and 240.41 ECU per hectare respectively. These two figures represent an increase of 6.5 % over those for the 1979/80 marketing year.

(ii) Measures to encourage the use of flax fibres for the 1980/81 and 1981/82 marketing years

470. In order to avoid the possibility of an imbalance between production of and demand for flax fibres for the marketing years 1980/81 and 1981/82, on 30 September 1980 the Council adopted a Regulation³ allowing for the organization and implementation of information campaigns and research into new outlets.

For the 1980/81 marketing year the cost of these measures was estimated at 600 000 ECU. A large part of this sum is to be

¹ See 27th Review, paragraph 425.

² Regulation (EEC) No 1749/80, OJ L 172 of 5. 7. 1980.

³ Regulation (EEC) No 2511/80, OJ L 256 of 1. 10. 1980.

met by the producers, with a reduction of 3 % in the aid. The balance will be provided from the EAGGF. In connection with the accession of Greece, the aid for 1980/81 was fixed under Regulation (EEC) No 48/81 (OJ L 3 of 1. 1. 1981).

(b) *Silkworms*

471. The amount of aid for silkworms for the 1980/81 rearing year was fixed by the Council¹ at 71.21 ECU per box of silkworm eggs used. This represents an increase of approximately 5.5 % over the previous year. In connection with the accession of Greece, the aid for 1980/81 was fixed under Regulation (EEC) No 46/81 (OJ L 3 of 1. 1. 1981).

19. FLORICULTURE

Quality standards for flowering bulbs, corms and tubers

472. In order to make the list of quality standards for the above flower varieties more complete, on 30 September 1980² the Council decided to apply the provisions concerning size gradings contained in the annex to Regulation (EEC) No 315/68³ to the products *Allium neapolitanum*, *Ixia*, *Eranthis cilicica* and *hiemalis*, *Fritillaria meleagris* and, its cultivars and hybrids.

20. FISHERIES – MARKET QUESTIONS⁴

(a) *Prices*

473. The Council was not able, as it was in previous years, to formally adopt the prices in the fisheries sector before the start of the 1981 fishing year, which runs from 1 January to 31 December. Although agreement in principle was reached at the Council's meeting on 18 December 1981 for practical reasons the formal Regulations were not adopted by the Council until 20 January 1981. The validity of the prices for the 1980 fishing year was therefore extended until 1 February 1981.⁵

¹ Regulation (EEC) No 1372/80, OJ L 140 of 5. 6. 1980.

² Regulation (EEC) No 2530/80, OJ L 259 of 2. 10. 1980.

³ Regulation (EEC) No 315/68, OJ L 71 of 21. 3. 1968.

⁴ See also paragraph 518 et seq. of this Review.

⁵ Regulation (EEC) No 3444/80 of 22. 12. 1980, OJ L 359 of 31. 12. 1980.

The new prices for the 1981 fishing year, which therefore came into effect *de facto* on 2 February 1981, concern, as laid down in the basic Regulation,¹ the guide prices for certain fresh fish,² the guide prices for certain frozen fish,³ the intervention prices for fresh or chilled sardines and anchovies⁴ and the Community producer price for tunny intended for the canning industry.⁵

The guide prices for fresh fish were fixed, taking account of the market situation for the various species, as shown in the table below:

Species	(in ECU/t)	
	1980 fishing year	1981 fishing year
Herring	313	329
Sardines		
— Atlantic	511	511
— Mediterranean	370	377
Redfish	629	660
Cod	756	832
Saithe	449	500
Haddock	581	662
Whiting	585	608
Mackerel	267	267
Anchovies	475	475
Plaice ¹		
— from 2 February to 31 April 1981	708	708
— from 1 May to 31 December 1981	774	851
Hake	1 689	1 858
Shrimps	1 246	1 246

¹ In the 1980 fishing year these periods ran from 1 January to 31 March and from 1 April to 31 December 1980.

¹ Regulation (EEC) No 100/76 of 19. 1. 1976, OJ L 20 of 28. 1. 1976.

² Regulation (EEC) No 234/81 of 20. 1. 1981, OJ L 37 of 10. 2. 1981.

³ Regulation (EEC) No 235/81 of 20. 1. 1981, OJ L 37 of 10. 2. 1981.

⁴ Regulation (EEC) No 236/81 of 20. 1. 1981, OJ L 37 of 10. 2. 1981.

⁵ Regulation (EEC) No 237/81 of 20. 1. 1981, OJ L 37 of 10. 2. 1981.

(b) *Accession of Greece*

474. As part of the procedure for the accession of the Hellenic Republic to the Community, on 22 December 1980 the Council adopted Regulation (EEC) No 3443/80¹ amending Regulation (EEC) No 100/76 on the common organization of the market in fishery products by providing for an alteration in the number of votes constituting the majority quorum under the procedure of the Management Committee for Fishery Products.

(c) *Arrangements for cetacean products*

475. Independently of the organization of the fisheries market in the strict sense and pending the adoption at Community level of general measures for controlling trade in wild fauna and flora, the Council signified its agreement, as a first stage, to Regulation (EEC) 348/81 on common rules for imports of cetacean products,² which provides that from 1 January 1982 the introduction into the Community of certain cetacean products will be subject to the production of an import licence, which will not be granted in respect of products to be used for commercial purposes.

D – Trade arrangements

1. GOODS NOT COVERED BY ANNEX II OF THE TREATY AND RESULTING FROM THE PROCESSING OF AGRICULTURAL PRODUCTS

476. On the basis of proposals put forward by the Commission in 1979³ and after consulting Parliament, on 11 November 1980 the Council adopted three Regulations on the trade arrangements to be applied to certain goods based on agricultural products which are not covered by Annex II of the Treaty.⁴ These Regulations represent a consolidation of the Community legislation on this matter adopted in 1969 and 1972, as a revision of the texts had become necessary in the interests of clarity and in order to bring certain aspects of this legislation up to date in the light of experience gained.

¹ OJ L 359 of 12. 2. 1981.

² Council's agreement signified on 12 December 1980. Formal adoption on 20 January 1981, OJ L 39 of 12. 2. 1981.

³ See 27th Review, paragraph 429.

⁴ Regulation (EEC) Nos 3033/80, 3034/80 and 3035/80, OJ L 323 of 29. 11. 1980.

477. In addition, as part of its work on the accession of Greece, on 22 December 1980 the Council adopted the Regulation on the implementation of Article 43 of the 1979 Act of Accession, concerning the system of trade applicable to the goods covered by Regulations (EEC) Nos 3033/80 and 3035/80.¹ It was understood that if implementation of these Regulations caused difficulties, for example with regard to pasta products, the Commission would take the necessary steps to resolve them.

E – Structural policy

478. As part of an overall review of agricultural structural policies in the Community, at its meeting of 24 June 1980 the Council adopted three measures contained in the 'package' proposed by the Commission in 1979. It also continued its study of the other proposals in the Commission's basic communication, to which an increasing number of further proposals have since been added.

479. In addition, in connection with the conclusions it formulated in April and May 1980 on the main criteria for fixing agricultural prices for the 1980/81 marketing year, the Council decided in favour of restricting investment aid for dairy and pig production. To implement the Council's conclusions, during August 1980 the Commission forwarded two proposals for Regulations which are at present being studied by the Council's subordinate bodies.

1. MEASURES ADOPTED BY THE COUNCIL ON 24 JUNE 1980

(a) *Directive 80/666/EEC amending Directive 75/268/EEC on mountain and hill farming and farming in certain less-favoured areas*²

480. This Directive has two main aims:

— firstly, it seeks to adapt throughout the Community the maximum level for the compensatory allowance to allow for

¹ Regulation (EEC) No 3448/80, OJ L 359 of 31. 12. 1980.

² OJ L 180 of 14. 7. 1980.

the decline in the value of money since the Directive was adopted in 1975. To this end the Council fixed the compensatory allowance ceiling at 97 ECU per livestock unit.

- it also seeks to increase to 50 % the rate of reimbursement payable to Italy and Ireland from the Guidance Section of the EAGGF to finance the various measures laid down in the Directive, to take account of the inadequacy of national financial resources which has hitherto prevented effective implementation of these measures.

(b) *Regulation No 1820/80 for the stimulation of agricultural development in the less-favoured areas of the West of Ireland*¹

481. The purpose of this Regulation is to make a significant improvement in the agricultural structures and the agricultural production potential in the less-favoured areas, within the meaning of Directive 75/268/EEC, of the West of Ireland.

The proposed measures are aimed at improving public amenities in rural areas, land improvement, the orientation of agricultural production with particular emphasis on meat production, improving processing and marketing facilities, forestry development, the provision of training facilities and the creation of specialized support services for advisers.

These various measures are to be implemented under a programme which will be drawn up by the Irish Government and approved by the Commission. The estimated cost to the EAGGF of this joint action is 224 million EUA over a period of ten years.

(c) *Regulation (EEC) No 1821/80 on the development of sheep farming in Greenland*¹

482. The object of this Regulation is to improve sheep production in certain areas in south Greenland. The measures to be implemented under this scheme are concerned with

¹ OJ L 180 of 14. 7. 1980.

developing additional fodder areas, creating an agricultural infrastructure to provide access to these new areas, the creating of landing stages in areas where access to these fodder areas is not possible by land, the purchase of additional breeding stock, improvement of the agricultural advisory service and increasing slaughter capacity.

These projects are to be undertaken under a development programme drawn up by the Kingdom of Denmark and approved by the Commission. The estimated cost to the EAGGF of this joint action is 8.2 million EUA over a period of ten years.

2. OTHER PROPOSALS UNDER STUDY

483. The Commission's other proposals consist of amendments to the Directives on social structures adopted in 1972, as well as specific projects and integrated programmes of a regional nature.

484. With regard to the amendments to the basic Directives, the various Council bodies made a detailed examination of the problem of easing the conditions of eligibility for developing holdings under Directive 72/159/EEC and also the question of government aid, whether under development plans or independently of development plans. In addition discussions continued on the problems relating to the modification of Directive 72/160/EEC relating to cessation of farming and the reallocation of the utilized agricultural area for structural improvement purposes, as well as on the amendments to be made to Directive 72/161/EEC on socio-economic guidance for and the acquisition of occupational skills by persons engaged in agriculture.

485. Regarding the specific projects, the Council is studying the proposal to adapt and modernize the production structures for beef and veal, sheepmeat and goatmeat in parts of Italy, i.e. the mountainous areas and hill areas in north and central Italy and the Mezzogiorno.

486. The Council is also studying two proposals for Regulations concerning Northern Ireland. The first of these seeks to stimulate agricultural development in the less-favoured

areas, while the object of the second is to improve the conditions under which certain agricultural products are processed and marketed.

487. In addition, the Council is studying a proposal for a Directive concerning the development of agriculture in the French overseas departments and a proposal for a Regulation to stimulate and improve the infrastructure in certain less-favoured agricultural areas in the Federal Republic of Germany.

488. Lastly, the Council is continuing its examination of three integrated development programmes, aimed at agricultural development in conjunction with regional investment programmes to develop alternative non-agricultural activities.

F – Financing of the common agricultural policy

1. FINANCIAL REGULATIONS

489. It was recognized during the negotiations leading up to the signing of the 1979 Act of Accession¹ that Greek membership of the Community would create additional requirements in the field of structural policy and that this should not lead, for want of adequate resources, to a reduction in the impact of the activities of the Guidance Section of the EAGGF. Consequently, the Act of Accession committed the Community of Nine to adjusting the amount allocated to the EAGGF, Guidance Section, for the period 1980 to 1984 under Regulation (EEC) No 729/70² as last amended by Regulation (EEC) No 929/79. Along the same lines, there was also a commitment to increase the estimates for the common measures under Regulation (EEC) No 355/77 to improve the conditions under which agricultural products are processed and marketed. In fulfilment of these commitments, on 22 December 1980 the Council adopted a Regulation amending, consequent on Greek accession, Regulations (EEC) Nos 729/70 and 355/77 as regards the adaptation of certain amounts which may be charged to the EAGGF, Guidance Section.⁴ This

¹ OJ L 291 of 19. 11. 1979.

² OJ L 94 of 28. 4. 1970.

³ OJ L 117 of 12. 5. 1979.

⁴ Regulation (EEC) No 3509/80, OJ L 367 of 31. 12. 1980.

Regulation increased the amount of financial assistance chargeable to the Guidance Section for the period 1980 to 1984 by 155 million European units of account (this amount is therefore now 3 755 million (EUA), and also increased the estimate of the cost of the measures introduced by Regulation (EEC) No 355/77 by 36 million European units of account for the two years (1981 and 1982) this Regulation still has to run (the estimated cost of these measures is therefore now 280 million EUA for the two years in question).

490. On 29 January 1980¹ the Council amended the Regulation of 2 August 1978² laying down general rules for the financing of interventions by the Guarantee Section of the EAGGF, which has an annex listing the measures which correspond to the concept of interventions to stabilize agricultural markets. The amendment updates this Annex to take account of measures coming within this concept which had been adopted or extended since the previous amendment.³

2. MEASURES TO MITIGATE IRREGULARITIES

491. The Council's subordinate bodies made substantial progress in examining a proposal for a Regulation on mutual assistance between Member States and between these States and the Commission, which is aimed at ensuring correct implementation of Community regulations in the spheres of tariff duties and agriculture. Although final agreement was not reached before the end of 1980, it is expected that a decision on this matter can be taken in the course of 1981.

3. FINANCIAL EFFECTS OF THE COMMON AGRICULTURAL POLICY

(a) Expenditure by the Guarantee Section

492. During the 1980 financial year the actual expenditure by the Guarantee Section of the EAGGF proved to be approximately 190 million ECU less than the appropriations allocated in the

¹ Regulation (EEC) No 249/80, OJ L 28 of 5. 2. 1980.

² Regulation (EEC) No 1883/78, OJ L 216 of 5. 2. 1978.

³ Regulation (EEC) No 1030/79, OJ L 130 of 29. 5. 1979.

1980 budget (11 507.5 million EUA) which was adopted by Parliament on 9 July 1980.¹

Whereas actual expenditure in the cereals, beef, fruit and vegetables and tobacco sectors and on monetary compensatory amounts exceeded budget appropriations by approximately 315 million ECU this was more than outweighed by actual expenditure in other sectors being approximately 505 million ECU less than estimated; particularly noteworthy in this regard were economies of 180, 100 and 120 million ECU respectively in the milk and milk products, oils and fats and sugar sectors.

Of the overall amount of payment appropriations available under the 1980 budget, 69.7 % went to the Guarantee Section of the EAGGF.

(b) Expenditure by the Guidance Section

493. Including non-utilized appropriations carried forward from 1979, and transfers of appropriations during 1980, the total payments appropriations available in 1980 for financing measures to improve agricultural structures amounted to 530.7 million EUA. The effective expenditure on these measures was 493.9 million EUA.

Out of this total approximately one third (175.2 million EUA) was spent on two common measures in the field of the reform of agricultural production structures, namely, the 'modernization' and 'mountain areas' Directives (86.5 and 88.7 million EUA respectively). As regards common measures in individual sectors, the most important from a financial point of view were concerned with the non-marketing subsidies for milk and milk products and the conversion of dairy herds to beef production (expenditure of 82.3 million EUA) and accelerating the eradication of certain bovine diseases (expenditure of 31.6 million EUA). The large number of regional measures adopted in 1978 and 1979 – often referred to as the 'Mediterranean package' – began to have a financial impact in 1980; these measures are entered in Chapter 82 of the Community budget, and expenditure in respect of this amounted to 160.4 million EUA.

¹ OJ L 242 of 15. 9. 1980.

G – Harmonization of provisions laid down by law, regulation and administrative action

1. VETERINARY AND HEALTH LEGISLATION

494. Article 104 of the Act of Accession provided for certain exemptions in Denmark, Ireland and the United Kingdom from Community rules on brucellosis, tuberculosis and swine fever. Having provided for terminating the exemptions concerning brucellosis,¹ the Council set itself the objective of terminating the exemptions concerning tuberculosis and swine fever before the accession of Greece.

It achieved this in respect of tuberculosis when, on 22 January 1980, following the overall compromise reached on seven Directives,² the Council formally adopted in the languages of the Community, after consulting Parliament, the following:

- Directives 80/213/EEC and 80/214/EEC,³ amending the Directives on fresh meat and meat products respectively so as to allow the use for certain processing purposes of 'national' meat not bearing the 'EEC' stamp provided it is specially marked (stamped with a cross);
- Directive 80/215/EEC³ on animal health problems affecting intra-Community trade in meat products; this Directive lays down the health requirements which must be met to avoid the spread of epizootic diseases by means of meat products;
- Directive 80/216/EEC³ amending the Directive on fresh poultrymeat so as to make allowance in the texts for the method of production of 'foie gras';
- Directive 80/217/EEC³ introducing Community measures for the control of swine fever, so as to lay down minimum requirements for the control of classical swine fever in all the Member States;
- Directive 80/218/EEC³ further prolonging the derogations granted in respect of swine fever;

¹ Directive 79/109/EEC of 24. 1. 1979, OJ L 29 of 3. 2. 1979.

² See 27th Review, paragraph 445.

³ OJ L 47 of 21. 2. 1980.

- Directive 80/219/EEC¹ amending Directive 64/432/EEC as regards tuberculosis and brucellosis which, by adapting the methods of control laid down in the earlier Directive and reducing the time taken to restore tuberculosis-free status to herds, makes it possible to set a term, following the period necessary for incorporating the provisions into national legislation, to the derogations granted to Denmark, Ireland and the United Kingdom.

495. With regard to swine fever, Denmark, Ireland and the United Kingdom were authorized not to import pigmeat from other Member States, since these States had not completely eradicated swine fever. This question was of particular importance for Denmark, which has been officially free of swine fever for several decades and, following its inclusion in the United States' 'clean list', has managed to become a major exporter on the world market, a position which could be jeopardized by any accidental deterioration in this health status.

In view of the complexity of the matter, on 24 June 1980 the Council extended these derogations for the last time, until 31 December 1980, under its Directive 80/607/EEC.²

496. On 15 September 1980, after consulting Parliament, the Council adopted Decision 80/877/EEC³ on financial aid from the Community for the eradication of African swine fever in Portugal.

On 11 November 1980, after consulting Parliament, the Council adopted the following acts:

- Directive 80/1095/EEC⁴ laying down conditions designed to render and keep the territory of the Community free from classical swine fever;
- Decision 80/1096/EEC⁴ introducing Community financial measures for the eradication of classical swine fever;

¹ OJ L 47 of 21. 2. 1980.

² OJ L 170 of 3. 7. 1980.

³ OJ L 250 of 23. 9. 1980.

⁴ OJ L 325 of 1. 12. 1980.

- Decision 80/1097/EEC¹ on financial aid from the Community for the eradication of African swine fever in Sardinia;
- Directive 80/1098/EEC¹ amending Directive 64/432/EEC with regard to swine vesicular disease and classical swine fever;
- Directive 80/1099/EEC amending Directive 72/461/EEC with regard to swine vesicular disease and classical swine fever;
- Directive 80/1100/EEC¹ amending Directive 80/215/EEC with regard to swine vesicular disease and classical swine fever;
- Directive 80/1101/EEC¹ relating to the date of entry into force of Directive 80/217/EEC introducing Community measures for the control of classical swine fever.

These decisions come under the heading of measures which, in the same way as those taken on the programmes for eradicating brucellosis and tuberculosis, seek to improve the health status of Community herds and eventually to eliminate from Community territory certain 'classical' epizootic diseases, such as swine fever.

To this end the Council is on the one hand taking measures outside the Community in assisting Portugal to combat the disease on its own territory, with financial support worth five million EUA over a period of five years, and is also stepping up measures in the Community itself.

These latter measures consist of the introduction of a system for classifying disease-free zones, accompanied by joint action for the complete eradication of this disease – within the framework of eradication plans – in the areas where it is still prevalent. This joint action, which it is estimated will cost 35 million EUA over five years, mainly consists in reimbursing the costs of slaughtering affected pigs. It is supplemented by a further measure, costing 30 million EUA over five years, to eradicate African swine fever in Sardinia.

¹ OJ L 325 of 1. 12. 1980.

The measures adopted on this date will enter into force on 1 July 1981 at the latest, and until that date Denmark, Ireland and the United Kingdom are permitted to maintain their national regulations regarding protection against swine fever.

If all these measures are successful freedom of movement will eventually be possible for the animals, meat and meat products concerned, which will constitute a major contribution to achieving one of the objectives of the Treaty in this sector.

497. In addition, the Council gave its assent to incorporating the protective measures against enzootic bovine leukosis into Directive 64/432/EEC on animal health problems affecting intra-Community trade, and to certain special provisions of a provisional nature and the possibility of applying them regionally. Member States which on the date of implementation of this modification of the basic Directive (1 January 1981) are not applying a compulsory national or regional programme for the prevention of enzootic bovine leukosis must nevertheless introduce a minimum programme for eradicating this disease.

Lastly, after consulting Parliament, on 22 December 1980 the Council adopted Directive 80/1274/EEC¹ amending, consequent on the accession of Greece, Directive 64/432/EEC on health problems affecting intra-Community trade in bovine animals and swine and Directive 80/217/EEC introducing Community measures for the control of classical swine fever.

2. ANIMAL HUSBANDRY

498. The Council continued its work on the proposal for a Directive supplementing Directive 77/504/EEC on standards relating to purebred breeding animals of the bovine species, but without reaching a conclusion.

Similarly the work on animal husbandry standards for breeding animals of the porcine species were not completed because of technical problems mainly concerning quality standards.

¹ OJ L 375 of 31. 12. 1980.

3. LEGISLATION ON FOODSTUFFS

(a) *General provisions*

(i) Adjustments to existing rules

499. On 28 May 1980 the Council adopted a Directive amending for the second time Directive 74/329/EEC on the approximation of the laws of the Member States relating to emulsifiers, stabilizers, thickeners and gelling agents for use in foodstuffs.¹

This made further adjustments to the basic Directive, which lays down the Community list (Annex I) and the national list (Annex II) of the only authorized emulsifiers, in line with the latest scientific and technical knowledge.

Xanthan gum (E 415) was added to Annex I and Annex II was completely revised.

In addition transitional or derogating provisions were laid down as follows:

- the Council is to make a decision by the end of 1982 on tragacanth (E 413) and on starch pectin (E 440 b);
- pending a decision by the Council on their final authorization in Annex I, laying down conditions of use and purity criteria, Member States may authorize the use of ammonium phosphatides, glycerol polystearate, certain sorbitan stearates and sorbitan monolaurate, monoleate and monopalmitate;
- Member States may authorize until 31 December 1984 the substances listed in Annex II, and until 1 April 1981 Ghatti gum;
- a decision on Karaya gum is to be taken by 31 December 1980.

The Member States have one year to amend their laws and two years to implement the new provisions.

500. In addition, on the basis of the opinions of Parliament and the Economic and Social Committee, the Council has begun or

¹ Directive 80/597/EEC, OJ L 155 of 23. 6. 1980.

will shortly begin its examination of three further proposals, namely:

- a proposal forwarded on 30 July 1979 relating to a 7th amendment to the Directive of 23 October 1962 on colouring matter;
- a proposal forwarded on 29 July 1980 relating to a 3rd amendment to Directive 70/357/EEC concerning antioxidants;
- a proposal forwarded on 29 July 1980 relating to a 15th amendment to Directive 64/54/EEC on preservatives.

(ii) New Directive

501. During the same period, on 28 May 1980 the Council received a new proposal on flavourings authorized for use in foodstuffs, and the basic materials from which these are made.

This is an initial proposal creating a framework for future Community regulations in this sector.

Parliament and the Economic and Social Committee have been consulted and their opinions are awaited.

(b) *Specific or individual provisions*

(i) New Directives

502. On 15 July 1980 the Council adopted its Directive on the approximation of the laws of the Member States relating to the exploitation and marketing of natural mineral waters,¹ thus making an addition to the range of Community regulations 'by product' which is of considerable importance in view of the growing economic significance of the already substantial trade in natural mineral waters in certain Member States, in particular in Belgium, France, Germany and Italy. A number of major obstacles had to be overcome in this respect because of the different concepts in the various Member States relating to

¹ Directive 80/777/EEC, OJ L 229 of 30. 8. 1980.

definitions, microbiological criteria and references to the health-giving properties of the waters.

The definition of natural mineral water and its recognition as such by the competent authorities depends on both Latin and Germanic concepts. Mineral water differs from ordinary drinking water by its nature, which is characterized by its composition and in some cases by certain effects which it produces as well as by its original state. These characteristics, which are capable of giving mineral water its health-giving properties, are assessed with reference to geological physico-chemical, microbiological and where necessary pharmacological, physiological and clinical factors.

On the basis of this complex definition, the Directive lays down in detail and with precision the various conditions for exploiting the springs, and the various physico-chemical and microbiological criteria for the mineral water at the different stages of its exploitation and marketing.

With regard to labelling and publicity, without prejudice to the general rules laid down on this matter in Council Directive 79/112/EEC on the labelling of foodstuffs,¹ the Directive lays down the conditions for using the trade description and the name of the spring or of the place where it is exploited. It prohibits any wording which might lead to confusion, and indicates the claims regarding health which may be used while prohibiting indications attributing to the water properties relating to the prevention, treatment or cure of an illness.

The procedures for taking samples and the methods of analysis are to be determined in accordance with the procedure of the Standing Committee on Foodstuffs.

The new Directive is to be finally implemented in the Member States four years after its notification.

503. In addition the Council's subordinate bodies have continued their examination of the following:

- a proposal for a specific Directive on an overall limit for the migration of substances contained in plastic materials and

¹ OJ L 33 of 8. 2. 1979.

articles in contact with foodstuffs. Difficulties have arisen in laying down a single overall migration limit for health protection purposes, whatever the nature of the plastic or the foodstuff with which it is in contact;

- a proposal to harmonize the legislation of the Member States on caseins and caseinates used in the preparation of foodstuffs, the main question at issue being the microbiological criteria applicable to these products.

(ii) Adjustments to existing rules

504. On 30 June 1980 the Council adopted a 7th amendment to Directive 73/241/EEC on cocoa and chocolate products.¹

The main aim of this amendment is to authorize the use in these products of the following:

- ammonium salts of phosphatic acids, pending a further decision by the Council on the final authorization and conditions of use of this additive;
- polyglycerol polyricinoleate and sorbitan tristearate until the end of 1983, by which time the Council is to make a final decision on these two additives.

505. Meanwhile work continued on examining a second amendment to Directive 74/726/EEC concerning fruit juices and certain similar products.²

The main aim of this amendment is to lay down more detailed provisions on the possible processes (in particular the use of lemon juice) for acidifying to the necessary degree certain fruit juices and fruit nectars.

(iii) Adjustments consequent on the accession of the Hellenic Republic

506. On 22 December 1980 the Council adopted the Directive³ amending Directives 76/893/EEC, 79/693/EEC and 80/777/EEC regarding the majority quorum of votes applicable in the procedure of the Standing Committee on Foodstuffs.

¹ OJ L 228 of 16. 8. 1973.

² OJ L 311 of 1. 12. 1975.

³ OJ L 375 of 31. 12. 1980.

4. LEGISLATION ON ANIMAL FEEDINGSTUFFS

507. It should be noted that in 1980, for the first time, the Commission referred two proposals to the Council under the procedure of the Standing Committee on Animal Feedingstuffs.

The first proposal was forwarded on 18 March 1980 and the second on 4 August 1980. In each case the aim was to propose to the Council an extension of the authorization of certain additives (antibiotics and coccidiostats) in animal feedingstuffs.

These proposals, which it had not been possible to adopt by a qualified majority in the Standing Committee, were not adopted by the Council either within the specified time-limit of three months. The Commission therefore reserved the right to take the proposed measures itself.

In addition work continued on examining three important proposals, namely:

- a proposal to amend the Directive on additives. The main objectives are to amend the basic Directive in line with developments by tightening up a number of definitions (in particular pre-mixes) and certain labelling rules (for the better information of the purchaser) and also to harmonize the procedures for authorizing and using additives. This work revealed a number of difficulties, particularly on the last aspect;
- a proposal for a Directive concerning certain products used in animal feedingstuffs, i.e. bioproteins. Here too there are difficulties regarding the procedures for authorizing these substances;
- lastly, a proposal to supplement the Directive on undesirable substances in animal feedingstuffs with a list of pesticide residues. This raises difficulties regarding the actual principle of fixing mandatory maximum levels for these residues.

5. LEGISLATION ON PLANT HEALTH

508. On 18 March 1980 the Council adopted two major Directives, namely:

- Directive 80/392/EEC amending Directive 77/93/EEC on protective measures against the introduction into the Member States of organisms harmful to plants or plant products;¹
- Directive 80/393/EEC amending the Annexes to this same Directive 77/93/EEC.¹

The main aims of these amendments are:

- to introduce the specimen phytosanitary certificate set out in the current text of the International Plant Protection Convention; to specify more closely the various measures to be taken against the introduction of oak wilt (*ceratocystis fagacearum*), while allowing Member States to derogate from the requirements laid down subject to compliance with certain conditions designed to avoid any risks;
- to clarify other points in the Directive;
- to postpone until 1981 at the latest the various time limits for implementing the basic Directive.

509. On 24 June 1980 the Council adopted Directive 80/665/EEC on the control of potato ring rot (*corynebacterium sepedonicum*).

The aim of this Directive is to harmonize in the Member States the measures to be taken to provide effective, simultaneous and methodical action against any risk of the introduction or propagation of this harmful organism in the Community. To this end it lays down the minimum measures to be taken but does not exclude the possibility of additional or stricter measures where necessary to control this serious disease in potatoes, while minimizing the obstacles to the free movement of potatoes.

510. During the year the Council's subordinate bodies continued their work on the proposal for a Council Directive on the marketing of EEC type-approved plant protection products. This work has revealed major difficulties over the principle itself of EEC type-approval.

¹ OJ L 100 of 17. 4. 1980.

511. In the sphere of pesticide residues, on 29 August 1980 the Council received two proposals to lay down mandatory maximum levels for pesticide residues:

- on and in cereals for human consumption;
- on and in foodstuffs of animal origin.

512. Lastly, in connection with the accession of Greece, on 30 December 1980 the Council adopted a Council Directive amending Directive 77/93/EEC on preventive measures against the introduction into the Member States of organisms harmful to plants or plant products.

6. LEGISLATION ON SEEDS AND SEEDLINGS

513. Community legislation in this sphere has been in existence for several years.

During the year under review, however, it proved necessary firstly to make technical amendments to the common catalogues and secondly to extend the system of equivalences to further countries.

514. Directive 80/1141/EEC of 8 December 1981¹ amending Directives 70/457/EEC and 70/458/EEC on the common catalogue and the marketing of vegetable seeds authorizes the Member States to extend the marketing period for certain species of seeds and seedlings which could no longer be marketed after 1 July 1980 and which are currently being tested with a view to their inclusion in the common catalogue.

515. As regards the equivalence of seeds produced in third countries with Community seeds, following the decisions adopted on 26 March 1980² concerning certain species produced in Chile and Israel, on 15 July 1980 the Council adopted two new 6th Decisions on equivalence³ which form an essential part of Community legislation in this sphere.

¹ OJ L 341 of 16. 12. 1980.

² OJ L 90 of 3. 4. 1980.

³ OJ L 240 of 12. 9. 1980.

These Decisions replace and supplement the Decisions on equivalence adopted by the Council in 1976¹, which were to expire on 30 June 1980, and lay down the new system to apply until 30 June 1983.

7. COORDINATION BETWEEN MEMBER STATES CONCERNING INTERNATIONAL PROJECTS

Codex Alimentarius

516. 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.

Accordingly, the necessary work on coordinating the position of the Member States and the representatives of the Commission was actively pursued within the Council during 1980. Broadly speaking, a common position was achieved through this work regarding the points of Community interest on the agenda of the various Codex committees.

8. IMPLEMENTATION IN THE COMMUNITY OF THE CONVENTION ON INTERNATIONAL TRADE IN SPECIES OF WILD FAUNA AND FLORA IN DANGER OF EXTINCTION

517. On 29 July 1980 the Council received a proposal for a Regulation concerning implementation of this Convention in the Community.

The main aim of this proposal is to integrate the national laws of the Member States into a common system which would enable the Convention to be applied in the Community as such.

The opinions of Parliament and the Economic and Social Committee have been requested on this proposal.

¹ OJ L 162 of 23. 6. 1976.

H – Fisheries policy (internal aspects)

518. Throughout 1980 the Council tried, as in previous years,¹ to establish a common fisheries policy which would reconcile the demand by the fishermen from all the Member States for a satisfactory level of activity with the need to improve, in the fishermen's own interests, the conservation and replenishment of resources.

In connection with its 'Conclusions on the United Kingdom contribution to the financing of the Community budget',² on 30 May 1980³ the Council gave a further firm political undertaking to put into effect a common overall fisheries policy by not later than 1 January 1981. However, in spite of this undertaking the intensive negotiations held at all levels between July and December 1980 did not produce an overall compromise solution which was acceptable to all. The main reason for this new setback was that it was impossible, despite the efforts of the Commission and the Presidency to devise compromise formulae for satisfactory solutions on the allocation of resources (quotas) and on equal access to fishing grounds.

The difficulties of finding a solution to these closely-linked aspects of the common fisheries policy which would take account of the special situation of certain coastal regions without encroaching on the legitimate rights and needs of other Member States proved insurmountable, at least in the context of steadily diminishing fishery resources.

However, the Council, realizing the possible political effects of permanent disagreement regarding fisheries policy on progress in other fields, agreed at the end of its meeting on 15 – 16 and 17 December 1980 to resume its work at the beginning of 1981.

Although no solution has yet been found to the two fundamental problems regarding the common fisheries policy, the Council has made notable progress on the conservation of resources as such and on monitoring.

¹ See 24th, 25th, 26th and 27th Reviews.

² See Chapter VI of this Review.

³ OJ C 158 of 27. 6. 1980.

The most important Regulation, which was adopted by the Council on 30 September 1980,¹ concerns technical measures for the conservation of fishery resources. It subjects fishermen in the pursuit of their activities to a number of restrictions on mesh sizes and the size of fish brought ashore and it lays down strict rules on by-catch rates for rare species when fishing for species mainly intended for processing to make fish meal or oil. In addition this Regulation prohibits fishing during certain periods in spawning or growing areas, and it also forbids the use of fishing gear which is particularly harmful to the replenishment of stocks. Since agreement on this Regulation was only made possible by means of major concessions by all parties the Council agreed to restrict the period of its validity and not to make it permanent until a compromise solution on all aspects of the common fisheries policy had been reached.²

In order to avoid, in the longer term interests of the fishermen themselves, excessive exploitation of stocks, the Council decided to impose a general limit on the fishing activities of the Member States and to monitor the quantities brought ashore. It therefore adopted, on 26 March 1980, two Regulations, one concerning the fixing for the main species of the total allowable catches (TAC) for 1980³ and the other making it compulsory for the Member States to supply to the Commission regular information on the quantities of species subject to a TAC brought ashore on their territories.⁴

519. At its meeting on 28 October 1980 the Council agreed in principle on certain other aspects of monitoring fishing activities at sea and in ports, which will be inserted into Regulation (EEC) No 753/80 when the Commission, in liaison with the competent authorities in the Member States, has drawn up the practical implementing rules, in particular a specimen of the logbook which each captain will be obliged to keep.

Pending the adoption of an overall structural policy in the fisheries sector, which should not only assist in adjusting

¹ Regulation (EEC) No 2527/80, OJ L 258 of 1. 10. 1980.

² Regulation (EEC) No 3458/80 of 17. 12. 1980, OJ L 360 of 31. 12. 1980.

³ Regulation (EEC) No 754/80, OJ L 84 of 28. 3. 1980.

⁴ Regulation (EEC) No 753/80, in particular Article 5, OJ L 84 of 28. 3. 1980.

production capacities by means of the temporary or permanent reduction of part of the fleet, but also encourage the modernization and replacement of vessels, the Council, in its Decision of 27 June 1980,¹ recognized that the particular restructuring needs of the inshore fishing industry continued to be felt and therefore agreed to extend for 1980 the interim common measure which was applied to this sector in 1978 and 1979.² Under this measure the Guidance Section of the EAGGF provides a total of 20 million EUA to help finance investment projects for the modernization, construction or purchase of fishing vessels or the construction and modernization of aquaculture establishments. The maximum contribution to each project is 25 %, except those in coastal regions, (Greenland, Ireland, Northern Ireland, the Mezzogiorno and the French Overseas Departments) which face particular difficulties regarding restructuring, where the maximum may be as high as 50 %.

520. Lastly, on 17 November 1980 the Commission forwarded to the Council a proposal for a Regulation concerning the revision of the common organization of the market in fishery products.³ This is necessary to take account of market developments resulting mainly from changes in fishing conditions following the introduction by Member States and third countries of 200-mile fishing limits. The amendments proposed concern the running of producers' organizations, intervention arrangements and trade arrangements with third countries, and are being studied by the various Council bodies. In view of the technical and in many cases complex nature of the various arrangements involved, the Council will have to make a statement at an early stage on the main guidelines which are to serve as a basis for revising the existing common organization of the markets.

¹ Regulation (EEC) No 1713/80, OJ L 167 of 1. 7. 1980.

² Regulations (EEC) Nos 1852/78 and 592/79, OJ L 211 of 1. 8. 1978 and OJ L 78 of 30. 3. 1979.

³ Regulation (EEC) No 100/76, OJ L 20 of 28. 1. 1976.

CHAPTER VI

Administrative matters – Miscellaneous

A – Budgetary matters

1. GENERAL BUDGET OF THE EUROPEAN COMMUNITIES FOR THE FINANCIAL YEAR 1980

(a) Draft budget

521. It will be recalled that on 13 December 1979 Parliament rejected the draft budget for 1980 and requested the Commission to present a new preliminary draft budget 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 (see 27th Review, paragraph 470).

On 29 February 1980 the Commission forwarded to the Council a new proposal for the 1980 budget.

This proposal was the same as the original preliminary draft budget apart from the amendments to be made to certain items. As a basis for these amendments the Commission took the areas which were under discussion by the two arms of the Budgetary Authority in the conciliation procedure held on 12 and 13 December, namely:

- reversing the unjustified reductions in non-compulsory expenditure;
- initial measures to bring agricultural expenditure under control;
- inclusion in the budget of the European Development Fund and of borrowing and lending operations.

522. On 6 June 1980 the Commission forwarded to the Council a letter of amendment to its new budgetary proposal for the financial year 1980 to take account of the decisions by the Council on 30 May 1980 on agriculture and other matters.

This letter of amendment adjusted the expenditure estimates in the new budget proposal for 1980 as follows:

Section III – Commission

(in EUA)

Title	Action	New budgetary proposal for 1980	Effect of letter of amendment	New appropriations
4	10% repayment of own resources	784 460 000	+ 4 690 000	789 150 000
6 & 7	EAGGF – Guarantee Section	10 400 000 000	+ 1 151 000 000	11 551 000 000
9	Food-aid adjustment	455 638 000	+ 48 552 000	504 190 000
9	Aid to disaster victims	15 000 000	+ 48 000 000	63 000 000
10	Additional measures – United Kingdom	—	+ 300 000 000	—
Total increase			+ 1 552 242 000	

523. In an effort to find a position acceptable to both arms of the Budgetary Authority, on 17 and 18 June 1980 the Council discussed the new draft 1980 budget on the basis of the new budgetary proposal for the financial year 1980 and the letter of amendment to this new budget proposal, and at the same time held two meetings with a delegation from Parliament.

Following the second meeting with the delegation from Parliament the Council established general guidelines reflecting its position regarding a possible basis for the new draft.

The Council then followed the written procedure to establish the new draft general budget of the European Communities for the financial year 1980.

(b) *New draft budget*

	Commitments	Payments
Draft budget of 23 November 1979	16 653 878 061	15 411 780 061
Amendments	+ 653 987 200	+ 269 287 200
New draft budget	17 307 865 261	15 681 067 261

524. The Council considered that the activities of the Communities, including the operations decided on for urgent reasons since the beginning of the year, required that the maximum rate should be exceeded and decided, pursuant to Article 203 (9) fifth subparagraph of the EEC Treaty and the corresponding provisions in the ECSC and EAEC Treaties, to propose to Parliament that a new rate of 21.08 % should be fixed for commitment appropriations.

In a letter dated 20 June 1980 the Council communicated this decision to the President of the Parliament.

At its sitting on 27 June 1980 Parliament adopted amendments and proposed modifications to the draft general budget of the European Communities for the financial year 1980.

In a letter dated 27 June 1980 Parliament forwarded to the Council the draft general budget for 1980 thus amended, accompanied by proposals for modifications.

At its meeting of 30 June 1980 the Council acted on the draft budget forwarded by Parliament.

The Council did not modify the amendments to non-compulsory expenditure adopted by Parliament. It also agreed to the new maximum rate of 21.44 % resulting from these amendments in respect of commitment appropriations.

As regards compulsory expenditure, the Council was unable to adopt Parliament's proposal to reduce the appropriations in the draft budget under item 6200 (refunds for milk and milk products).

On 9 July 1980 the President of the European Parliament took note that 'the procedure laid down in Article 78 of the Treaty establishing the European Coal and Steel Community, Article 203 of the Treaty establishing the European Economic Community and Article 177 of the Treaty establishing the European Atomic Energy Community having been completed, the general budget of the European Communities for the financial year 1980, as annexed hereto, has been finally adopted'.

The Council was informed of this in a letter dated 27 August 1980.

The general budget of the European Communities for the financial year 1980 was published in *Official Journal of the European Communities* L 242 of 15 September 1980.

2. AMENDING AND SUPPLEMENTARY BUDGET NO 1 OF THE EUROPEAN COMMUNITIES FOR THE FINANCIAL YEAR 1980

525. In a letter dated 29 October 1980 the Commission forwarded to the Council the preliminary draft supplementary and amending budget No 1 to the general budget of the European Communities.

The object of this preliminary draft is:

- to correct the figures for the receipts from own resources VAT and adjust the financial contributions for the financial year 1979;
- to revise the receipts from the increased customs duties and agricultural levies;
- to increase expenditure to take account of an adjustment in the repayments to be made to Member States for collecting own resources and an advance to be entered under the heading of supplementary measures for the United Kingdom.

On 6 November 1980 the Council finalized by written procedure the draft supplementary and amending budget No 1 of the European Communities on the basis of this preliminary draft budget.

This draft supplementary and amending budget comprises an increase of 133 million EUA over the original 1980 budget.

The draft was forwarded to Parliament on 6 November 1980.

At its sitting on 20 November 1980 Parliament gave its approval to this supplementary and amending budget and the President of the European Parliament took note that draft supplementary and amending budget No 1 of the European Communities for the financial year 1980 had been finally adopted.

This draft supplementary and amending budget was published in *Official Journal of the European Communities* L 364 of 31 December 1980.

3. GENERAL BUDGET OF THE EUROPEAN COMMUNITIES FOR 1981

(a) *Draft budget*

526. In a letter dated 14 August 1980 the Commission forwarded to the Council the preliminary draft general budget of the European Communities for the financial year 1981.

527. Before beginning its discussions on the preliminary draft budget, on 23 September 1980 the Council met a delegation from Parliament.

At this meeting the delegation from Parliament informed the Council of Parliament's initial reactions to the preliminary draft budget for 1981. The members of the Parliament delegation and the Council also explained their points of view on other questions relating to the budget and to procedure, such as controlling agricultural expenditure, restructuring the whole of the Community budget, including borrowing and lending operations in the budget, and also the possibility of improving

the dialogue between the Council and Parliament on the budget.

528. Before drawing up the draft general budget of the European Communities for the financial year 1981, the Council took note of the observations of a delegation from the Hellenic Republic.

529. Having noted the views of Parliament and heard the observations of the Greek delegation, the Council drew up the draft general budget of the European Communities for 1981 after consulting the Commission, the Court of Justice and the Court of Auditors.

530. The payment appropriations entered in the draft general budget of the European Communities for the financial year 1981, established at first reading by the Council, total 19 239 916 325 EUA. They comprise:

- Commission expenditure broken down as follows:
 1. Intervention appropriations covering expenditure in the agriculture/fisheries, social, regional, research/energy/industry/transport and development cooperation sectors;
 2. Operating appropriations, covering expenditure relating to staff, operational costs, information, aid and subsidies;
 3. Other expenditure, comprising the contingency reserve and the lump-sum repayment to Member States of costs incurred in collecting the Community's own resources.
- expenditure by the other institutions.

The draft general budget together with an explanatory memorandum was forwarded to Parliament on 4 October 1981.

531. At its meeting on 20 October 1980 the Council approved the letter of amendment to the draft general budget of the European Communities for the financial year 1981. This letter of amendment gives budgetary form to the Council's agreement of 7 October 1980 regarding pre-accession aid for Portugal.

The Council noted the Commission's confirmation of the appropriation it had requested under this heading in the

preliminary draft budget, and decided to enter in the draft budget for 1981 under item 9601 – aid preparatory to the accession of Portugal – a commitment appropriation of 60 million EUA and a payment appropriation of 30 million EUA.

The grand total of estimated expenditure entered in the draft budget for 1981 accordingly rose from 19 239 916 325 EUA to 19 269 916 325 EUA.

The letter of amendment to the draft general budget of the European Communities for the financial year 1981 was forwarded to Parliament on 20 October 1980.

Expenditure estimates in the draft budget for 198

	1980 budget				Council draft
	Commitment appropriations	%	Payment appropriations	%	Commitment appropriations
	1		2		3
I. Commission					
<i>Intervention appropriations</i>					
Agriculture/ fisheries sector	11 995 526 000	69.26	11 878 269 000	75.74	13 664 604 000
Social	932 660 000	5.38	402 410 000	2.56	948 168 000
Regional	1 365 000 000	7.88	603 000 000	3.84	2 674 700 000
Research, energy industry and transport	443 432 000	2.56	379 491 000	2.42	348 011 000
Development cooperation ²	803 983 600	4.64	641 633 600	4.09	779 259 700
	15 540 601 600	89.72	13 904 803 600	88.65	18 414 742 700
<i>Operating appropriations</i>					
Staff	421 313 300	2.44	421 313 300	2.69	450 387 800
Operating expenditure	135 398 100	0.78	135 398 100	0.87	158 916 950
Information	10 202 500	0.06	10 202 500	0.07	10 052 500
Aid and subsidies	51 160 900	0.30	51 160 900	0.32	57 817 300
	618 074 800	3.58	618 074 800	3.95	677 174 550
<i>Contingency reserve</i>	5 000 000	0.02	5 000 000	0.03	5 000 000
Reimbursement to Member States	834 523 000	4.82	834 523 000	5.32	1 043 778 440
Financial arrangements					469 000 000
Commission total	16 998 199 400	98.14	15 362 401 400	97.95	20 609 695 700
II. Other institutions	320 695 861	1.86	320 695 861	2.05	352 498 330
Grand total	17 318 895 261	100.—	15 683 097 261	100.—	20 962 194 030

¹ Taking account of the letter of amendment to the draft.

² Appropriations relating to 'Food aid' and 'Sugar ACP-India' refunds are to be found under Titles and 7.

compared with appropriations in the 1980 budget

(in EUA)

First reading ¹			Variation			
%	Payment appropriations	%	Amount Col. 3/Col. 1	%	Amount Col. 4/Col. 2	%
	4		5		6	
65.19	13 450 352 000	69.80	+ 1 669 078 000	+ 13.91	+ 1 572 083 000	+ 13.23
4.52	586 308 000	3.04	+ 15 508 000	+ 1.66	+ 183 898 000	+ 45.70
12.76	1 774 700 000	9.21	+ 1 309 700 000	+ 95.95	+ 1 171 700 000	+ 194.31
1.66	302 524 000	1.57	- 95 421 000	- 21.52	- 76 967 000	- 20.28
3.72	608 581 000	3.16	- 24 723 895	- 3.08	- 33 052 600	- 5.15
87.85	16 722 465 000	86,78	+ 2 874 141 105	+ 18.49	+ 2 817 661 400	+ 20.26
2.14	450 387 800	2.34	+ 29 074 500	+ 6.90	+ 29 074 500	+ 6.80
0.76	158 916 950	0.82	+ 23 518 850	+ 17.37	+ 23 518 850	+ 17.37
0.05	10 052 500	0.05	- 150 000	- 1.47	- 150 000	- 1.47
0.28	57 817 300	0.30	+ 6 656 400	+ 13.01	+ 6 656 400	+ 13.01
3.23	677 174 550	3.51	+ 59 099 750	+ 9.56	+ 59 099 750	+ 9.56
0.02	5 000 000	0.03	-	-	-	-
4.98	1 043 778 445	5.42	+ 209 255 445	+ 25.07	+ 209 255 445	+ 25.07
2.24	469 000 000	2.43	+ 469 000 000	-	+ 469 000 000	-
98.32	18 917 417 995	98.17	+ 3 611 496 300	+ 21.25	+ 3 555 016 595	+ 23.14
1.68	352 498 330	1.83	+ 31 802 469	+ 9.92	+ 31 802 469	+ 9.92
100.—	19 269 916 325	100.—	+ 3 643 298 769	+ 21.04	+ 3 586 819 064	+ 22.87

Estimated operating appropriations are broken down among the institutions as follows:

(in EUA)

Institutions and bodies	1980 budget	Draft 1981 budget
European Parliament	177 391 432	199 356 650
Council (own expenditure)	88 647 849	91 841 245
Economic and Social Committee	19 910 000	21 270 200
Commission	618 074 800	677 174 550
Court of Justice	21 707 280	25 265 420
Court of Auditors	13 039 290	14 764 815
Total	938 770 661	1 029 672 880

Staff authorized for each of the institutions under the draft budget for the financial year 1981 are as follows:

	Permanent posts	Temporary posts
Parliament	2 600	309
Council	1 692	8
Economic and Social Committee	367	—
Commission		
Operating budget	8 661	317
Research and investment	2 588	160
Publications Office	284	—
Court of Justice	411	12
Court of Auditors	250	24

At its budget session on 6 November, Parliament adopted amendments and proposed modifications to the draft general budget of the European Communities for the financial year 1981. In a letter dated 18 November 1980 Parliament forwarded to the Council the draft general budget for the financial year 1981 thus amended, accompanied by proposals for modifications.

(b) Letter of amendment No 2 to the draft general budget of the European Communities for the financial year 1981

533. It should be recalled that:

pursuant to Article 5 (2) of Council Regulation (EEC) No 2744/80 of 27 October 1980, on 6 November 1980 the Council authorized the Commission to grant advances in 1980 on the supplementary measures to assist the United Kingdom;

in draft supplementary and amending budget No 1 the Council proposed to use for this purpose the net amount of 119.7 million EUA resulting from the increase in estimated revenue from customs duties and agricultural levies for 1980. Paying this advance entails a corresponding reduction in the expenditure entered under Chapter 58 of the draft budget for 1981.

534. In view of this situation, on 18 November 1980 the Council adopted a letter of amendment to the draft budget containing this reduction in the budget for the financial year 1981.

The amount entered under Chapter 58 of the statement of expenditure decreased from 974.7 million EUA to 855 million EUA. At the same time adjustments were made to the appropriations entered under Article 491 as compensatory repayments to Greece to offset its contribution to financing the measures to assist the United Kingdom.

535. At its meeting on 24 November 1980 the Council reached a decision on the draft budget forwarded by Parliament.

Before taking its decision on this draft budget, the Council held an exchange of views with a delegation from Parliament concerning in particular Parliament's priorities for 1981 as expressed in the budget debate.

The Council then took decisions on each of Parliament's amendments and proposed modifications.

With regard to non-compulsory expenditure, the Council suggested to Parliament, taking account of the priorities it had expressed, the following increases in the 1981 appropriations:

(in million EUA)

	Commitment	Payment
<i>Commission</i>		
Energy	+ 47.3	+ 0.3
Social Fund	+ 40	+ 60.4
Regional Fund	+ 140	+ 119.2
Non-associated developing countries (Art. 930)	+ 50	—
Miscellaneous	+ 3.4	+ 3.4
	+ 280.7	+ 183.3

The Council agreed to follow with Parliament the procedure laid down in the fifth subparagraph of Article 203, and decided for its part that the new rate applicable to payment appropriations should be increased to 19.94 %.

As regards compulsory expenditure, the Council accepted in particular the proposed modification reducing by 50 million EUA the aid to skimmed-milk powder and that providing for a linear reduction of 2 % in all the chapters of Titles 6 and 7 and the entry of the corresponding amount in Chapter 79.

In addition, while rejecting the amendment on borrowing and lending operations, which it regarded as a proposed modification, the Council decided henceforth to give Parliament a clear overall picture of the Community's borrowing and lending policy, its debt situation and of the regularity and sound management of these operations. The Council accordingly amended the document which, under Article 16 (3) (b) of the Financial Regulation must be annexed, for guidance, to Section III of the budget.

The Council maintained its point of view that the supplementary measures to assist the United Kingdom laid down in Regulation (EEC) No 2744/80 should be entered as compulsory expenditure, on account in particular of the provisions of Article 5 (1) of this Regulation. This was also the line suggested by the Commission.

4. DRAFT SUPPLEMENTARY BUDGET NO 2 TO THE GENERAL BUDGET OF THE EUROPEAN COMMUNITIES FOR 1980

536. On 4 December 1980 the Commission forwarded to the Council the preliminary draft supplementary budget No 2 to the general budget of the European Communities for the financial year 1980.

The object of this preliminary draft supplementary budget was:

- to enter an additional 40 million EUA in Article 590 (Aid to disaster victims in the Community) to provide, following the European Council's discussions on 1 and 2 December, Community aid to victims of the earthquake in Italy;
- to enter 100 million EUA in payment appropriations to enable the Commission to honour existing commitments and to make the payments requested as advances under the European Social Fund.

On 12 December 1980 the Council finalized draft supplementary budget No 2 to the general budget of the European Communities for 1980 on the basis of this preliminary draft budget.

It entered 40 million EUA under Chapter 59, Article 590 (Aid to disaster victims in the Community), to provide exceptional emergency aid to the victims of the earthquake in Italy and 60 million EUA to replenish the payment appropriations of the European Social Fund for 1980 (Chapters 50 and 51).

In connection with this the Council met a delegation from Parliament headed by its President. During this meeting the Council was informed of Parliament's opinion on the two draft budgets under discussion.

At its sitting on 18 December 1980 Parliament adopted amendments to draft supplementary budget No 2 for the financial year 1980 which increased the payment appropriations by 266 400 000 EUA, and amendments to the draft general budget for the financial year 1981 which increased the commitment appropriations by 30 350 000 EUA and the payment appropriations by 24 850 000 EUA.

At its meeting on 22 December 1980 the Council discussed with the Commission the draft supplementary budget No 2/80 as amended by Parliament and the modified draft budget for 1981.

In a letter dated 23 December 1980 the President of the Council communicated to the President of the European Parliament the outcome of these discussions.

He stressed that the amendments proposed by Parliament to the draft supplementary budget No 2/80 constituted, in the opinion of certain delegations, a misuse of budgetary procedures and stated that the Council had not been able to take a decision on these amendments.

5. THIRD LETTER OF AMENDMENT TO THE DRAFT BUDGET FOR 1981

537. On 4 December 1980 the Commission also forwarded to the Council a letter of amendment providing for interest-rate subsidies on the supplementary loans to be granted to Italy following the earthquake on 23 November 1980.

The Commission proposed to open budget heading 591 'Annual funding of interest-rate subsidies on exceptional loans to Italy following the earthquake of November 1980' and to enter for 1981 an appropriation of 20 million EUA, which would cover the cost of the subsidies for the loan instalments equivalent to 666 million EUA to be granted in 1981.

Pending the Council's approval of the basic decision the Commission proposed to enter this appropriation in Chapter 100 and to make a token entry under item 591.

On 12 December 1980 the Council agreed to the Commission's requests and on this basis drafted the third letter of amendment to the draft general budget of the European Communities for the financial year 1981.

This third letter of amendment was forwarded to Parliament by letter dated 15 December 1980.

At its meeting on 17 December 1980 the Council also examined the draft general budget for the financial year 1981 and the draft supplementary budget No 2 for the financial year 1980

and discussed possible solutions to the problems raised by these two draft budgets.

In a letter dated 23 December 1980 the President of the European Parliament informed the President of the Council that the general budget of the European Communities for the financial year 1981 had been finally adopted.

This was published in *Official Journal of the European Communities* L 378 of 31 December 1980 together with the text of the general budget for 1981.

6. OTHER BUDGETARY MATTERS

(a) *Provisional twelfths*

538. Since by its resolution of 13 December 1979 the Parliament rejected the draft general budget for 1980, the system of provisional twelfths automatically came into force. To make provision for management requirements in the sphere of rents and insurance for the Council, the Commission and the Economic and Social Committee, expenditure in excess of the twelfths had to be authorized. Consequently, on 5 February 1980 the Council decided to authorize twelfths for these requirements while suspending this decision pending a possibly different decision on the part of Parliament under Article 204, third paragraph. Parliament agreed to these twelfths on 13 and 15 February 1980. In addition, on 9 June 1980 the Council decided to authorize twelfths for certain budget headings concerning Parliament. On the same date it also agreed to a draft decision authorizing expenditure exceeding the twelfths for the Guarantee Section of the EAGGF and decided to consult Parliament on this draft decision. Parliament agreed to the supplementary provisional twelfths requested by the Commission.

(b) *Carry-over of appropriations from the financial year 1979 to the financial year 1980*

539. At its meeting on 29 May 1980 the Council decided not to take a contrary decision with regard to the Commission's requests for appropriations to be carried over from the financial year 1979 to the financial year 1980, except in two cases.

B – Staff Regulations

1. MATTERS CONCERNING REMUNERATIONS

540. Following the annual review of the level of remunerations for the financial year 1979, which had been undertaken with a view to making concomitant adjustments to the basic salary scales,¹ at its 621st meeting on 21 January 1980 the Council adopted the following:

- Regulation (EEC) No 160/80² amending the Staff Regulations of Officials and the Conditions of Employment of Other Servants of the European Communities (adjustment of the basic salary scales);
- Regulation (EEC) No 161/80² adjusting the remunerations and pensions of officials and other servants of the European Communities and the weightings applied thereto.

It should be emphasized that these Regulations were adopted as part of an overall compromise solution put forward by the Presidency which comprised the following points:

- remuneration levels were adjusted with effect from 1 July 1979 in accordance with the Commission's proposal and the new method of adjusting remunerations;
- this adjustment was applied, however, to basic salary scales 'cleansed' of the distortions produced when a weighting was incorporated into them on 1 January 1977;
- the Commission was requested to present by 1 July 1980 a study of the results of applying the method of adjusting salaries together with an appropriate proposal on which the Council was to act by the end of 1980.

541. By means of Regulations (EEC) Nos 1524/80³ and 1525/80³ of 18 June 1980 the Council:

- corrected, with effect from 1 July 1979, the weightings applicable to the remunerations and pensions of officials and other servants employed or resident in Ireland or the United

¹ See 27th Review, paragraph 479.

² OJ L 20 of 26. 1. 1980.

³ OJ L 152 of 20. 6. 1980.

Kingdom, in accordance with the results of a statistical study carried out by the Statistical Office of the European Communities;

- considering that there had been a substantial variation in the cost of living increases compared with the average increase in the Community during the second half of 1979, adjusted, with effect from 1 January 1980, the weightings applicable in countries where the increase in the cost of living over the reference period was equal to or more than 3.5 %.

At the time of adopting these Regulations, statements were recorded in the minutes concerning in particular the planned review of the method of adjusting remunerations. In this context the Council emphasized that in its proposal on revising this method the Commission should take particular account of its recommendation that the increased cost of energy should not have an effect on pay adjustments.

542. The annual review of remunerations for 1980 was not completed by 31 December 1980, since the delegations had not had sufficient time to examine the Commission's proposal.¹

2. OTHER MATTERS

543. Throughout 1980 work continued on examining two proposals on revising the Staff Regulations, namely:

- social and family measures,
- the pension scheme for officials and social security for temporary staff.

Because of other more important matters the Council was unable to complete its work on these proposals.

¹ Following detailed discussions at the level of the Permanent Representatives' Committee and a dialogue with the staff representatives, the Council reached a decision at its meeting on 20 January 1981 (cf. Regulation (EEC) No 187/81 of 20 January 1981, OJ L 21 of 24. 1. 1981). This decision takes account of the deterioration in the general economic situation in the Community during the reference period, resulting to a large extent from increased energy costs.

Tables

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
1980	83	106 1/2	2 078 1/2

TABLE 2

Interim Committee for the Community Patent

Period	Plenary	Groups
1979	1	11
1980	2	4

LIST OF 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/BCR

Community Bureau of References

CCT

Common Customs Tariff

CIM

International Convention on the transport of goods and passengers by rail

CISTD

Intergovernmental Committee on Science and Technology in the service of Development

CIV

International Convention on the transport of passengers and baggage by rail

CMEA

Council for Mutual Economic Assistance

COPOL

Comparison of national and Community polices on research and development

COST

European Cooperation in the field of Scientific and Technical Research

COTIF

Convention on International Rail Transport

CREST

Scientific and Technical Research Committee

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
for Transport

ECOSOC
Economic and Social Council (UN)

ECSC
European Coal and Steel
Community

ECU
European currency unit

EDF
European Development Fund

EEC
European Economic Community

EFTA
European Free Trade Association

EIB
European Investment Bank

EMS
European Monetary System

ERDF
European Regional Development
Fund

EUA
European unit of account

- F -

FAO
Food and Agriculture Organization of
the United Nations

- G -

GATT
General Agreement on Tariffs and
Trade

GSP
Generalized system of preferences

- 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 Tours

JRC
Joint Research Centre

- M -

MFA
Multifibre Arrangement
MTN
Multilateral trade negotiations

- N -

NAFO
North-West Atlantic Fisheries
Organization
NCI
New Community instrument
NEAFC
North-East Atlantic Fisheries
Commission

- O -

OCT
Overseas Countries and Territories
OECD
Organization for Economic Coopera-
tion and Development
OPEC
Organization of Petroleum Exporting
Countries

- Q -

Quality wines p.s.r.
Quality wines produced in specified
regions

- S -

SE
Societas Europea
Stabex
System for the stabilization of ACP
and OCT export earnings

- T -

TAC
Total allowable catch
TOSCA
Toxic Substances Control Act

- U -

UNCSTED
United Nations Conference on
Science and Technology for
Development
UNCTAD
United Nations Conference on Trade
and Development
UNDP
United Nations Development
Programme
UNESCO
United Nations Educational,
Scientific and Cultural Organization
UNHCR
Office of the United Nations High
Commissioner for Refugees
UNIDO
United Nations Industrial Develop-
ment 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

INDEX

The arabic numerals refer to paragraphs. When a subject is dealt with in several successive paragraphs, only the first is given.

- A -			
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