

General Secretariat of the Council  
of the European Communities

# **TWENTY-NINTH REVIEW OF THE COUNCIL'S WORK**

1 JANUARY - 31 DECEMBER 1981





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This publication is also available in:

DA ISBN 92-824-0095-6  
DE ISBN 92-824-0096-4  
GR ISBN 92-824-0097-2  
FR ISBN 92-824-0099-9  
IT ISBN 92-824-0100-6  
NL ISBN 92-824-0101-4

Cataloguing data can be found at the end of this publication

Office for Official Publications of the European Communities, 1983

ISBN 92-824-0098-0

Catalogue number: BX-35-82-425-EN-C

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*Printed in Greece*

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## **Introduction**

*On 1 January 1981 Greece became the tenth member of the European Community. This new accession is a further sign of the Community's vigour and power of attraction. It also represents the first step in the process of enlargement towards the south, which calls for fresh efforts to achieve balance in many of the Community's activities. Towards the end of the year the European Council confirmed its political commitment to accepting Spain and Portugal as members of the Community, and efforts have been made to press on with negotiations.*

*To meet the challenge of the 1980s and to prepare for a 'second generation Europe', on 30 May 1980 the Council decided to adapt Community policies and reform the workings of the institutions. During 1981 it studied a report and communications from the Commission on defining a single strategy for economic revival, reform of the common agricultural policy and modifications to the system of own resources. Discussions also took place on a 'Statement on economic integration' and a draft 'European Act', proposed by the German and Italian Governments, and on a memorandum on reactivating Europe, presented by the French Government.*

*Two positive developments in 1981 should be stressed regarding interinstitutional relations. These were the meeting which took place for the first time between the Ministers for Foreign Affairs of the Ten and a delegation from the enlarged Bureau of the European Parliament during its November part-session, and the statement which — again for the first time — the President-in-Office of the European Council, Mrs. Thatcher, made to Parliament on the outcome of the meeting of the European Council at the end of November.*

*Unfortunately there was no similar rapprochement at the end of the year on the budget, since there was further disagreement between the two bodies constituting the budgetary authority. However, the Council expressed its desire to find solutions to the problem of classifying expenditure and other procedural problems for future budgets.*

*In a year of increased tension in international relations and international economic stagnation, the Council attached great importance to the European Community's contribution to the North-South dialogue. A joint platform was defined by the Council and ratified by the European Council at its meeting in Luxembourg in June. This confirmed the Community's desire for 'overall negotiations' and its wish to begin these as soon as possible.*

*Other important milestones in the sphere of relations with the developing countries were the entry into force on 1 January of the second Lomé ACP Convention, which had been signed on 31 October 1979, the adoption of the framework regulation on technical and financial aid to non-associated developing countries, and a plan for action on hunger in the world which involves emergency food aid to the least-developed countries and a strategy for developing food production in the Third World.*

*Although the basic stability of economic relations between the European Community and the United States was maintained in a period of crisis, relations were clouded by disagreement with regard in particular to economic policies, especially the very high American interest rates, the steel industry and agriculture. Extensive talks took place in an effort to find negotiated solutions.*

*Trade relations with Japan, where there is still a large deficit, continued to be of serious concern to the Council, which is trying to obtain a real opening of this market to imports from Europe and also a reduction in Japanese exports in certain sensitive sectors.*

*Other events of note in the sphere of external relations were the signing of the cooperation agreement with India, the renewal of the Financial Protocols with the Maghreb and Mashreq countries and with Israel, and the signing by the European Community of the International Cocoa Agreement.*



*In view of the continuing world economic crisis the European Community made only modest progress in reducing balance-of-payments deficits and slowing down inflation. On the contrary many industrial sectors were severely hit by the crisis, investment levels remained inadequate and unemployment reached alarming proportions.*

*Owing to widely differing economic developments in the Member States there was some tension within the European Monetary System, but two realignments in 1981 demonstrated the system's flexibility and effectiveness.*

*To encourage convergence of economic trends, in February the Council gave its assent to an adjustment of the machinery for Community loans to support Member States' balances of payments.*

*For the first time the Ministers for the Economy and Finance and the Ministers for Labour held a joint meeting, in June 1981. They discussed joint action against both inflation and unemployment, and stressed the need for a social dimension to Community economic policies.*

*This social dimension appeared in the measures concerning the steel industry to which the Council gave its assent in the course of the same month. These measures were on three fronts, i.e. the system of aid to undertakings, pricing policy and production control, and social aspects.*

*In addition, at its meeting in December 1981, the Council of Ministers for Employment and Social Affairs finalized the regulations governing social security for self-employed persons and members of their families. A discussion on the general objectives of the Community's social policy was also held at this meeting.*

*With regard to agriculture, following a 'marathon' session the Council managed to reach an overall agreement on prices and related measures within the time laid down — thus, for the first time for several years, keeping to the dates for the start of the marketing years for milk and milk products and for beef and veal and sheepmeat. The Council granted an average increase of 11% (9.4% in ECU), which was close to the figures proposed by*

*Parliament and the Economic and Social Committee and higher than the Commission's proposal. At the same time it decided to continue to dismantle the positive monetary compensatory amounts, and resolved the problems of a minimum price for wine and refunds for whisky. In June the Council finally adopted major legislation on the new common organization of the market in the sugar sector, which is valid for five years.*

*The Council enacted a number of important measures regarding the policy on agricultural structures. These included amendments to the directives on the modernization of farms, socio-economic information and professional qualifications for persons working in agriculture, and also provided for the implementation of numerous specific projects to assist agriculture in several regions of the Community.*

*It proved necessary to review the common organization of the market in fishery products because of the changed production and marketing conditions, in particular since the extension of fishing limits to 200 miles. The regulation on this matter was adopted by the Council in December.*

*As always, the Council's work covered a very wide range, as shown by the measures adopted on such matters as consumer protection and information, the monitoring of atmospheric pollution, a uniform Community passport, education for children of migrant workers and the integration of disabled persons.*

*During the year the Council adopted a total of 414 regulations, 150 decisions and 45 directives.*

*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 1981 the Presidency of the Council was held by the Kingdom of the Netherlands, and in the second by the United Kingdom.

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

|                            |  |
|----------------------------|--|
| Mr W. Albeda               | Minister for Social Affairs                        |
| Mr G. Braks                | Minister for Agriculture and Fisheries             |
| Mr J. Koning               | Minister for Development Cooperation               |
| Mr A. Pais                 | Minister for Education and Science                 |
| Mr. D.S. Tuijnman          | Minister for Transport and Water Control           |
| Mr G.M.V. van Aardenne     | Minister for Economic Affairs                      |
| Mr C.A. van der Klauuw     | Minister for Foreign Affairs                       |
| Mr D.F. van der Mei        | Under-Secretary at the Ministry of Foreign Affairs |
| Mr A.P.J.M.M. van der Stee | Minister for Finance.                              |

The meetings of the second six-month period were chaired successively by:

|                     |  |
|---------------------|--|
| Mr H. Atkins        | Lord Privy Seal  |
| Mr K. Baker         | Minister for Industry and Information Technology         |
| Mr J. Bruce-Gardyne | Minister of State at the Treasury                        |
| Lord Carrington     | Secretary of State for Foreign and Commonwealth Affairs  |
| Sir Geoffrey Howe   | Chancellor of the Exchequer                              |
| Mr D. Howell        | Secretary of State for Transport                         |
| Mr T. King          | Minister for Local Government and Environmental Services |
| Mr N. Lawson        | Financial Secretary to the Treasury                      |
| Mr N. Marten        | Minister for Overseas Development                        |
| Mr N. Ridley        | Financial Secretary to the Treasury                      |
| Mr N. Tebbit        | Secretary of State for Employment                        |
| Mr P. Walker        | Minister for Agriculture                                 |

The 63 meetings held during 1981 were devoted to the following topics:

- 12 External relations
- 11 Agriculture
- 8 Economic and financial problems
- 8 Fisheries
- 4 Iron and steel industry
- 3 Budget
- 3 Development cooperation
- 3 Energy
- 2 Environment
- 2 Tax matters
- 2 Transport
- 2 Labour and social affairs
- 1 Education
- 1 Finance and economic and social affairs
- 1 Research.

## **B – Parliamentary affairs**

2. The year 1981 will be remembered for the concern of Parliament and the Council to give a new dimension to their relations. To this end, during its part-session in July 1981 Parliament adopted some important resolutions setting out Parliament's ideas and formulating suggestions on relations between this institution and the Council. The Council is continuing its examination of these suggestions. The enlarged Bureau of Parliament was informed of the initial findings of this study at a meeting - the first of its kind - between this parliamentary body and the ten Foreign Ministers of the Member States of the European Community.

In addition, also for the first time, the President-in-Office of the European Council made a statement to the European Parliament on the work of the European Council which met in London on 26 and 27 November 1981.

These new developments in relations between Parliament and the Council were based on existing solid foundations, among the main features of which are the increasingly detailed study which the Council makes of the resolutions adopted by Parliament and the participation of the President-in-Office of the Council in the various activities of Parliament, either in plenary session or in committee.

### **1. PARTICIPATION OF THE PRESIDENT-IN-OFFICE OF THE COUNCIL IN THE WORK OF PARLIAMENT AT PLENARY SITTINGS**

#### *(a) Statements on the programmes of the Presidency*

3. On 14 January 1981, Mr van der Klauuw, Minister for Foreign Affairs, presented the programme of the Netherlands Presidency and stressed the following four essential priorities:

- adapting the common agricultural policy and efforts to achieve a better balance in Community expenditure;
- measures to deal with the economic crisis and unemployment;
- the North-South dialogue and global negotiations;

- interinstitutional relations and in particular improvement of the relationship between the Council and Parliament.

On this occasion, Mr van der Klauuw stressed that Greece, with its precious traditions, its great present-day achievements and its rich promise for the future would be an asset to the Community. He also welcomed the Commission in its new composition and expressed the wish that both institutions would collaborate as closely and constructively as possible.

4. Presenting the programme of the United Kingdom Presidency at the sitting of 8 July 1981, Lord Carrington proposed a second triptych, namely the revival of the Community, which meant modifying, adapting and strengthening existing policies and creating new ones, enlargement through the accession of Spain and Portugal, which would also mean a strengthening of the forces of peace and democracy, and finally the identity of the Community *vis-à-vis* the world outside by the active exercise of influence to protect and further its interests.

Lord Carrington stressed that 'to say that Europe is at a turning point is not to say that Europe is in crisis'. Too often the agreements of the Community passed unnoticed, and only the headlines about clashes and confrontations were remembered. Today, the success or the failure of the Community had become increasingly important to the world as a whole. A successful resolution of the internal problems was essential if Europe was to make the contribution to security and peace that the world required and which it alone was capable of offering to the world.

(b) *Statement on the Presidency*

5. On 17 June 1981 the President-in-Office of the Council, Mr van der Mei, Netherlands Under-Secretary of State for Foreign Affairs, made a statement on the Dutch Presidency.

While he did speak of the particular difficulties of the economic and political situation in the previous six months, the President of the Council emphasized the positive aspects, such as the combined Council meeting of the Ministers for Economic Affairs and Finance and the Ministers for Social Affairs, the fixing of the agricultural prices within the proper time-limits, the

decisions taken in the iron and steel sector as well as the continuation of international negotiations with the aim of strengthening economic relations with non-member countries.

Stressing the primordial importance which his country traditionally attached to cooperation, Mr van der Mei pointed out that it was 'more necessary than ever before that the Community's institutions should function properly' and that they 'must work together to achieve the common objective - the further development of European unification'.

6. On 17 December 1981, Lord Carrington gave an assessment of the United Kingdom Presidency. Recalling the triptych mentioned when the programme was presented, he pointed out that despite the unfavourable economic situation the Council had made progress in important fields such as the revival of the Community, the negotiations concerning the accession of Portugal and Spain and the reinforcement of a European identity by adopting Community positions concerning, *inter alia*, world trade, the Multifibre Agreement and relations with the Third World.

Lord Carrington stressed his conviction that 'the Community can only advance and prosper if it is able to secure and retain the support and understanding of its citizens. To do so, it must show itself to be flexible enough to keep pace with a world of rapid change and dynamic enough to offer a lead rather than simply responding to events'.

*(c) Statement on the work of the European Council*

7. On 8 April 1981, Mr van der Klaauw made a statement on the conclusions reached by the European Council which met on 23 and 24 March 1981 in Maastricht. The President-in-Office mentioned the political impetus given with regard in particular to the agricultural policy, fisheries policy and medium-term economic policy, and stressed that the main object of this meeting was to consider broad aspects rather than to take decisions.

The President of the Council also explained that there were still differences of opinion concerning the seat of the institutions. He stressed the importance of the statements adopted in

Maastricht on foreign policy and in particular those relating to the situation in Poland, the Middle East and Afghanistan.

Lastly, Mr van der Klaauw mentioned the intensification of the dialogue with the United States on monetary policy.

8. In his speech to Parliament on 8 July 1981, Lord Carrington referred to the conclusions reached by the European Council which met on 20 and 30 June 1981 in Luxembourg. Stressing the importance which had been attached to tackling unemployment and inflation and to the need to use all available financial instruments to help industry to modernize, he said that the major responsibility for tackling these problems lay with national governments because action needed to take account of the different economic situations in each Member State. The differing levels of unemployment and of balance of payments and budget deficits meant differing constraints and opportunities for member countries. In the field of international relations, he spoke of the guidance given by the European Council regarding the international summits in Ottawa and Cancún and of the initiative of the Ten with a view to finding a political solution acceptable to all the parties concerned in Afghanistan.

9. Before speaking of the outcome of the meeting of the European Council held in London on 26 and 27 November 1981, Mrs Thatcher, the United Kingdom Prime Minister, stressed the importance she attached to this first formal link between Parliament and the European Council.

While she regretted the absence of an agreement on the problems relating to the mandate of 30 May 1980, Mrs Thatcher herself was optimistic regarding the ability of the Community to find a solution and to adapt to the new challenges, with the aim of making its mark as a force for democracy, stability and progress in the world.

In this regard, Mrs Thatcher expressed her pleasure at the improvements in the organization of European cooperation. Stressing the importance of the East-West dialogue, she firstly reiterated the Community's concern regarding the situation in Afghanistan and secondly considered that the problems of Poland were for the Poles to solve, by a process of compromise and negotiation.



*(d) Budgetary procedure*

10. In order to enable the dialogue on the budget to be as full as could be desired, the meetings between a parliamentary delegation and the Council provided for under the budgetary procedure took place for the first time on the day before the meetings of the Council.

The first of these meetings took place on 22 July 1981. It provided the opportunity for a broad and frank exchange of views on both the 1981 preliminary draft amending budget No 1 and the preliminary draft budget for 1982. In addition it covered cooperation in general between the Council and Parliament on budgetary matters.

Mr Rees, President-in-Office of the Council, took part in the parliamentary debates on 15 September 1981, when he presented draft amending budget No 1 of the European Communities for 1981 as well as the draft general budget for 1982.

Mr Ridley took part in the general discussion which Parliament started on 3 November on this draft budget.

A second meeting between a Parliament delegation, led by Mrs Veil, and the Council took place on 23 November 1981. This meeting enabled the delegation to explain the reasons behind the amendments and proposed modifications which it had made to the draft supplementary and amending budget 1981 and the draft general budget 1982, and the members of the Council were also able to inform Parliament of their thoughts on the matter. The dialogue also enabled the participants to discuss together the question of the budgetary classification of the Communities' expenditure.

*(e) Other debates*

*(i) Energy*

11. On 15 January 1981 Mr van Aardenne, Netherlands Minister for Economic Affairs and President-in-Office of the

Council, made a statement on the energy situation in the Community.

(ii) Women's rights

12. At the sitting of 10 February 1981, Mrs Kraaijeveld-Wouters, Under-Secretary at the Netherlands Ministry of Cultural Affairs, Leisure and Social Welfare, and President-in-Office of the Council, spoke of the Community's actions to promote women's rights.

(iii) Assistance for disabled persons

13. On 10 March 1981 Mr de Graaf, Under-Secretary at the Netherlands Ministry of Social Affairs and Employment and President-in-Office of the Council, described the projects which the Community had already undertaken and intended to undertake for the economic, professional and social integration of disabled persons.

(iv) Farm prices

14. In the debate on farm prices held on 25 March 1981, Mr Braks, Netherlands Minister for Agriculture and President-in-Office of the Council, pointed out that the budgetary constraints, real though they were, should not jeopardize the existence of the CAP.

(v) Fisheries

15. Mr van der Mei took part in a debate on a common fisheries policy following a question asked during question time on 8 April 1981.

(vi) Micro-electronics technology

16. On 6 May 1981 Mr van der Klauuw made a statement on Community action to be taken in the field of micro-electronics and on the social consequences of introducing new technologies into the economy.

(vii) Restructuring of economic and monetary policies

17. On 17 June 1981 Mr van der Mei took part in the debate on restructuring the economic and monetary policy and the future of the Community budget.

(viii) Interinstitutional relations

18. On 9 July 1981 Mr Hurd, President-in-Office of the Council, took part in the debate on interinstitutional relations between Parliament and the Council, the national parliaments and the Economic and Social Committee and on European political cooperation. The debate also touched on Parliament's right to initiate measures and its role in the Community's legislative procedures.

(ix) Commercial relations between the EEC and the Gulf States

19. On 16 September 1981 Mr Hurd took part in a debate on relations between the Community and the Gulf States.

(x) Employment situation in the Community

20. At the sitting of 17 September 1981 Mr Tebbit, United Kingdom Secretary of State for Employment and President-in-Office of the Council, made a statement on the programme of the Presidency on social matters.

(xi) Internal market

21. At the sitting of 15 October 1981 Mr Hurd, speaking in the debate on the complete integration of the internal market, reaffirmed the major importance of, in particular, the elimination of non-tariff barriers, the creation of a single market for services, the easing of frontier formalities, new technologies and competition in transport.

(xii) Mandate of 30 May 1980

22. On 17 November 1981 Mr Hurd reported on the discussions within the Council on the Commission's proposals further to the mandate of 30 May 1980.

(xiii) Food aid to the least advanced countries and ACP-EEC relations

23. On 16 December 1981 Mr Hurd took part in the debates on granting exceptional food aid to the least advanced countries and on ACP-EEC relations in 1981.

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

### (a) *Parliamentary committees*

#### (i) Agriculture

24. On 26 February 1981, Mr Braks took part in a meeting of the Committee on Agriculture.

On 1 December 1981, Mr Walker, United Kingdom Minister for Agriculture and President-in-Office of the Council, had an exchange of views with this same committee.

#### (ii) Economic and monetary affairs

25. On 20 October 1981, Mr Ridley, Financial Secretary at the United Kingdom Treasury and President-in-Office of the Council, took part in a debate held by the Committee on Economic and Monetary Affairs on the mandate of 30 May 1980 and on the fifth medium-term economic policy programme.

#### (iii) Energy and research

26. Mr van Trier, Netherlands Minister for Science and President-in-Office of the Council, took part on 18 February 1981 in a debate held by the Committee on Energy and Research on the Community's research policy.

On 19 March 1981, Mr van Aardenne had an exchange of views with this committee on the aspects of the Community's energy policy.

On 21 October 1981, Mr Mellor, United Kingdom Parliamentary Under-Secretary at the Department of Energy and President-in-Office of the Council, took part in a debate held by this committee on the Community's new projects regarding energy policy.

On 2 December 1981, Mr von Bülow, German Minister for Research and Technology, made a statement to this committee on his government's research policy.

(iv) External economic relations

27. On 26 November 1981, Mr Rees, Secretary of State for Trade and President-in-Office of the Council, took part in a meeting of the Committee on External Economic Relations.

(v) Legal affairs

28. On 2 December 1981, Lord Mackay of Clashfern, Lord Advocate and President-in-Office of the Council, had an exchange of views with the Legal Affairs Committee.

(vi) Social affairs

29. On 18 March 1981, Mr Albeda, Netherlands Minister for Social Affairs and President-in-Office of the Council, had an exchange of views with the Committee on Social Affairs and Employment.

Mr Alison, United Kingdom Minister of State for Employment and President-in-Office of the Council, took part on 9 November 1981 in a debate in this committee which was devoted mainly to problems of employment.

(vii) Regional policy

30. On 25 November 1981 Mr Lamont, United Kingdom Minister of State for Industry and President-in-Office of the Council, took part in a debate in the Committee on Regional Policy and Regional Planning.

(viii) Transport

31. On 19 February 1981 Mr Tuijnman, Netherlands Minister for Transport and Water Control and President-in-Office of the Council, had an exchange of views with the Committee on Transport.

On 25 September 1981 Mr Howell, United Kingdom Secretary of State for Transport and President-in-Office of the Council, took part in a meeting of this committee.

(ix) Environment

32. Mr Ginjaar, Netherlands Minister for Public Health and the Environment and President-in-Office of the Council, and Mrs Veder-Smit, Netherlands Under-Secretary of State responsible for public health, took part in discussions at a meeting of the Committee on the Environment, Public Health and Consumer Protection on 25 June 1981.

(x) Youth and culture

33. On 18 May 1981, Mr Biasini, Italian Minister for Cultural Assets, made a statement on the action taken by the Italian authorities to safeguard their architectural heritage.

(xi) Development and cooperation

34. On 18 February 1981 Mr de Koning, Netherlands Minister for Development Cooperation and President-in-Office of the Council, took part in a meeting of the Committee on Development and Cooperation.

*(b) Parliamentary association bodies*

ACP-EEC Consultative Assembly

35. Mr van der Mei represented the Council at the meeting of the Joint Committee of the ACP-EEC Consultative Assembly which was held in Freetown (Sierra Leone) from 23 to 27 February 1981.

Mr Hurd represented the Council at the meeting of the ACP-EEC Consultative Assembly which was held in Luxembourg from 28 to 30 September 1981.

*(c) Interparliamentary delegations*

36. Mr van der Mei took part in the meeting of the delegations from the European Parliament and the Federal Assembly of Yugoslavia which was held in Strasbourg on 13 and 14 January 1981.

37. Mr van der Mei represented the Council at the fifth Interparliamentary Conference of the European Parliament and

the Latin-American Parliament which was held in Bogotá from 25 to 28 January 1981.

38. On 8 July 1981 Mr Hurd represented the Council at the meeting between the delegations of the European Parliament and the Japanese Diet in Strasbourg.

39. Mr Hurd took part in the meeting between the delegations of the European Parliament and the Swiss Confederation in Strasbourg on 14 and 15 October 1981.

40. Mr Atkins, Lord Privy Seal and President-in-Office of the Council, took part in the meeting of the Joint Committee of the European Parliament and the Spanish Cortes which was held in London on 1 December 1981.

41. On 17 and 22 December 1981 Lord Carrington and Mr Hurd represented the Council on the occasion of the visit of a delegation from the Israeli Knesset to the European Parliament.

### **3. QUESTIONS**

42. During 1981, the Council received 200 written questions and 251 oral questions at question time.

## **C – Institutional affairs**

### **1. PASSPORT UNION**

43. On 23 June 1981 the representatives of the governments of the Member States meeting within the Council adopted a resolution establishing a uniform model for passports. This resolution was adopted in a spirit of wishing to encourage everything that might strengthen the feeling of nationals of the Member States that they belong to a single Community and also because it was felt that the establishment of such passports was likely to facilitate the movement of nationals of the Member States.

## **2. SPECIAL RIGHTS OF CITIZENS**

44. The Council continued its examination of the proposal for a Commission directive on the right of abode of the nationals of Member States on the territory of another Member State.

## **D – The Court of Justice**

### **1. MATTERS CONCERNING THE OPERATION OF THE COURT**

#### *(a) Composition of the Court*

45. At its meeting on 16 and 17 March 1981 the Council decided to increase the number of judges in the Court of Justice from ten to eleven and the number of advocates-general from four to five.

Following this decision the Conference of Representatives of the Governments of the Member States decided to appoint Mr Fernand Grévisse as a judge at the Court of Justice for the period from 1 April 1981 to 6 October 1982 and Mr VerLoren van Themaat as Advocate-General for the period from 1 April 1981 to 6 October 1985.

In addition, the Conference of Representatives of the Governments appointed Mrs Rozès as Advocate-General to the Court for the period from 3 March 1981 to 6 October 1982, to replace Mr Mayras, who had resigned his position as Advocate-General.

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

46. Work on the proposal for a Commission regulation providing for the establishment of such a tribunal continued within the Council's subordinate bodies, but has not yet come to fruition as the Commission has not adopted a position on certain ideas.



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

47. During 1981 the Council appeared before the Court in 60 cases.<sup>1</sup>

In five cases, private firms with registered offices in the Community brought proceedings against the Council for the annulment of an act of the Council; in six cases private firms with registered offices in the Community brought proceedings under Article 215 of the EEC Treaty against the Council and the Commission, and claimed damages. In two cases where the validity of Council regulations was at issue, cases were brought simultaneously against the Council and the Commission.

In one case concerning the remunerations of the officials and other servants, a case was brought by the Commission against the Council. One official also brought a case against the Council.

Lastly, the Council was involved:

- in 10 cases relating to requests for a preliminary ruling within the meaning of Article 177 of the EEC Treaty, and
- in 35 joined cases (officials versus the Commission), to support the defending party (Article 37 of the Statute of the EEC Court).

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

48. During 1981 the Council was represented twice at plenary meetings of the Economic and Social Committee.

During the period of the Netherlands Presidency, Mr de Koning, Minister for Development Cooperation, and Mr van der Mei, Under-Secretary at the Ministry for Foreign Affairs, made statements before the Committee on 27 May 1981, when its opinion on the implementation of the second ACP-EEC Lomé Convention was adopted.

On 28 October 1981 Lord Trefgarne, Parliamentary Under-Secretary of State for foreign and Commonwealth Affairs, spoke

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<sup>1</sup> Including 35 joined cases.

in the Committee's debate on the outlook for the European Community in the 1980s.

In addition, at its plenary meeting on 25 and 26 March 1981 the Economic and Social Committee held a ceremony to instal the Greek members following the accession of Greece to the Community.

## CHAPTER II

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

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

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

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

49. The Council adopted 2 regulations amending Regulation No 950/68 relating to the Common Customs Tariff, 12 regulations temporarily suspending the autonomous duties applied under the Common Customs Tariff for a number of agricultural or industrial products or amending the regulations concerned, and 26 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) Draft Convention on the Harmonization of Frontier Checks*

50. On 23 February 1981, the Council decided that the Community should participate in the negotiations to draft the Convention on the Harmonization of Frontier Checks.

These negotiations are continuing within the ECE in Geneva, with the Community and its Member States negotiating on the basis of joint positions established within the Council.

- (ii) Development of a harmonized system for describing and codifying goods

51. The Member States and the Commission continued to take an active part, under an *ad hoc* negotiating procedure, in the work of the Customs Cooperation Council aimed at developing a harmonized system for describing and codifying goods. This work has now reached a very advanced stage.

*(c) Harmonization of customs legislation*

52. The importance which the Council has always attached to continuing the work on harmonizing customs legislation was confirmed by the adoption in 1981 of several directives and regulations.

In 1979 the Council established common rules for the importation of goods into the Community. Subsequently, on 24 February 1981 the Council adopted a directive on the harmonization of procedures for the export of Community goods.<sup>1</sup> This directive aims to ensure uniform implementation of the common policies concerning goods exported to third countries, in particular the measures adopted under the common agricultural policy, and in addition to eliminate distortions in the treatment of Community exporters resulting from the application of different rules depending on the Member State in which the export formalities are carried out.

This directive, like that relating to imports of goods, provides for a series of simplified procedures to be set up by the national administrations to take account of developments in customs techniques and in particular of the increasingly widespread use of data processing.

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<sup>1</sup> OJ L 83, 30.3.1981.

53. On 11 June 1981, the Council adopted a regulation<sup>1</sup> amending that of 31 March 1978 on proof of origin for certain textile products falling within Chapter 51 or Chapters 53 to 62 of the Common Customs Tariff and imported into the Community, and on the conditions for the acceptance of such proof. This regulation strengthens the means available to the Community to prevent fraud with regard to the origin of textile products, by instituting a procedure for exchanges of information between individual Member States and between them and the Commission.

54. On 24 June 1981 the Council adopted a directive<sup>2</sup> amending, consequent on the accession of Greece, Directive 79/695/EEC of 24 July 1979 on the harmonization of procedures for the release of goods for free circulation. This same directive was further amended by the directive which the Council adopted on 19 October 1981<sup>3</sup> with a view to speeding up the implementation of its provisions.

55. On 29 September 1981 the Council adopted a regulation on the implementation of the economic and control rules of the International Cocoa Agreement 1980.<sup>4</sup> The Community will now be able to fulfil the obligations imposed by this agreement, which was signed by the Community and the Member States and entered into force on a provisional basis on 1 October 1981.

56. By a regulation adopted on 19 October 1981<sup>5</sup> the Council made certain technical amendments to Regulation No 3237/76 of 21 December 1976 on the advance implementation of the technical annexes and the advance use of the specimen TIR carnet of the Customs Convention on the International Transport of Goods under cover of TIR carnets (TIR Convention), which was signed in Geneva on 14 November 1975.

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<sup>1</sup> OJ L 169, 26.6.1981.

<sup>2</sup> OJ L 183, 4.7.1981.

<sup>3</sup> OJ L 319, 7.11.1981.

<sup>4</sup> OJ L 279, 1.10.1981.

<sup>5</sup> OJ L 302, 23.10.1981.

57. On 17 November 1981, the Council adopted a regulation amending Regulations (EEC) No 1544/69, (EEC) No 2780/78 and (EEC) No 3060/78 on the tariff treatment applicable to goods contained in travellers' personal luggage or sent in small consignments to private individuals.<sup>1</sup> This regulation provides for increases in the allowances applicable to travellers and to small consignments from non-member countries, which with effect from 1 January 1982 are increased to 45 and 35 ECU respectively.

58. Lastly, on 15 December 1981 the Council adopted a regulation amending Regulation (EEC) No 222/77 on Community transit<sup>2</sup> with a view to making certain formalities connected with this system more flexible.

## **2. INDUSTRIAL AFFAIRS**

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

59. No new directives were adopted by the Council in 1981, owing to continuing disagreement about the conditions of access to the Community certification procedure for products originating in non-member countries. However, six directives were adopted amending earlier directives.

60. Three directives concerned the motor vehicles sector. These were the Directives of 20 July 1981<sup>3</sup> amending the Council Directives of 28 July 1977 relating to safety belts and restraint systems in motor vehicles, of 18 December 1975 relating to anchorages for motor-vehicle safety belts and of 22 July 1974 relating to the interior fittings of motor vehicles (strength of seats and of their anchorages).

The first two directives aim to extend to other categories of vehicles the requirement to fit safety belts, which hitherto has been limited to private cars. The third extends the scope of the previous directive to include seats which incorporate anchorages for safety belts.

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<sup>1</sup> OJ L 334, 21.11.1981.

<sup>2</sup> OJ L 383, 31.12.1981.

<sup>3</sup> OJ L 209, 29.7.1981.

61. In the textiles sector, on 17 February 1981 the Council decided to supplement Section 2 of Annex II to Directive 72/276/EEC on certain methods for the quantitative analysis of binary textile fibre mixtures<sup>1</sup> in order to establish analysis methods for products consisting of polypropylene and certain other fibres and products consisting of chlorofibres based on homopolymers of vinyl chloride and certain other fibres.

62. On 7 December 1981 the Council adopted a directive supplementing Directive 79/113/EEC on the approximation of the laws of the Member States relating to the determination of the noise emission of construction plant and equipment<sup>2</sup> by providing for a method of determining the airborne noise emitted to the operator's position by such machines.

63. Lastly, on 26 March 1981<sup>3</sup> the Council decided to defer to a later date the entry into force of its Directive of 26 June 1978 relating to the classification, packaging and labelling of dangerous preparations (pesticides), scheduled initially for 1 January 1981, and to wait until Annex II concerning classification by calculation had been updated and Annex III giving the list of active substances had been finalized.

*(b) Approximation of laws in the field of pharmaceutical products and veterinary medicines*

*(i) Pharmaceutical products*

64. On 24 June 1981 the Council adopted a directive amending the Directive of 12 December 1977 relating to the colouring matters which may be added to medicinal products.<sup>4</sup>

*(ii) Veterinary medicines*

65. On 28 September 1981<sup>5</sup> the Council adopted a directive relating to veterinary medicinal products and a directive on

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<sup>1</sup> OJ L 57, 4.3.1981.

<sup>2</sup> OJ L 376, 30.12.1981.

<sup>3</sup> OJ L 88, 2.4.1981.

<sup>4</sup> OJ L 183, 4.7.1981.

<sup>5</sup> OJ L 317, 6.11.1981.

analytical, pharmaco-toxological and clinical standards and protocols in respect of the testing of veterinary medicinal products.

The requirements of these directives are analogous with those for pharmaceutical products for human consumption and will contribute to better health protection because of the guarantees provided both at the testing stage and with regard to manufacture and marketing, the aim being to ensure the quality and effectiveness of veterinary medicinal products and, particularly as far as the consumer is concerned, the absence of harmful residues in the foodstuffs obtained from animals treated with these products. From the economic point of view these directives constitute a further step towards the objective of freedom of movement for veterinary medicinal products.

### **3. SECTORAL ACTIVITIES**

#### *(a) Shipbuilding: State aid*

66. On 20 January 1981, the Council extended the period of validity of the fourth directive until 31 March,<sup>1</sup> and subsequently, on 28 April 1981, it adopted a fifth directive on aid to shipbuilding.<sup>2</sup>

This directive is applicable until 31 December 1982 and, like the preceding one, aims to regulate the aid granted to the shipbuilding sector with a view to reorganizing this industrial sector in the Community. It prohibits aid for increases in capacity and authorizes, under certain conditions, aid for rescuing undertakings, for mitigating the social or regional effects of restructuring and for dealing with the crisis.

#### *(b) Micro-electronics technology*

67. Following up in a practical way its resolution of September 1979, on 7 December 1981 the Council adopted a regulation

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<sup>1</sup> OJ L 43, 14.2.1981.

<sup>2</sup> OJ L 137, 23.5.1981.



concerning Community projects in the field of micro-electronics technology,<sup>1</sup> a sector considered to be essential to the development and competitiveness of Community industry as a whole.

The first objective of this regulation is to encourage coordination at Community level of the activities undertaken by the Member States. To this end, it provides for the organization of an information and consultation system between the Member States and the Commission on all initiatives aimed at promoting the spread and development of micro-electronics technology and its application. The Member States are to provide the Commission with all relevant information on activities aimed at promoting applied industrial research and development connected with advanced integrated circuits, at facilitating the dissemination of basic knowledge and the training of staff, and finally at encouraging the establishment in the Community of an industry capable of designing and producing equipment and techniques for manufacturing advanced integrated circuits.

The second objective is to instigate the implementation of Community projects to supplement and reinforce the activities undertaken by the Member States. To this end, priority key projects will receive Community aid in the form of subsidies which will normally cover 30% of the cost but may be as much as 50% in certain cases. The appropriations required for this financial support will amount to 40 million ECU. These projects concern the following sectors: step and repeat on wafer, electronic beam for direct-writing on wafer, plasma etching and deposition, test equipment and computer-aided design (CAD) for very large scale integration circuitry (VLSI).

#### **4. IRON AND STEEL INDUSTRY**

68. During 1981 the Council gave particular attention to developments in the iron and steel sector.

Following the commitments it had entered into on 30 October 1980, in March 1981 the Council twice discussed progress on the restructuring of the iron and steel industry and

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<sup>1</sup> OJ L 376, 30.12.1981.

compliance with the Community rules on government aids and subsidies.

In a resolution of 27 March, which reiterates and amplifies the terms of a resolution of 3 March, the Council stressed, with regard to the producers, the need for strict discipline accompanied by a reduction in capacity and, in respect of the Member States, the aim of re-establishing in the medium term normal market conditions and gradually phasing out government aid. The essential principles of the competition policy underlying the new decision on aid due to enter into force after 30 June were thus defined.

As regards the social aspects, the Council reaffirmed that if unjustifiable burdens were imposed on certain categories of workers, appropriate social measures would have to be implemented to mitigate the effects of the reduction in capacity resulting from the restructuring process. To this end, the Council undertook to examine as quickly as possible appropriate social measures to be taken by the Community alongside the decisions on aid and restructuring.

At a meeting on 4 June 1981 the Council agreed to the extension for one year of the system of production quotas under Article 58 of the ECSC Treaty for hot-rolled coils and hot-rolled strip (Category I) as well as for derived products. Subsequently, on 24 June, the Council gave its assent to an arrangement covering the three aspects of European iron and steel policy: organization of the market, aid and social measures. The agreement reached provisionally was confirmed by a written procedure which was completed on 3 July 1981.

69. With regard to the organization of the market, in addition to the assent given on 4 June and the voluntary agreement on medium and heavy plate and universal plate (Category II) and heavy sections (Category III), the Council also gave its assent to extending for one year the application of the system of production quotas to reinforcing bars (Category V) and merchant bars (Category VI). This assent was formally given following a written procedure which was completed on 3 July 1981. In connection with the measures taken by the Commission to ensure better

control and more discipline on prices, the Council agreed to give its assent to a draft Commission decision extending to dealers the control measures regarding price discipline. This assent was given by written procedure on 3 July 1981.

70. As regards aid, the Council gave its assent to a draft Commission decision establishing Community rules for aids to the iron and steel industry; this constitutes a new aid code which covers both specific and general aid and will remain in force until 31 December 1985.<sup>1</sup>

This new code lays down the general and specific conditions with which such aid must comply to be regarded as Community aid and therefore compatible with the orderly functioning of the common market, i.e. that the restructuring programme should have the effect of reducing the overall production capacity of the undertaking or group of undertakings in receipt of aid, that it does not provide for an increase in capacity for the various categories of products for which there is not a growth market, and that the amount and level of the aid are progressively reduced.

In addition the decision determines the specific conditions of compatibility for the various types of aid, i.e. investment aid, aid for continued operation, emergency aid, and aid for research and development. It lays down time-limits for the progressive withdrawal of all these types of aid.

71. With regard to the social aspects, the Council gave its assent to an ECSC contribution under Article 56.2(b), for schemes for early retirement and short-time working carried out for a limited period and in connection with a restructuring programme.

The financial requirement was estimated by the Commission at 112 million ECU in 1981 and 100 million ECU for the years 1982-84. The Member States agreed to contribute directly to financing these schemes with an initial tranche of 50 million ECU. The decision on this was taken by the representatives of the governments of the Member States on 8 December 1981.

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<sup>1</sup> OJ L 228, 13.8.1981.

On 7 and 14 December the Council discussed the second tranche for 1981, which the Commission proposes to finance, in the same way as the contribution for 1982, by transfer from the general budget of the Communities to the ECSC under a Council decision based on Article 235 of the EEC Treaty.

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

### **1. FINANCIAL INSTITUTIONS**

#### *(a) Work in progress*

##### *(i) Periodic information*

72. The Council's subordinate bodies continued their examination of the proposal for a directive on periodic information which will be submitted to the Council for adoption.

##### *(ii) Collective investment undertakings (transferable securities)*

73. The Council's subordinate bodies continued their work on this subject.

##### *(iii) Three proposals for directives*

74. The Council is consulting Parliament and the Economic and Social Committee on proposals for directives on the following questions:

- the monitoring of credit institutions on a consolidated basis,
- coordinating the conditions for the drawing up, scrutiny and distribution of the prospectus to be published when securities are offered for subscription or sale to the public,
- the annual accounts of banks and other financial institutions.

### **2. LIBERAL PROFESSIONS**

#### *(a) Directive adopted*

75. At its 746th meeting on 14 December 1981 the Council adopted a directive supplementing Directives 75/362/EEC,

77/452/EEC, 78/686/EEC and 78/1026/EEC concerning the mutual recognition of diplomas, certificates and other evidence of formal qualifications for doctors, nurses responsible for general care, dental practitioners and veterinary surgeons respectively. Its purpose is to put all holders of such qualifications on an equal footing as regards acquired rights, by recognizing qualifications which do not meet the minimum training requirements laid down by the Community directives, obtained either before or after the date when these directives entered into force, provided training had begun before this date.

(b) *Work in progress*

(i) Doctors

76. At its 747th meeting on 15 December 1981 the Council approved a directive amending Directive 75/362/EEC concerning the mutual recognition of diplomas, certificates and other evidence of formal qualifications for doctors and laying down measures to facilitate the effective exercise of the right of establishment and freedom to provide services, and also Directive 75/363/EEC coordinating the provisions laid down by law, regulation or administrative action concerning the activities of doctors. The main aim of this directive is to enable the Member States to authorize or continue to authorize the part-time training of specialists, while making this type of training subject to stricter conditions than those at present allowed by Directive 75/363/EEC. The directive, which will be formally adopted early in 1982, will include a revision clause.

(ii) Transport agents

77. The Council continued its work on a directive concerning the right of establishment and freedom to provide services of transport agents. This directive provides for the mobility of persons with very varied occupations such as forwarding agents, shippers, travel agents, warehousemen or motor vehicle experts.

(iii) Architects

78. In its work on this matter the Council has still not managed to reach a unanimous conclusion. It should be stressed that the

new Member State of the Community has to gain familiarity with a matter which is complex and of importance to the members of the profession in that country.

(iv) Hairdressers

79. The Council's subordinate bodies are actively pursuing this matter with a view to producing a directive containing measures to facilitate the effective exercise by hairdressers of the right of establishment and freedom to provide services.

(v) Pharmacy

80. The Council began its technical examination of the texts submitted to it, namely:

- proposals for Council directives:
  - to coordinate the provisions laid down by law, regulation or administrative action concerning certain activities in the sphere of pharmacy;
  - on the mutual recognition of diplomas, certificates and other evidence of formal qualifications in pharmacy, including measures to facilitate the effective exercise of the right of establishment in respect of certain activities in the sphere of pharmacy;
- the draft Council decision setting up an Advisory Committee on the Training of Dispensing Chemists.

(vi) Commercial agents

81. The Council's subordinate bodies are actively pursuing this matter with a view to producing a directive concerning the coordination of Member States' legislation regarding (self-employed) commercial agents.

### **3. INSURANCE**

(a) *Work in progress*

Provision of services - Insurance other than life insurance

82. The Council is actively pursuing this matter with a view to adopting the directive as soon as possible.

(b) *Work to be undertaken*

(i) Insurance contracts

83. The Council's subordinate bodies are continuing their work on this matter on the basis of the Commission's amended proposal.

(ii) Credit insurance

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

#### 4. COMPANY LAW

*Work in progress*

85. During the year the Council's subordinate bodies continued their examination of the following proposals for directives:

- seventh Council directive based on Article 54.3(g) of the EEC Treaty concerning consolidated group accounts;
- eighth Council directive based on Article 54.3(g) of the EEC Treaty concerning authorization of the persons responsible for the statutory audit of the annual accounts of certain types of company.

They also continued work on the draft directive on scissions of limited companies.

In addition they started discussions on the amended proposal for a Council regulation setting up a European cooperation grouping.

On the basis of Article 220 of the EEC Treaty an *ad hoc* group was formed to start work on the draft convention on bankruptcy, legal settlements and similar procedures.

## **C – Intellectual property**

### **1. COMMUNITY PATENT**

86. Coreper discussed the problems arising from the delay in the ratification of the Luxembourg Convention on the part of certain Member States.

87. The Greek authorities were contacted concerning the accession of Greece to the Luxembourg Convention.

As part of the negotiations on the accession of Spain and Portugal, the Community asked these countries to agree to subscribe to this convention, which forms part of the *acquis communautaire*.

88. Only Working Parties II and III held meetings during 1981.

Working Party II, which deals with the procedures laid down in the Luxembourg Convention, studied the comments of the interested parties on the draft directives relating to the procedures to be followed in the special departments of the European Patent Office.

Working Party III (on infringements) continued its discussions on the development of a judicial system to deal with disputes relating to Community patents. In particular it discussed in detail a system whereby national courts could decide on the non-validity of a Community patent with regard to the *inter partes* effects only.

### **2. TRADE-MARK LAW**

89. Pending the opinion of the European Parliament, the Council's subordinate bodies started their technical examination of the Commission's proposals for approximating national laws on trade marks and creating a Community trade mark.

### **3. UNION OF PARIS CONVENTION FOR THE PROTECTION OF INDUSTRIAL PROPERTY**

90. The second session of the diplomatic conference for the revision of the Paris Convention for the Protection of Industrial



Property was held in Nairobi from 28 September to 24 October 1981. The Member States of the Community acted jointly within Group B and at the Conference itself - both during the preparatory work and throughout the session - in accordance with a Council Decision of 29 January 1980.

The negotiations mainly concerned the special measures that the developing countries would be authorized to take when the holder of a patent exploits his invention insufficiently or not at all on their territory.

At the end of the Conference broad agreement was reached on the basic principle involved, with the United States having reservations on the solutions adopted. There were also divergences of opinion regarding the possibility of extending these special measures to countries other than the developing countries.

It is planned to hold a third session of the Conference in Geneva in November 1982.

#### **4. OLYMPIC SYMBOL**

91. A diplomatic conference took place in Nairobi on 24 and 25 September 1981 which led to the conclusion of a treaty for the protection of the Olympic symbol, which it is prohibited to register or use as a trade mark without the authorization of the International Olympic Committee. The Member States negotiated the inclusion of a clause safeguarding the free movement of goods and services within the Community.

### **D — Industrial affairs**

#### *Liability for defective products*

92. The Council's subordinate bodies 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**

93. During 1981 the Council devoted nine meetings to economic and financial questions.

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

94. One of the Community's key objectives is to strengthen the cohesion of the Member States' economies. Given widely differing inflation rates from one Member State to another, the considerable increase in unemployment and the reduced growth rate following the energy crisis required the Council's full attention during the period under review. A joint meeting with the Ministers for Social Affairs was specially devoted to studying employment problems.

At each meeting the Council of Ministers for Economic Affairs and Finance studied the economic situation in the Community in order to direct the actions of the governments towards Community objectives.

In particular, on 16 March, 6 July and 14 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 between the economic policies of the Member States.<sup>1</sup>

When it made its first examination the Council confirmed the economic policy guidelines for 1981 which it had laid down on 15 December 1980.<sup>2</sup> At the same time the Council approved the economic policy guidelines for Greece for 1981, having previously agreed to lay down the first economic policy guidelines for Greece after its accession.<sup>3</sup>

In its second examination, which was mainly concerned with the budgetary policy of the Member States, the Council took note of the quantitative guidelines for the 1981 national budgets.

When the Council carried out its third examination 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 1982.<sup>4</sup>

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

95. The EMS continued to ensure the cohesion of the currencies in the system and thus constituted an element of stability in the international monetary system. However, it became necessary to realign the currencies in the system to take account of the divergences in economic performance between the different Member States, particularly regarding prices and the balance of payments.

On 23 March 1981 the Italian lira was devalued by 6% against all the other EMS currencies.

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<sup>1</sup> OJ L 63, 5.3.1974.

<sup>2</sup> OJ L 375, 31.12.1980.

<sup>3</sup> OJ L 211, 31.7.1981.

<sup>4</sup> OJ L 385, 31.12.1981.

On 5 October 1981 the Deutschmark and the guilder were revalued by 5.5% and the French franc and the Italian lira were devalued by 3% in relation to the Danish krone, the Belgian and Luxembourg francs and the Irish pound.

In order to maintain the intervention and credit arrangements decided on at the beginning of 1979 when the EMS was launched, the Council extended the validity of the machinery for medium-term financial assistance to 31 December 1982<sup>1</sup> and the central banks extended for a further two-year period their agreement of 13 March 1979 laying down the operating procedures for the EMS.

(c) *Community loans*

96. The Community loans mechanism set up in 1975<sup>2</sup> to support the balance of payments of Member States was adjusted on 16 March 1981.<sup>3</sup> The aim of this adjustment was to increase the effectiveness of this machinery and to simplify the procedures for implementing it. The amount outstanding of the principal of borrowings authorized by the Regulation of 16 March 1981 was increased to a maximum of 6 000 million ECU.

(d) *New financial instrument*

(i) *Renewal of the instrument*

97. In October 1978 the Council decided to implement a new financial instrument to make an additional contribution to investment in the Community. This decision empowered the Commission to contract loans up to 1 000 million ECU to finance, in close collaboration with the EIB, investment projects in the infrastructure, energy and industry sectors.<sup>4</sup>

Since the finance made available by this 1978 decision had been exhausted, on 19 October 1981 the Council gave its assent

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<sup>1</sup> OJ L 375, 31.12.1980.

<sup>2</sup> OJ L 46, 20.2.1975.

<sup>3</sup> OJ L 73, 19.3.1981.

<sup>4</sup> OJ L 298, 25.10.1978.

to a new decision enabling the NCI to continue operating on the same terms as under the previous decision.

The Council's decision in principle was forwarded to Parliament so that it could, if it wished, enter into a conciliation procedure with the Council. Consequently the final decision cannot be taken until Parliament has given its consent.

(ii) Aid granted by way of exception for the regions affected by the Italian earthquake

98. In November 1980 the regions of Campania and Basilicata were devastated by an earthquake. To mitigate the effects of this disaster on the economic and social situation there, on 20 January 1981 the Council decided to contribute to the reconstruction programme of the stricken areas by means of loans with interest rate rebates.<sup>1</sup> This decision authorized loans for Italy of up to 1 000 million ECU.

The Commission was empowered to borrow, on behalf of the Community, the funds required on the money markets under the terms of the new financial instrument. The total was subject to deduction in respect of any operations for the same purpose carried out by the EIB out of its own resources. The loans enjoy a rebate of 3% per annum for a maximum period of 12 years, which is chargeable to the budget of the European Communities.

(iii) Aid granted by way of exception to stricken areas in Greece

99. On 14 December 1981<sup>2</sup> the Council decided to grant aid by way of exception, similar to that granted to Italy, for the regions in Greece which had been stricken by earthquakes in February and March 1981. The authorized amount for the principal of these loans totalled 80 million ECU. The interest rebate is at a rate of 3% per annum for a maximum period of 12 years.

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<sup>1</sup> OJ L 37, 10.2.1981.

<sup>2</sup> OJ L 367, 23.12.1981.

*(e) International monetary problems*

100. The Council did some preparatory work for the meetings of the Interim Committee and for the Annual Assembly of the International Monetary Fund and 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.

With a view to the Western economic summit, which was held in July 1981 in Ottawa, the Council held a policy discussion on the problems which were liable to be discussed at the summit and suggested that the participants should base their approach on the attitude taken by the European Council towards the problems caused by current interest levels and exchange rates and their instability, which were a severe threat to economic recovery in the Member States.

*(f) Protective measures taken by the Italian Government*

101. On 27 May 1981 the Italian Government took protective measures under Article 109 of the Treaty to limit the speculative creation of stocks and so encourage a readjustment in the Italian balance of payments, which had seriously deteriorated. These measures laid down that for certain payments abroad 30% of the equivalent amount in Italian lire must be deposited with the Central Bank.

Following an exchange of views within the Council, on 15 June 1981 the Commission addressed a recommendation to the Italian Republic regarding the economic policy measures which might help overcome its difficulties. Following a second exchange of views within the Council, on 17 September 1981 the Commission authorized the Italian Republic to maintain in force the requirement of a deposit when purchases of foreign currencies were made, and at the same time laid down the arrangements for applying these measures and the timetable for withdrawing them.<sup>1</sup>

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<sup>1</sup> OJ L 296, 15.10.1981.

## 2. TAX HARMONIZATION

102. Work in the tax sector was mainly concentrated on the problem of harmonizing excise duties on alcoholic beverages. Two meetings of the Council of Ministers responsible for fiscal matters were devoted to this matter, on 22 September and 21 October 1981. In spite of a series of attempts to find a compromise solution, at its meeting on 21 October the Council was forced to conclude that it was unable to reach agreement on this problem.

103. During 1981 the Council also continued its work on extending the system of tax-free allowances. On 17 November 1981 the Council adopted two directives increasing the tax-free allowances applicable to travellers between the Community and third countries and to imports of small consignments of a non-commercial character. As from 1 January 1982 all travellers entering the Community from a non-member country will be able to bring goods in up to a maximum value of 45 ECU without paying VAT or excise duty. For small parcels sent from one private individual to another the ceiling is 70 ECU if the consignment is from another Community Member State, and 35 ECU if from a non-member country.

The Council also continued its examination of the three proposals for directives relating respectively to tax exemptions for travellers within the Community, the temporary importation of means of transport, and the permanent importation of personal effects on a change of residence. However, this work is not yet complete.

104. In the sphere of direct taxation, the Council continued its examination of the proposal relating to the establishment of an arbitration procedure to eliminate double taxation on associated undertakings. A number of technical problems were encountered regarding this proposal, and the Permanent Representatives Committee has been asked to examine these.

105. Lastly, on 3 November 1981 the Council adopted a decision authorizing Italy to make a temporary derogation from the system of VAT, with a view to exempting certain goods supplied as aid to the victims of the earthquakes which occurred in the south of Italy in November 1980.



### **3. CREDIT INSURANCE, CREDIT GUARANTEES AND FINANCIAL CREDITS<sup>1</sup>**

106. During 1981 priority was given to the problem of revising the Arrangement concerning the guidelines for export credits supported by public funds, which entered into force on 1 April 1978.

The steep rise in interest rates on the money markets in fact raised the question of whether the minimum interest rates laid down in the Arrangement, which had been raised by a modest amount with effect from 1 July 1980, should not be raised again and by a more substantial amount.

107. It had not been possible to achieve this objective when the parties to the Arrangement met in December 1980, since the increases proposed by the Community had been considered inadequate by certain parties. In addition a new problem had arisen, in that some countries were giving government support for their exports while their market rates were below the minimum levels laid down in the Arrangement.

108. The guidelines for negotiating a revision of the Arrangement, which were adopted by the Council at its meeting on 28 September 1981, were a significant factor when negotiations between the parties were resumed at the beginning of October 1981.

A compromise solution was then reached, the main feature of which was a substantial increase in the minimum interest rates for a period of six months beginning on 16 November 1981. The amendments to the text of the Arrangement which this entailed were adopted, as regards the EEC, by a Council Decision, also dated 16 November 1981.

109. Certain amendments were made to the procedures relating to the OECD Arrangement on export credits for ships. Under a Decision dated 28 April 1981 the Council adopted the revised text of the Arrangement as regards the EEC. This decision was initially valid until 31 July 1981 and was extended for a further six months by a Council Decision dated 21 July 1981.

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<sup>1</sup> None of the decisions mentioned was published in the OJ.

110. Without prejudice to the important contribution which the Community thus made to international efforts to produce more closely defined rules in the sphere of export credits, the use of the Community consultation procedure under Council Decision 73/391/EEC of 3 December 1973 provided an opportunity to study the possible implications of the proposed terms of credit for all planned transactions extending over more than five years. In a number of cases there were also detailed exchanges of views on assessing the risks in various client countries.

Lastly, work has begun more recently on seeking improved formulas for cooperation on insurance matters between the competent bodies in the Member States when export operations involving credit are carried out jointly by exporters from a number of Member States.

## **B – Social policy**

### **1. GENERAL REMARKS**

111. During 1981 the Council concentrated mainly on the problems of unemployment, on drawing up new standards in the sphere of worker protection, and on amending and extending the scope of Community regulations on social security. Confirming the practice of previous years, the Ministers for Social Affairs of the Member States and the Commission met informally at Kijkduin, in the Netherlands, on 6 and 7 April 1981 and in London on 24 and 25 September 1981 to exchange views on current problems and future trends in social policy and employment.

112. In addition the Dutch Presidency called – for the first time – a joint meeting of the Council attended by the Ministers for Labour together with the Ministers for Economic Affairs and Finance so that a wider discussion could be held on economic problems with particular reference to the current employment situation and future prospects.

113. The Standing Committee on Employment met twice in Brussels, on 19 May and 3 November 1981.

## 2. EMPLOYMENT POLICY AND THE EUROPEAN SOCIAL FUND

### (a) *Communication from the Commission on 'problems of unemployment — points for examination'*

114. At its meeting on 10 June 1981 the Council held a thorough exchange of views on unemployment problems in the Community, on the basis of the communication from the Commission. This exchange of views also enabled the Ministers for Labour to determine the points they would raise at the joint Council meeting on economic, financial and social affairs on 11 June 1981.

### (b) *Higher rate of intervention by the Social Fund for operations in Greece*

115. Following its discussions on 10 June 1981, on 13 July 1981 the Council adopted the regulation concerning operations qualifying in Greece for a higher rate of intervention by the European Social Fund.<sup>1</sup> This regulation extends to all operations carried out in Greece with the help of the Fund the higher rate of intervention provided for in Article 8(3) of Decision 71/66/EEC<sup>2</sup> as amended by Decision 77/801/EEC.<sup>3</sup> It is understood that this provisional measure will apply until the new provisions relating to the Fund enter into force following the review which is to be made by the end of 1982, and that it will not prejudice any measures which may be enacted at a later date or in another context.

### (c) *Ninth report on the European Social Fund*

116. At its meeting on 8 December 1981 the Council took note of the ninth report presented by the Commission on the European Social Fund (covering the financial year 1980) and of the comments made by the delegations.

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<sup>1</sup> OJ L 194, 17.7.1981.

<sup>2</sup> OJ L 28, 4.2.1971.

<sup>3</sup> OJ L 337, 27.12.1977.

(d) *Commission report on aid for the employment of young people*

117. At its meeting on 10 June 1981 the Council took note of the Commission's report on the initial results obtained in granting two new types of aid from the European Social Fund for the employment of young people, and of the comments by the delegations and the Commission representative on this report.

**3. IMPROVEMENT OF LIVING AND WORKING CONDITIONS**

(a) *Equal treatment for men and women*

118. At its meeting on 10 June 1981 the Council took note of the Commission's report on progress as at 10 August 1980 in implementing the principle of equal treatment for men and women<sup>1</sup> and of the various comments on this matter from the delegations, and agreed on a number of conclusions in which the Council:

- recognized the value of such a report, which contained much useful information on the present situation in the Member States as regards implementation of the principle of equal treatment;
- considered that application of this principle should be assessed in the context of the Member States' own legal systems and structures;
- recalled Parliament's significant contribution to the consideration of problems affecting women in the European Community;
- emphasized the considerable efforts made by the Member States to eliminate discrimination between men and women and noted that a satisfactory basis had been laid for future development;

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<sup>1</sup> Directive 76/207/EEC of 9 February 1976 on the implementation of the principle of equal treatment for men and women as regards access to employment, vocational training and promotion, and working conditions: OJ L 39, 14.2.1976.

- noted that Community action, particularly the directives adopted by the Council on equal treatment for men and women,<sup>1</sup> had made an effective contribution to the process, which should be continued in order to eliminate such discrimination as still remained and make good any omissions that might become apparent;
- expressed the wish that efforts to achieve a more even balance between men and women at different levels of responsibility should be encouraged, particularly in Community bodies;
- invited the Member States and the Commission to cooperate actively in bringing about full implementation of the principle of equal treatment in the best possible conditions.<sup>1</sup>

*(b) Social integration of the handicapped*

119. At this meeting on 8 December 1981 the Council and the Ministers for Labour and for Social Affairs meeting within the Council adopted a resolution on the social integration of handicapped persons.<sup>2</sup> The Community wished in this way to mark the International Year of the Disabled by a political act which would demonstrate its commitment to this group of people.

The resolution is based on the Commission's communication of 29 October 1981 on the social integration of disabled people, and is in line with the Council Resolution of 27 June 1974 establishing the first Community action programme for the vocational rehabilitation of handicapped persons<sup>3</sup> and with the conclusions adopted by the Council on 9 June 1980 concerning the further implementation of this programme. It

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<sup>1</sup> Directive of 10 February 1975 on the application of the principle of equal pay: OJ L 45, 19.2.1975; abovementioned Directive of 9 February 1976 on the implementation of the principle of equal treatment for men and women as regards access to employment, vocational training and promotion, and working conditions; Directive of 19 December 1978 on the progressive implementation of the principle of equal treatment for men and women in matters of social security: OJ L 6, 10.1.1979.

<sup>2</sup> OJ C 347, 31.12.1981.

<sup>3</sup> OJ C 80, 9.9.1974.

comprises an invitation to the Member States to continue and, if possible, increase their efforts in certain specific spheres and it invites the Commission to set up a network of selected development projects with a view to promoting optimum coordination between activities undertaken at local level.

*(c) Protection of workers against the hazards of exposure to lead*

120. During 1981 the Council actively pursued its work on the proposal for a directive concerning the protection of workers against hazards linked to exposure at work to metallic lead and its ionic compounds. A great deal of work was involved because of the complexity of the problems raised by these provisions, and also because the proposal, which was presented before the above-mentioned Directive of 27 November 1980 was adopted, had to be coordinated with this directive. In addition a detailed examination of the technical aspects of the proposal was necessary in connection with the implementation of procedures for atmospheric monitoring and biological monitoring of workers.

At its meeting on 8 December 1981 the Council was able to discuss the main problems raised by this proposal for a directive, i.e. those relating to protection levels. Although a large measure of agreement was reached on the draft the Council was unable at this meeting to reach general agreement on all the aspects under discussion. This should be possible during the first half of 1982.

*(d) Protection of workers against risks related to exposure to asbestos*

121. A start was made on actively examining the Commission's proposal during the second half of 1981. While the complexity of the subject prevented the Council's subordinate bodies from completing their work, substantial progress has already been made on a number of major problems raised by this proposal concerning:

- the wording of the protection instrument;
- measures for the individual protection of workers exposed to asbestos;

— medical monitoring of these workers.

Following its discussions on 8 December 1981 the Council reaffirmed its concern and political will to adopt within the near future this proposal for a directive, which was of considerable importance for the protection of a large number of workers exposed to asbestos.

*(e) Relation between safety standards  
and technical standards*

122. At its meeting on 10 June 1981 the Council took note of the communication from the Danish delegation on the relation between safety standards at the place of work and standards relating to removing technical barriers and of the statements of the delegation on this matter.

The Council recognized the importance of the aim of protecting workers who used products which enjoyed free movement within the Community, which was the idea behind the Danish communication, and, at the Commission's invitation, took note of the latter's intention of forwarding a communication on this matter. As specified at the meeting of the Council on 8 December 1981, this communication would have to be forwarded in good time in the first half of 1982 to enable the Council to discuss it at its next meeting on social matters.

#### **4. SOCIAL SECURITY FOR MIGRANT WORKERS**

123. The Community regulations have been in force for a number of years, and the Council's work on this matter during 1981 was concerned with extending the social security systems to self-employed workers moving within the Community, and also with adjustments or additions to Community regulations governing social security which have been found necessary in the light of experience.

*(a) Extension of social security systems  
to self-employed persons*

124. The Council managed to complete the work in this sphere on which it has been engaged for several years. On the basis of its

decision in principle on 27 November 1980,<sup>1</sup> on 12 May 1981 the Council adopted Regulation (EEC) No 1390/81 extending to self-employed persons and members of their families Regulation (EEC) No 1408/71.<sup>2</sup> The Council then turned to the adjustments required to Regulation (EEC) No 574/72 laying down the procedures for implementing the abovementioned Regulation (EEC) No 1408/71, so that the new rules could take effect. As soon as the Commission forwarded its proposal, in November 1981, to extend the provisions of the implementing regulation and its annexes (Regulation (EEC) No 574/72) to self-employed persons, work started within the Council and all the problems raised by this proposal for a regulation were quickly resolved. The Council's amendments to Regulation (EEC) No 574/72 were adopted at its meeting on 8 December 1981.

The text of the new regulation was published in the Official Journal.<sup>3</sup> All the rules and regulations on self-employed persons, comprised in the basic regulation and the implementing regulation, can now enter into force simultaneously six months later, i.e. on 1 July 1982.

(b) *Technical adjustments*

125. In the course of amending Community regulations on the basis of experience acquired in the sphere of social security for migrant workers, which has been in effect for several years, on 17 September 1981 the Council adopted a regulation amending Regulations No 1408/71 and 574/72.<sup>4</sup> The main aim of the amended regulation is to resolve certain difficulties which have arisen in the past in implementing Community regulations with regard to sickness insurance. It was necessary to put an end to certain abuses which were liable to arise in implementing Community provisions governing sickness insurance schemes. The amendment limits the right of any persons covered by

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<sup>1</sup> See 28th Review, paragraph 104.

<sup>2</sup> OJ L 143, 29.5.1981.

<sup>3</sup> Regulation (EEC) No 3795/81: OJ L 378, 31.12.1981.

<sup>4</sup> Regulation (EEC) No 2793/81: OJ L 275, 29.9.1981. See also 28th Review, paragraph 109.



Regulation (EEC) No 1408/71 to receive treatment in a Member State other than that in which they are insured, to cases which fulfil the following two conditions:

- that the legislation of the Member State of residence provides for the treatment desired, and
- that this treatment cannot be given in time in the country of residence.

It should also be noted in this context that the Council agreed to re-examine at a later date, on the basis of a report from the Commission, the experience gained in implementing these new provisions with a view to determining their effects compared with the protection provided before they entered into force and deciding whether they should be revised in any way. In addition the amended regulation comprises certain amendments to the annexes to the two abovementioned regulations, because of changes which have been made in the national laws of the Member States.

(c) *Unemployment and early retirement benefits*

126. During 1981 the Council's subordinate bodies also actively sought solutions for the outstanding difficulties regarding the proposal for a regulation amending, for the benefit of unemployed workers, Regulation (EEC) No 1408/71,<sup>1</sup> with the main aim of introducing two measures, namely:

- the maintenance of the right to unemployment benefit in the event of a transfer of residence, and
- 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.

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<sup>1</sup> See 28th Review, paragraph 108.

At its meeting on 8 December 1981 the Council made a detailed examination of these problems on the basis of overall compromise solutions put forward by the Presidency and by the Commission.

Since these suggestions, taken as a whole, did not meet with unanimous agreement, the Council instructed the Permanent Representatives' Committee to continue its work on this matter and, on the basis of these suggestions for a compromise, to seek the most appropriate solutions to the problems raised by this proposal.

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

127. At its meeting on 27 July 1981 the Council approved the text of the Community's position with a view to implementing the provisions in the field of social security contained in the Cooperation Agreements with the Maghreb countries and the additional Protocol to the Agreement with Portugal. Basically this text recommends the adoption of a decision by the Cooperation Councils (and as regards Portugal by the Joint Committee) on extending social security schemes to nationals of the Community engaged in gainful employment in Tunisia, Morocco, Algeria or Portugal, and to Tunisian, Moroccan, Algerian and Portuguese nationals moving within the Community.

**5. MATTERS CONNECTED WITH THE ILO**

128. As usual the government delegations of the Ten, 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 1981 session of the International Labour Conference. As in the past, this enabled the delegations to make material contributions adopted by the Conference and to exert considerable influence.

The work of coordination mainly concerned the following matters: health and safety of workers and working environment, equal opportunities and treatment for workers of both sexes,

promotion of collective bargaining, preservation of the rights of migrant workers to social security benefits, and termination of employment by the employer.

With a view to the June 1982 session, in September and November 1981 the delegations coordinated their positions on the two last-mentioned questions and also on the question on the vocational rehabilitation of the disabled.

## **6. INFORMATION INSTRUMENTS**

### *Surveys and statistics*

129. At its meeting on 10 June 1981 the Council adopted Regulation No 1596/81 relating to the organization of a survey of labour costs in industry, wholesale and retail distribution, banking and insurance.<sup>1</sup>

This survey is one of the periodical surveys on labour costs and workers' earnings. It will be carried out in 1982 on the basis of data relating to 1981.

With regard to Directive 73/403/EEC on the synchronization of general population censuses, which laid down that between 1 March and 31 May 1981 all the Member States should carry out such a census, in June and December 1981 the Council adopted directives allowing the Federal Republic of Germany<sup>2</sup> and Italy<sup>3</sup> to put back the date for their surveys (a similar exception having been made for France in March 1980<sup>4</sup>) and exempting the Netherlands<sup>2</sup> from implementing the provisions of Directive 73/403/EEC, in view of the serious difficulties which had arisen in these countries regarding this matter.

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<sup>1</sup> OJ L 159, 17.6.1981.

<sup>2</sup> OJ L 385, 31.12.1981.

<sup>3</sup> OJ L 165, 23.6.1981.

<sup>4</sup> OJ L 90, 3.4.1980.

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

### *Standing Committee on Employment*

130. The Committee held its 21st meeting on 19 May 1981 under the chairmanship of Mr Albeda, Netherlands Minister for Social Affairs. This was devoted to unemployment problems with a view to the joint meeting of the Council on 11 June 1981 between the Ministers for Economic and Finance and the Ministers for Employment and Social Affairs.

The theme of the 22nd meeting of the Committee, held on 3 November 1981 under the chairmanship of Mr Tebbit, United Kingdom Secretary of State for Employment, was 'New technologies and social change'.

## **8. ECSC AIDS**

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

131. In compliance with Article 56 (2a) of the ECSC Treaty, the Council received from the Commission some 30 requests for its assent to enable the Commission to arrange for the productive re-employment of ECSC workers who were unemployed or threatened with redundancy by granting loans either to undertakings for conversion purposes or to financial bodies in the form of overall loans.

The Council agreed to these requests at its meetings in March, September, October and December 1981, and authorized the abovementioned loans for amounts ranging from 1.66 to 29.32 million ECU.

### *(b) Aids for social research work*

132. At its meeting on 10 June 1981 the Council gave its assent, under Article 55.2(c) of the ECSC Treaty, for the Commission to implement the fourth medical research programme entitled 'Effects on the health of workers of physical and other occupational factors at the work place'.<sup>1</sup>

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<sup>1</sup> OJ C 175, 16.7.1981.

## **C – Regional policy**

### **1. FIRST PERIODIC REPORT ON THE SITUATION AND SOCIO-ECONOMIC DEVELOPMENTS IN THE REGIONS**

133. On 22 December 1980 the Commission forwarded to the Council its first periodic report on the economic and social situation in the Community.

This report, drawn up by the Commission in accordance with the provisions of the Council Resolution of 6 February 1979,<sup>1</sup> follows the 1973 report on the regional problems of the enlarged Community (the Thomson Report) and covers the period 1970-77, which will be remembered for the economic crisis of the mid-1970s.

The Council took note of this report and of the comments made on it by the delegations.

### **2. SIXTH ANNUAL REPORT OF THE ERDF**

134. On 24 July 1981 the Commission forwarded to the Council the sixth report (for 1980) on the European Regional Development Fund. As in the case of the preceding reports, this report covers developments in regional policy during the period under review, i.e. 1980, and goes on to analyse Regional Fund expenditure.

Of the aid from the 'quota' section, which represents 95% of the Fund's resources, 74% went to infrastructure projects and 26% to manufacturing and service industry investments, which should create or maintain 60 000 jobs. The budgetary funds available in 1980 were practically all used.

In the 'non-quota' section, the first special programmes were submitted by the Member States and approved by the Commission.

The Council also took note of this report and of the comments of the delegations.

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<sup>1</sup> OJ C 36, 9.2.1979.

### **3. CATEGORIES OF INFRASTRUCTURE TO WHICH THE EUROPEAN REGIONAL DEVELOPMENT FUND MAY GRANT ASSISTANCE IN THE REGIONS AIDED BY THE FUND**

135. The Commission also forwarded to the Council, on 20 February 1981, a communication on the categories of infrastructure to which the European Regional Development Fund may grant assistance in the various regions aided by the Fund.

The Council's subordinate bodies began their examination of this communication but decided to continue this work in conjunction with the revision of the ERDF regulation.

### **4. NEW GUIDELINES AND PRIORITIES FOR REGIONAL POLICY**

136. In the light of the analysis given in the periodic report the Commission advised the Council of the priorities and guidelines which should be adopted for Community regional policy, the conclusion being that the financial instrument of regional policy should be concentrated to a greater degree on the major problems.

In its report on the mandate of 30 May 1980 the Commission had put forward broad proposals along these lines. Its new communication develops these ideas, with a view in particular to preparing for the forthcoming revision of the regulation establishing the ERDF.

These guidelines lay down that, in the main, absolute priority should be given to creating new productive jobs. To this end it is proposed to concentrate more funds from the 'quota' section on the regions which are worst affected by structural underdevelopment.

An increase in funds for the 'non-quota' section would also be appropriate, so that it could take action in the regions most affected by the current serious problems of industrial decline or the effects of certain Community policies. There should be closer coordination of ERDF operations with those financed through other financial instruments (in particular the Social Fund), for example in the form of combined projects.

A further important point was the necessity for cohesion between regional policy and the other Community policies.

There should be closer coordination of Community regional policy and national regional policies. Regional development programmes should become more operational. Community control over national aid for regional purposes should be concerned with ceilings and the amount of aid.

Lastly it was proposed that the Community should gradually move towards co-financing programmes instead of supporting individual projects.

The work done within the Council enabled the delegations to take note of these guidelines, although they did not always agree with all the recommendations they contained.

## **5. REVISION OF THE REGULATION ESTABLISHING THE ERDF**

137. To adapt the Regional Fund to the new guidelines and priorities regarding regional policy as mentioned above, on 29 October 1981 the Commission forwarded to the Council its proposal for a Council regulation amending Regulation (EEC) No 724/75 establishing a European Regional Development Fund.

The Council's subordinate bodies have begun their examination of this important proposal for a regulation, which cannot be completed until some time in 1982.

## **D – Energy**

### **1. DEVELOPMENT OF A COMMUNITY ENERGY POLICY**

#### *(a) Objectives*

138. At its meeting on 3 March 1981 the Council held an exchange of views on the first Commission report on the energy objectives for 1990 and Member States' investment programmes, on which the Council had adopted a resolution<sup>1</sup> at its meeting on 9 June 1980.

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<sup>1</sup> OJ C 149, 18.6.1980.

In this report the Commission analysed the progress made in pursuing the Community's energy policy objectives for 1990 and in the Member States' investment programmes.

Following this exchange of views, the President of the Council arrived at the following conclusions:

- Some progress was to be noted in the pursuit of the objectives which the Council had adopted in its resolution of 9 June 1980.
- However, the actual achievement of these objectives would require several Member States to intensify their efforts in the power-station sector, with more rapid substitution of solid fuels for oil and/or by stepping up nuclear programmes; and in the field of energy saving, whether in the domestic sector, industry or transport.
- The Council emphasized the importance in the short and medium term of indigenous primary sources of energy, including oil, gas, coal and nuclear energy, for the overall balance of payments of the Community.
- The Council also emphasized the need to prepare for the period beyond 1990 by actively developing renewable energy sources.
- The Council invited the Commission to examine the possible need to go further than the investment levels currently fixed in order to achieve the common objectives, and, if necessary to propose the measures to be taken to attain them, including informing the public of the likely economic benefits of such investments.
- The Council confirmed the leading role of energy price transparency and emphasized the importance it attached to the communication which the Commission intended to submit to it shortly on pricing policy geared to the energy objectives.



*(b) Investment in the energy sector*

139. On 16 June 1981 the Commission forwarded to the Council a working paper on this subject. The Council had a brief exchange of views on this document at its meeting on 24 June 1981, as a result of which the President arrived at the following conclusions:

- The Council emphasized the importance of a coordinated investment effort to reduce the Community's vulnerability in the energy sector and, in particular, to reshape demand.
- While recognizing the inflationary effect which over-rapid investment might have, the Council nevertheless felt that high priority should be given to investment in the energy sector, accompanied by a suitable prices policy.
- The Council noted that the Commission was to continue its sectoral analysis of the Member States' policies and of their effect (i) on the energy sector in general and (ii) on the rational use of energy and the diversification of energy sources in particular.
- This analysis would serve as a basis for Commission proposals aiming at tightening up the coordination of national financial support measures and providing facilities for financial contributions by the Community.

*(c) Energy prices: policy and transparency*

140. On 30 September 1981 the Commission forwarded to the Council a communication on energy pricing policy and transparency containing a draft Council resolution. Following a thorough exchange of views on this communication the Council asked the Permanent Representatives' Committee to continue the examination of this matter on the basis of a document entitled 'Draft conclusions of the Council on pricing policy' presented to the Council by the Commission and in the light of the positions adopted by the various delegations.

At its meeting on 3 December 1981 the Council adopted conclusions in which it:

- emphasized the particular importance which it attached to energy pricing as an essential element of the energy strategy of the Community and of its Member States;
- reaffirmed the need for all Member States to observe the principles agreed by the Council in June 1980, namely the following:
  - consumer prices should reflect representative conditions on the world market, taking account of longer-term trends;
  - one of the factors determining consumer prices should be the cost of replacing and developing energy resources;
  - energy prices on the market should be characterized by the greatest possible degree of transparency.

In pursuing the implementation of these principles, the Council declared that:

- Consumer prices must permit an adequate level of investment in energy supply and encourage energy efficiency; to this end they must not be kept at artificially low levels and thereby prevented from providing reliable market signals.
- Government policies which contribute to the formation of energy prices must take account of the need for a realistic reflection of market trends. Differences in pre-tax energy prices within the Community may arise from the existence of a genuine competitive advantage (arising, for example, from favourable location, prudent investment, superior productivity or specific market conditions) or alternatively from the existence of priorities consistent with the Community's own energy objectives, in particular the objective of reduced dependence on oil. Any differences which do not correspond to these guidelines must be clearly identified and, to the extent that they arise from differences in public policy, progressively reduced.
- The Council reaffirmed that transparency is a necessary and urgent condition for the implementation of the above

principles. This means that consumers should have adequate access to information on energy prices and on the methods by which both prices and tariffs are determined. Although satisfactory progress had been made in recent years, transparency remained insufficient in a number of important areas. The Council noted the Commission's plans for future work on the improvement of transparency. It invited the governments of the Member States to cooperate with the Commission in clarifying transparency aims and in defining appropriate procedures to improve transparency.

It invited the Permanent Representatives Committee to examine the Commission communication, to analyse further the issues involved, and to submit before the end of February a report to the Council with appropriate proposals for the further elaboration of the principles set out in the second paragraph, notably as regards clarification of transparency aims and action to increase transparency and to improve the consistency of policies which contribute to the formation of energy prices.

*(d) Development of an energy strategy for the Community*

141. By letter dated 30 September 1981 the Commission forwarded to the Council a communication on this matter.

At its meeting on 27 October 1981 the Council held a policy discussion on this communication.

At the end of the discussion the President noted that the communication from the Commission had met with a favourable reception in the Council, which took note of the priority sectors the Commission had identified and agreed to devote its full attention to these problems. It will continue its discussions at its subsequent meetings.

*(e) Rational use of energy*

142. On 21 May 1980 the Commission forwarded to the Council three proposals for Council directives extending to:

- electric washing machines,
- electric dishwashers for cold-water supply only,

- electric refrigerators, frozen food cabinets, freezers and combinations thereof.

The provisions of Directive 79/350/EEC concerning the indication by labelling of the energy consumption of domestic appliances, and 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/EEC 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 domestic hot water distribution in new non-industrial buildings.

This proposal is being examined by the Council.

*(f) Demonstration and exploitation projects*

143. On 13 October 1980 the Commission forwarded to the Council a proposal for a Council regulation amending Regulation (EEC) No 725/79 with regard to financial support for demonstration projects in the field of energy saving, and also a proposal for a Council regulation amending Regulation (EEC) No 726/79 with regard to financial support for projects to exploit alternative energy sources. These proposals are being studied by the Council.

## **2. PROBLEMS SPECIFIC TO THE VARIOUS ENERGY SECTORS**

*(a) Coal*

*(i) Substitution of coal for oil in 'other industries'*

144. On 11 May 1981 the Commission forwarded to the Council a communication concerning the substitution of coal for oil in 'other industries'.

Following a discussion on this communication at its meeting on 24 June 1981, the Council took note of the Commission's intention to put specific proposals to the Council concerning the substitution of coal for oil in 'other industries'.

(ii) Investment aid (Article 54(2) of the ECSC Treaty)

145. On 28 September 1981 the Council gave its unanimous assent as requested to enable the Commission to grant a loan to the Electricity Supply Board, Dublin, for the construction of a 2 x 300 MW coal-fired power station at Moneypoint, County Clare, Ireland.<sup>1</sup>

On 7 December 1981 the Council gave its unanimous assent as requested to enable the Commission to finance the investment projects for converting the various cement works of Heidelberger Zement AG, Heidelberg, from oil to coal firing.<sup>2</sup>

(iii) Cooking coals

146. In a letter dated 4 August 1981 the Commission requested the Council, under the first paragraph of Article 95 of the ECSC Treaty, to give its unanimous assent to the draft Commission decision (ECSC) amending Decision 73/287/ECSC relating to coking coals and coke for the Community's iron and steel industry.

At its meeting on 27 October 1981 the Council gave its unanimous assent, under the abovementioned article, to this draft decision, subject to a provisional reservation on the part of one delegation which was subsequently changed into a reservation of principle.

Financing measures to assist the coal-mining industry

(iv) Compatibility of financial measures

147. On 28 April 1981 the Council granted the consultation requested by the Commission under Article 6(1) of Commission Decision 528/76/ECSC, on the compatibility of the financial measures taken by the Member States to assist the coal-mining industry in 1980 with the provisions of the abovementioned decision.<sup>3</sup>

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<sup>1</sup> OJ C 258, 9.10.1981.

<sup>2</sup> OJ C 331, 18.12.1981.

<sup>3</sup> OJ L 105, 7.5.1981.

On 11 November 1981 the Commission forwarded a report to the Council on the implementation of Decision 528/76/ECSC regarding the Community system of measures taken by the Member States to assist the coal-mining industry.

The examination of this matter had not been completed by the end of 1981.

(v) Anthracite and anthracite briquettes

147a. On 3 December 1981 the Council gave the consultation requested by the Commission pursuant to Article 53 of the ECSC Treaty on a draft decision relating to the extension of the authorization concerning the equalization fund established by the United Kingdom Chamber of Coal Traders and the National Coal Board to reduce the price of anthracite and anthracite briquettes imported from Community and non-Community countries.<sup>1</sup>

(b) *Electricity*

(i) Tariff structures

148. On 3 July 1980 the Commission forwarded to the Council a draft Council recommendation concerning tariff structures for electrical power in the Community.

At its meeting on 27 October 1981 the Council adopted this recommendation, which aims at the more efficient use of energy through the introduction of more rational tariff structures.

(ii) Siting of power stations

149. 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 for power stations likely to affect the territory of another Member State.

This proposal is being studied by the Council.

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<sup>1</sup> OJ L 335, 23.12.1981.

(c) *Hydrocarbons*

(i) Support measures

150. Acting on a Commission proposal, on 27 October 1981 the Council decided to grant support totalling a maximum of 25 892 148 ECU over the period 1981-83 to 40 Community projects in the hydrocarbons sector, in the form of subsidies which would be repayable if the results proved commercially viable.

(ii) Measures to mitigate the effects of a limited shortfall in oil supplies

151. At its meeting on 27 October 1981, the Council examined a communication from the Commission on this subject.

It recognized the need to be better prepared, in close consultation with the other industrialized countries, for future limited shortages of oil, in order to prevent an excessive rise in world prices which would seriously affect the world economy. The Council agreed on the procedures to be followed in the event of a limited shortfall, with a view to ensuring Community solidarity. It also decided on a range of possible measures which could be implemented in such circumstances.

(iii) Registration of oil imports

152. On 24 February 1981 the Council adopted Regulation (EEC) No 481/81,<sup>1</sup> amending Regulations (EEC) Nos 1893/79,<sup>2</sup> 2592/79<sup>3</sup> and 649/80,<sup>4</sup> introducing registration for crude oil and petroleum product imports in the Community, with the aim of extending the regulations concerning crude oil until 31 December 1981 and those concerning petroleum products until 30 June 1981.

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<sup>1</sup> OJ L 52, 27.2.1981.

<sup>2</sup> OJ L 220, 30.8.1979.

<sup>3</sup> OJ L 297, 24.11.1979.

<sup>4</sup> OJ L 73, 19.3.1980.

At its meeting on 24 June 1981 the Council took note of the Commission's intention to introduce, on the basis of Articles 7 and 8 of Directive 76/491/EEC, certain amendments to Table 3 in its Decision 77/190/EEC providing for the application of this directive to petroleum products.

At its 749th meeting on 21 December 1981 the Council adopted, in the Community languages, Regulation (EEC) No 3721/81 amending Regulations (EEC) Nos 1893/79 and 2592/79 introducing registration for crude oil and petroleum product imports in the Community, in order to extend the validity of regulations with regard to crude oil until 31 December 1982, and also to make it optional, in periods of reduced market pressure, to supply certain detailed information to the Commission.

(iv) Problems affecting the oil refining industry in the Community

153. At its meeting on 27 October 1981 the Council examined a communication from the Commission on this subject.

It took note of the Commission's analysis of the problems in this sector and of foreseeable developments, namely the tendency to a concentration of refining capacity in a reduced number of more complex refineries and increased trade in finished products between Member States as a result. In addition, it recognized that a reduction in capacity and a restructuring of the refining industry were necessary and must be carried out by the undertakings themselves, provided that security of supply in the regions concerned was not compromised.

Finally it noted that the Commission would continue to monitor developments in the situation, in liaison with the industry and national governments, and would submit a report to the Council if necessary.

(v) Natural gas

154. At its meeting on 27 October 1981 the Council held an exchange of views on this matter. It noted in particular the importance of exchanges of views and information between the Member States on natural gas, in view of the growing importance



in this field of foreign policy considerations and the question of dependence on energy imports from non-Community countries.

It asked the Commission to carry out detailed studies on this matter and to report on its findings.

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

(i) Euratom/IAEA relations

155. At its 698th meeting, on 26 March 1981, the Council gave its assent to the extension until September 1983 of the current provisional arrangement adopted by the Council on 20 September 1977 concerning Euratom/IAEA relations with regard to sensitive facilities and light-water reactors.

(ii) Euratom/Australia relations

156. At its meeting on 7 September 1981 the Council approved the conclusion of the agreement between the Government of Australia and the European Atomic Energy Community relating to transfers of nuclear material from that country to the Community.

(iii) Euratom/United States relations

157. At its meeting on 23 and 24 February 1981 the Council adopted a decision authorizing the Commission to contact the United States authorities with a view to starting a new phase of discussions under the current cooperation agreements.

(iv) Euratom/Canada relations

158. At its 747th meeting, on 15 December 1981, the Council approved the conclusion of an agreement by exchange of letters supplementing the previous agreements on cooperation on the peaceful uses of atomic energy, and covering over a long period the conditions governing the reprocessing and storage in the Community of plutonium obtained from material of Canadian origin.

## **E – Transport**

159. In 1981 the Council held two sessions devoted specially to transport matters, on 26 March and 15 December 1981.

During the year the Council continued its work on many questions relating to the development of the common transport policy, concerning both inland transport (rail, road and inland waterways) and sea and air transport.

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

#### *Technical requirements for inland waterway vessels*

160. At its meeting on 15 December 1981 the Council held an exchange of views on the proposal for a directive laying down technical requirements for inland waterway vessels. It instructed the Permanent Representatives Committee to continue its work on the matter with a view to surmounting the last remaining obstacles to the adoption of this directive, so that it could be adopted as soon as possible.

### **2. ROAD TRANSPORT**

#### *(a) Freight haulage*

(i) Establishment of common rules for the carriage of goods by road between Member States

161. At its meeting of 15 December 1981 the Council gave its assent to a directive amending the first Council Directive of 23 July 1962 on the establishment of certain common rules for the carriage of goods by road between Member States.<sup>1</sup> Under this directive the Council exempted a number of other categories of transport from any system of quotas and/or optional authorization.

This amendment to the first Council Directive of 23 July 1962 was adopted formally by the Council on 19 January 1982.

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<sup>1</sup> OJ 70, 6.8.1962.

(ii) Community quota

162. At its meeting on 15 December 1981 the Council took a favourable view, subject to the opinion of Parliament, of an increase of 5% in the Community quota for eight Member States. This increase would be shared among these Member States, half on a linear basis and half in proportion to their use of the existing quotas.<sup>1</sup> In the case of Ireland and Greece, in view of their particular geographical situation, an increase of 15% would be granted.

The Council will make a final decision when Parliament has delivered its opinion.

(b) *Passenger transport*

Decision relating to the signing of ASOR

163. In 1975 the Council authorized the Commission to negotiate an agreement between the European Economic Community and certain non-Community countries belonging to the European Conference of Ministers of Transport (ECMT), relating to the arrangements for international carriage of passengers by coach or bus (ASOR).

These negotiations began in 1976 and were concluded in 1980. At its meeting on 15 December 1981 the Council, acting on a proposal from the Commission, decided to sign the agreement, subject to approval, and to authorize its President to designate the persons empowered to sign it on behalf of the Community.

This agreement provides for harmonized arrangements for liberalizing international occasional carriage of passengers by road, facilitating controls and reducing administrative formalities. The agreement will thus make it easier to provide these services and will allow these transport activities to be organized more efficiently and rationally.

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<sup>1</sup> OJ L 357, 29.12.1976; OJ L 34, 6.2.1981.

(c) *Vehicle weights and dimensions*

164. Taking account of the opinions of the Economic and Social Committee and Parliament on the Commission proposal of 30 December 1978 amending, in respect of weights, the 1971 proposal relating to the weights and dimensions of vehicles, as well as a number of studies on the technical aspects of the proposal, on 18 September 1981 the Commission forwarded a draft amendment to the Council. At its meeting on 15 December 1981 the Council took note of a statement by the Presidency concerning this new proposal. The Presidency expressed the wish that the Council's subordinate bodies should be able to complete their work on both the weights and dimensions of vehicles as soon as possible.

(d) *Harmonization of social legislation*

(i) AETR

165. In 1980 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<sup>1</sup> with a view to drafting amendments to the European Agreement concerning the work of crews of vehicles engaged in international road transport (AETR). This agreement was ratified by all the Member States on behalf of the Community. The draft amendments to the AETR aim to adapt this agreement to the changes made in social legislation on road transport regarding intra-Community transport, with particular reference to the use of the tachograph.<sup>2</sup>

On 15 December 1981 the Council adopted a decision whereby the United Kingdom, as the Member State holding the Presidency of the Council, would submit the draft amendments to the AETR to the Secretary-General of the United Nations, pursuant to the amendment procedure set out in Article 23 of the AETR, so that they could be communicated to the other parties to the Agreement. This communication was submitted by the United Kingdom authorities on 17 December 1981.

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<sup>1</sup> See 28th Review, paragraph 164.

<sup>2</sup> In particular Regulation (EEC) No 549/69, last amended by Regulation (EEC) No 2928/77. The consolidated version was published in OJ C 73, 22.5.1979.

## (ii) ILO Recommendation No 161

166. On 20 January 1981 the Council agreed on the terms of a letter to be addressed by the Member States to the International Labour Office in order to inform that body that Recommendation No 161 of the International Labour Organization concerning hours of work and rest periods for road transport workers had been submitted to the competent Community authorities.

### **3. RAIL TRANSPORT**

#### *Resolution on Community railway policy*

167. At its meeting on 15 December 1981 the Council adopted a resolution on Community railway policy.<sup>1</sup> In this resolution the Council asserts the need to improve the efficiency of the railways to meet the needs of the economy and stresses in particular the advantages of this mode of transport in terms of lower energy consumption and environment protection. In its resolution the Council lists the fields to which particular importance should be attached and calls on the Commission to present a report, accompanied by proposals where necessary, on ways of improving certain specific rail transport sectors.

### **4. COMBINED MODES OF TRANSPORT**

168. In view of the fact that various combined modes of transport have developed remarkably in recent years, thus providing scope for combating the problems arising from the saturation of the road network while also contributing to road safety by reducing the volume of traffic, in 1981 the Council adopted certain measures aimed at developing this form of transport.

#### *(a) Common rules for certain types of combined rail/road carriage of goods between Member States*

169. At its meeting on 15 December 1981 the Council gave its assent to a directive amending Directive 75/130/EEC on the

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<sup>1</sup> Not published in the OJ.

establishment of common rules for certain types of combined rail/road carriage of goods between Member States,<sup>1</sup> in order to extend permanently the field of application of the directive to combined transport operations using containers of 20 feet and more and swap bodies which have no supports. The Council thus assured potential users of a wider choice of modes of transport and facilitated the transfer of certain road transport operations to intercontainer services.

This amendment to Directive 75/130/EEC was adopted formally by the Council on 21 December 1981.<sup>2</sup>

*(b) Opening of negotiations between the Community and certain non-member countries on the combined rail/road carriage of goods*

170. In view of the encouraging experience gained regarding the application of Directive 75/130/EEC of 17 February 1975, mentioned under (a) above, and with a view in particular to preventing combined transport within the Community from being subject to different regulations according to whether the route was within the Community or between Member States and non-member countries, at its meeting on 26 March 1981 the Council adopted a decision relating to the opening of negotiations between the European Economic Community and non-member countries on the establishment of common rules applicable to certain types of combined rail/road carriage of goods. Under this decision the Council authorized the Commission to open negotiations with Austria, Finland, Norway, Spain, Sweden, Switzerland and Yugoslavia with a view to extending the arrangements for combined rail/road transport so that the advantages arising from liberalizing combined intra-Community rail/road transport would be extended to current and future trade with with these non-member countries.

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<sup>1</sup> OJ L 48, 22.2.1975.

<sup>2</sup> OJ L 5, 9.1.1982.

## 5. TRANSPORT INFRASTRUCTURE

171. On 30 June 1981 the Commission transmitted to the Council a report on the application of the Decision of 20 February 1978 instituting a consultation procedure and setting up a committee in the field of transport infrastructure.<sup>1</sup>

On 29 September 1981 the Commission transmitted the second report requested by the Council at its meeting on 23 November 1978, namely the report on the evaluation of the Community interest in transport infrastructure projects.

At its meeting on 15 December 1981, the Council took note of these two reports and adopted a resolution instructing the Permanent Representatives Committee to continue its examination of the Commission's proposal concerning support for transport infrastructure projects of Community interest. This resolution also requests the Commission, in cooperation with the Committee on Transport Infrastructures, to apply, on an experimental basis and to a limited number of specific projects, the methods of evaluating Community interest regarding infrastructure projects recommended in the report on the criteria for evaluating projects of Community interest.

## 6. MARITIME TRANSPORT

(a) *System for collecting information on the activities of certain non-member countries in the sphere of maritime transport*

172. On 26 March 1981 the Council adopted Decision 81/189/EEC establishing detailed rules for the collection of information concerning the activities of carriers participating in cargo liner traffic between the Member States and the Far East.<sup>2</sup>

This decision lays down that from 1 July 1981 to 31 December 1982 each Member State will collect information about tonnage transported and freight rates charged by the cargo liner services sailing between their own country and Hong Kong, Japan, the Republic of Korea, Malaysia, the Philippines, Singapore, Taiwan, and Thailand.

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<sup>1</sup> OJ L 54, 28.2.1978.

<sup>2</sup> OJ L 88, 2.4.1981.

(b) *Safety at sea*

173. The Council's subordinate bodies continued their examination of the Commission proposal of 2 July 1980 for a 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, taking into account the work on enforcement in ports initiated by the Regional Conference of Ministers on safety at sea held in Paris on 1 and 2 December 1980, which was attended by the Member States, Norway, Portugal, Spain and Sweden.

At its meeting on 15 December 1981 the Council adopted a resolution on port-State enforcement requesting the Member States and the Commission to take a full and active part in the second Regional Conference of Ministers to be held in Paris on 26 January 1982 with a view to establishing a coordinated European system of enforcement by the port States. In addition, the Council stated that it would subsequently examine what additional measures might prove necessary in this sphere at Community level.

174. The Council also took note that the German Government had requested a temporary suspension of the work on its proposal with a view to the adoption of a Council decision relating to the mutual recognition of type approval procedures for items of safety equipment on ships,<sup>1</sup> pending receipt of the results of the work done by a number of international groups of experts who, under the auspices of the German Government, were to draw up harmonized requirements for the testing and approval of certain items of safety equipment on ships.

(c) *Consultations on the activities of international organizations and relations with non-member countries*

175. The Member States and the Commission consulted each other on several occasions about the activities of international

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<sup>1</sup> See 27th Review, paragraph 162.



organizations and relations of the Member States with non-member countries. The following subjects were among those discussed during these consultations:

- problems arising from the fleets of countries with open registration, in connection with the extraordinary session of the UNCTAD Maritime Transport Committee and the 23rd session of the UNCTAD Council for Trade and Development;
- steps taken jointly by the Member States with a view to putting an end to acts of piracy in the ports of certain non-member countries;
- the draft resolution of the IMCO Assembly concerning deep-sea pilotage in the Baltic;
- bilateral relations between the Member States and non-member countries.

## **7. AIR TRANSPORT**

176. The Council continued its work in the sphere of civil aviation, on the basis of the list of nine topics which it agreed in 1978 to examine as priority items. This work also takes into account the Commission memorandum of 16 July 1979 on the Community's contribution to the development of air services.<sup>1</sup>

### *(a) Express air-freight services for low-weight consignments*

177. On 11 August 1980 the British delegation had forwarded a draft Council directive concerning measures to liberalize the regulations governing express air-freight services for low-weight consignments.

On 13 July 1981 the Council adopted a recommendation on the carriage of express low-weight cargo by air.<sup>2</sup> This recommends the Member States to facilitate this traffic as far as possible and invites the Commission to examine the matter further and to report to the Council.

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<sup>1</sup> See 26th Review, paragraph 186.

<sup>2</sup> OJ L 203, 23.7.1981.

*(b) Scheduled interregional services*

178. During 1981 the Council's subordinate bodies started detailed examination of a proposal for a Regulation concerning authorization of scheduled interregional air services for passengers, mail and freight between Member States, which had been forwarded by the Commission on 1 December 1980.

At its meeting on 15 December 1981 the Council held a thorough exchange of views on this subject. This made it possible to identify the main concerns of the delegations and establish certain guidelines along which to continue the work.

*(c) Air fares in Europe*

179. In June 1980 the Council had asked the Commission to submit a report on air fares for scheduled flights in the Community.<sup>1</sup> This report was forwarded to the Council by the Commission on 28 July 1981. In addition, on 26 October 1981 the Commission put before the Council a proposal for a directive on air transport tariffs. The Council's subordinate bodies started their examination of this proposal in the light of the abovementioned report.

*(d) Noise emissions of planes and helicopters*

180. On 20 December 1979 the Council adopted the first directive on the limitation of noise emissions from aircraft.<sup>2</sup> This directive provides that any subsonic aircraft registered in a Member State must meet the standards regarding noise laid down in Annex 16 to the Chicago Convention. Since then this annex has been amended and supplemented by the International Civil Aviation Organization (ICAO), of which every Member State of the European Economic Community is also a member.

Consequently the Commission put before the Council two draft directives. The first, sent on 28 September 1981, amends Directive 80/51/EEC on the limitation of noise emissions from

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<sup>1</sup> See 28th Review, paragraph 178.

<sup>2</sup> OJ L 18, 24.1.1980.

subsonic aircraft. The second, forwarded on 13 October 1981, concerns the limitation of noise emissions from helicopters. The Council's subordinate bodies have begun their examination of both drafts.

(e) *Rules of competition*

181. Among the air transport questions to be studied by the Council, provisions governing competition have a high priority.<sup>1</sup> In this connection, on 10 August 1981 the Commission forwarded to the Council a proposal for a regulation laying down the procedures for applying Articles 85 and 86 of the Treaty to air transport.<sup>2</sup>

## **8. GENERAL QUESTIONS**

(a) *Programme of work*

182. It will be recalled that 1980 was the last of the three years covered by the work programme put forward by the Commission in November 1977.<sup>3</sup> With a view to a further three-year period, on 24 October 1980 the Commission forwarded to the Council a proposal for a decision concerning activities in the field of transport up to the end of 1983.

However, instead of adopting a decision which might create too rigid a framework for its work, the Council preferred to adopt a resolution on the Council's transport activities up to the end of 1983. This resolution was adopted by the Council at its meeting on 26 March 1981.<sup>4</sup>

(b) *Monitoring the markets*

183. In view of the fact that the trial which the Commission is conducting on a system for monitoring the markets for the carriage of goods by rail, road and inland waterway<sup>5</sup> was due to

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<sup>1</sup> See 26th Review, paragraph 186.

<sup>2</sup> See paragraph 176 of this Review.

<sup>3</sup> See 28th Review, paragraph 152.

<sup>4</sup> OJ C 171, 11.7.1981.

<sup>5</sup> See 26th Review, paragraph 181.

end on 31 December 1981 without the Commission having been able to introduce the whole of the intended system or to submit a report covering a sufficiently significant period, the Council, in a resolution adopted on 23 July 1981, took note that this trial would continue until the end of 1983.

*(c) Summer time*

184. In July 1980 the Council adopted a directive laying down the dates for the beginning of summer time in 1981 and 1982.<sup>1</sup> This directive provided that the Council, acting on a Commission proposal, would decide on the provisions to be applied regarding the end of the summer time period and the beginning of this period as from 1983.

On 3 April 1981 the Commission forwarded to the Council a proposal for a second directive on the provisions relating to summer time. This proposal is at present being examined by the Council's subordinate bodies.

*(d) Consultation procedure*

185. On 19 December 1980 the Commission put before the Council a proposal for a decision establishing an information and consultation procedure with regard to relations and agreements with non-member countries in the field of rail, road and inland waterway transport. This procedure is intended to facilitate discussions between the Member States and the Commission in cases where agreements are liable to interfere significantly with the implementation of the common transport policy.

The examination of this proposal by the Council's subordinate bodies has been suspended at the Commission's request.

*(e) Negotiations with Austria*

186. On 15 December 1981 the Council, acting on a Commission proposal, adopted a decision relating to the opening

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<sup>1</sup> OJ L 205, 7.8.1980.

of negotiations with the Republic of Austria in the surface transport sector.

These negotiations will be conducted by the Commission in liaison with the Member States and will cover a broad range of transport matters which concern both parties. Their aim will be to identify the specific problems which arise in this field and to seek possible solutions.

## **F – Research**

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

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

187. A Council meeting on research was held on 9 November 1981. On the basis of the Commission's communication entitled 'Scientific and technical research and the European Community - proposals for the 1980s', the Council held a wide-ranging policy discussion on the broad outlines of the planning and organization of the Community's research activities over the next few years. Following this discussion the Commission was asked to continue its work on defining and implementing a new Community strategy in this sphere.

188. During 1981 the Scientific and Technical Research Committee (CREST) delivered opinions on three communications from the Commission on the development and implementation of the common scientific and technical policy and discussed the outlines of this policy on a number of occasions. This Committee also delivered its opinion on the programmes proposed to the Council by the Commission regarding the European system of machine translation and in the sphere of raw materials.

### **2. RESEARCH PROGRAMMES**

#### *(a) Programmes adopted*

189. During 1981 the Council adopted four multiannual research programmes, to which a total of 71.2 million ECU was allocated in commitment appropriations.

Following the accession of Greece to the European Communities, the Council decided on 20 July 1981 to amend

Decision 80/344/EEC adopting a second research programme in the field of medical and public health research.<sup>1</sup>

In addition the Council adjusted the financial ceiling for the thermonuclear research programme and agreed to continuing the Super-Sara project. For this project it released for the Commission's use a total of 100.72 million ECU in commitment appropriations from the amount set aside when the programme was adopted the previous year, as shown in the following table.

**Table of research programmes adopted by the Council during 1981**

| Field  | Date of decision | Funding (million ECU) | Staff | Duration (years) | OJ reference     |
|--|------------------|-----------------------|-------|------------------|------------------|
| 1. Environment (environment and climatology)   | 3.3.1981         | 42                    | 16    | 5                | L 101, 11.4.1981 |
| 2. Scientific and technical training   | 17.3.1981        | 8.8                   | 6     | 4                | L 101, 11.4.1981 |
| 3. Uranium exploration and extraction  | 28.4.1981        | 5.4                   | 3     | 5                | L 137, 23.5.1981 |
| 4. Third action plan in the field of information and documentation   | 27.7.1981        | 15                    |       | 3                |                  |
| 5. Teaching and research programme (1979-83) for the EAEC in the field of controlled thermonuclear fusion (funding adjustment) | 19.5.1981        | +50                   |       |                  | L 149, 6.6.1981  |
| 6. Super-Sara, release of funds (phase 2)  | 19.5.1981        | -50.72                |       |                  |                  |

<sup>1</sup> OJ L 78, 25.3.1980.

(b) *ECSC*

190. With a view to encouraging technical and economic research aimed at improving methods of production, beneficiation and utilization of coal in the Community, on 28 April 1981 the Council gave its assent<sup>1</sup> 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 18 million ECU for two research programmes on mining engineering and the beneficiation of products. The total cost of the two programmes is approximately 30 million ECU.

(c) *Research budget*

191.<sup>2</sup>

(d) *External relations*

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

192. The Council adopted a decision dated 9 April 1981 extending for one year the agreement on concerted action to record congenital abnormalities (medical research and public health).

(ii) Cooperation with the IAEA

193. On 3 March 1981 the Council gave its assent to an exchange of letters between the IAEA and the EAEC concerning cooperation on research and development in the sphere of guarantees and safeguards.

(iii) Work of the United Nations Conference on Science and Technology for Development (UNCSTD)

194. Consultation meetings were held regularly during the year in order to prepare the Community's position with a view to the meetings of the intergovernmental committee set up following the Vienna Conference.

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<sup>1</sup> OJ C 107, 9.5.1981.

<sup>2</sup> For the budgetary work relating to research for the 1982 budget, see Chapter VI of this Review.

## **G — Environment**

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

195. During 1981 the Council adopted a number of acts in the sphere of environmental protection, in accordance with the objectives of the European Communities' 1973<sup>1</sup> and 1977<sup>2</sup> action programmes on the environment.

196. On 20 January 1981 the Council adopted a regulation on common rules for imports of whale or other cetacean products.<sup>3</sup> To contribute to the conservation of cetacean species threatened with extinction the regulation prohibits all imports into the Community of cetacean products for commercial purposes. Imports for non-commercial purposes require an import licence issued by the competent authorities of a Member State. The regulation also provides that the Commission shall submit to the Council a report on how the regulation is being implemented, together with, if necessary, proposals on the desirability of extending the list of products concerned. The Council will act on these proposals by a qualified majority.

197. On 19 October 1981 the Council adopted a number of amending texts, consequent upon the accession of Greece to the Community, adapting the following:<sup>4</sup>

- Directive 79/409/EEC on the conservation of wild birds;
- Directive 79/869/EEC concerning the methods of measurement and frequencies of sampling and analysis of surface water intended for the abstraction of drinking water in the Member States;
- Decision 77/795/EEC establishing a common procedure for the exchange of information on the quality of surface fresh water in the Community;

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<sup>1</sup> OJ C 112, 20.12.1973.

<sup>2</sup> OJ C 139, 13.6.1977.

<sup>3</sup> OJ L 39, 12.2.1981.

<sup>4</sup> OJ L 319, 7.11.1981.



- Directive 80/779/EEC on air quality limit values and guide values for sulphur dioxide and suspended particulates;
- Directive 80/778/EEC relating to the quality of water intended for human consumption.

198. On 3 December 1981 the Council adopted a recommendation and a decision. The recommendation concerns the re-use of waste paper and the use of recycled paper.<sup>1</sup> This text recommends that Member States and Community institutions:

- encourage the use of recycled paper and board, especially in administrations and official services;
- implement programmes of consumer and manufacturer education;
- encourage the use of products (inks, glues, etc.) which do not preclude the subsequent recycling of paper and board;
- promote uses for waste paper other than as a raw material for the manufacture of paper and board.

The decision establishes a Community information system for the control and reduction of pollution caused by hydrocarbons discharged at sea.<sup>1</sup> This decision constitutes the first implementing measure enacted further to the Council Resolution of 26 June 1978 setting up an action programme of the European Communities on the control and reduction of pollution caused by hydrocarbons discharged at sea.<sup>2</sup>

The aim of the information system is to make available to the competent authorities in the Member States the data required for the control and reduction of pollution caused by the discharge of hydrocarbons at sea. The system provides for:

- the establishment of an inventory of the resources available for combating pollution in each Member State which could be

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<sup>1</sup> OJ L 355, 10.12.1981.

<sup>2</sup> OJ C 162, 8.7.1978.

made available to another Member State on request in the event of an accident. These consist mainly of personnel and mechanical and chemical resources, including ships and aircraft equipped for combating pollution;

- a list of national and joint contingency plans;
- a compendium of hydrocarbon properties and their behaviour and of the methods of treating hydrocarbons recovered from the sea or along the coast.

## **2. MEETINGS OF THE COUNCIL ON THE ENVIRONMENT**

199. During 1981 the Council held two meetings on environmental questions, mainly to continue its work on the 1973 and 1977 action programmes.

200. At its meeting on 11 June 1981 the Council continued its examination of the remaining problems relating to transborder pollution in connection with the proposal for a directive on the major accident hazards of certain industrial activities.<sup>1</sup>

The Council also resumed its examination of a number of outstanding questions relating to the proposal for a directive on limit values and quality objectives for discharges of mercury by the chlor-alkali electrolysis industry.<sup>2</sup> These mainly concerned the procedures to be introduced for new industrial establishments.

The Council also held an initial policy discussion on certain fundamental principles relating to the proposal for a directive concerning the assessment of the environmental effects of certain public and private projects.<sup>3</sup> These principles mainly concerned the responsibility for making impact studies, the information to be given to the public and the effect of projects on the territory of other Member States. The Council also discussed the general structure of the draft directive, and in particular the legal status of the annex containing the list of structures in respect of which a prior impact study must be carried out, e.g. motorways, dams, factories, etc.

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<sup>1</sup> OJ C 212, 24.8.1979.

<sup>2</sup> OJ C 169, 6.7.1979.

<sup>3</sup> OJ C 169, 9.7.1980.

201. At its meeting on 3 December 1981 the Council reached agreement on the last remaining questions regarding the proposal for a directive on the major accident hazards of certain industrial activities and the proposal for a directive on limit values and quality objectives applicable to discharges of mercury by the chlor-alkali electrolysis industry.

The Council also examined the proposal for a regulation relating to implementation in the Community of the Washington Convention on International Trade in Species of Wild Fauna and Flora threatened with Extinction. During these discussions substantial progress was made with a view to reaching agreement at a later meeting of the Council.

At the same meeting the Council also held an initial policy discussion on the draft third action programme of the European Communities on the environment.<sup>1</sup> This discussion highlighted the aspects which should be given priority for future action.

The Council also held an initial exchange of views on the proposal for a decision establishing a reciprocal exchange of information and data from networks and individual stations measuring air pollution within the Member States<sup>2</sup> and on a proposal for a decision on the consolidation of precautionary measures concerning chlorofluorocarbons in the environment.<sup>3</sup> It was decided to act on these proposals for decisions at a later date in the light of Parliament's opinion.

### **3. INTERNATIONAL MATTERS**

#### *(a) International conventions*

202. On 19 May 1981 the Council adopted the decision on the conclusion of the Protocol concerning cooperation in combating pollution of the Mediterranean Sea by oil and other harmful substances in cases of emergency.<sup>4</sup>

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<sup>1</sup> OJ C 305, 25.11.1981.

<sup>2</sup> OJ C 211, 20.8.1981.

<sup>3</sup> OJ C 269, 21.10.1981.

<sup>4</sup> OJ L 162, 19.6.1981.

The conclusion of this Protocol reflects the will of the Community to play an important part in preventing and combating pollution of the sea, as emphasized by the European Council at its meeting in Copenhagen on 7 and 8 August 1978. This decision follows the conclusion by the Community on 25 July 1977<sup>1</sup> of the Barcelona Convention for the Protection of the Mediterranean Sea against Pollution and of the attendant Protocol on dumping from ships and aircraft.

203. On 11 June 1981 the Council adopted the decision on the conclusion of the Convention on Long-range Transboundary Air Pollution.<sup>2</sup> This Convention was signed in Geneva in November 1979 at the high-level meeting on environmental protection attended by the 35 Member States of the United Nations Economic Commission for Europe. Under the Convention the contracting parties agree that they will give priority to harmonizing their policies and strategies to limit, gradually reduce and prevent atmospheric pollution caused by sulphur compounds.

On 3 December 1981 the Council adopted the decision concerning the conclusion of the Convention on the Conservation of European Wildlife and Natural Habitats.<sup>3</sup> This Convention, which was signed in Berne in September 1979 under the aegis of the Council of Europe, is aimed at conserving wild flora and fauna and their natural habitats, particularly in cases where the cooperation of a number of States is required.

*(b) Other work on international matters*

204. In accordance with the 1973 and 1977 action programmes, the Member States conferred with each other during 1981 on the activities of the international bodies concerned with the environment. The main work was in connection with:

- the OECD (Committee on the Environment), where the topics of particular interest to the Community included the problem

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<sup>1</sup> OJ L 240, 19.9.1977.

<sup>2</sup> OJ L 171, 27.6.1981.

<sup>3</sup> OJ L 38, 10.2.1982.

of controlling chemical products, protection of the ozone layer (chlorofluorocarbons) and noise abatement;

- the United Nations Economic Commission for Europe (ninth meeting of the Principal Government Advisers on environmental problems), where the matters of particular interest to the Community concerned impact studies on the environment, the relationship between energy and the environment and air pollution. With regard to this last point the Community, as a contracting party to the Convention on Long-range Transboundary Air Pollution, played a major part in the executive body of the Convention;
- the United Nations Programme on the Environment (UNPE) (ninth meeting of the Administrative Council), where the Community made a significant contribution with regard to the protection of regional seas, particularly in connection with the programme for the Mediterranean Sea, and the protection of the ozone layer and also regarding the development of legislation on the environment.

## **H – Other matters**

### **1. EDUCATION**

205. The Council and the Ministers of Education meeting within the Council held their seventh meeting in Luxembourg on 22 June 1981.

The main items on the agenda were as follows.

(a) *Education and training policies in relation to the employment situation in the European Community*

206. The Council and the Ministers of Education meeting within the Council agreed to go a stage further with the comparison of their policies and to invite the Commission and the Education Committee, in close collaboration, to work out appropriate methods for exchanging information on experience gained and to make recommendations during the following year on:

- methods of increasing cooperation and coordination among those responsible for education and other authorities in order to promote the coherent development of education policies and social and economic policies in both the short and long term;
- means of increasing the opportunities for education and training open to adults by exploiting the potential of new information techniques and making it easier for workers to have paid leave for educational purposes, or by other methods which would allow adults to acquire new qualifications.

They also invited the Commission, in collaboration with the Education Committee, to put forward by the end of 1981 recommendations on extracting the maximum practical benefit from the Community's programme of pilot projects on young people's transition from education to working life.<sup>1</sup>

*(b) Effects of demographic changes on the education system in the European Community*

207. The Ministers of Education meeting within the Council noted the fact that in all the Member States except two the reduced birth rate would reduce the number of schoolchildren and students over the next five years, to a spectacular extent in some cases. They emphasized that they were determined to prevent this development from lowering the quality of the instruction given and as far as possible to take the opportunity of improving it.

They also instructed the Education Committee to lay down procedures for examining in more detail certain specific problems arising from these developments, with particular reference to the use of the Eurydice network (the information network on education in the European Community).

*(c) Academic recognition of diplomas and periods of study*

208. The Council and Ministers for Education meeting within the Council worked out guidelines for future work on the mutual recognition of diplomas and periods of study in higher education.

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<sup>1</sup> See 24th Review, paragraph 141.

The Education Committee was instructed to give priority to drawing up a report on the various matters raised during the discussion, with a view to a further meeting to be held in 1982.

The Education Committee continued its work in these spheres at its meetings in the second half of 1981.

During the year the Education Committee, in addition to the work mentioned above, discussed several other points on the action programme in the field of education set out in the resolutions adopted by the Council and the Ministers for Education meeting within the Council on 9 February and 13 December 1976.<sup>1</sup>

## **2. EUROPEAN FOUNDATION**

209. During the year certain obstacles which had prevented the establishment of the European Foundation were for the most part removed, and it is now hoped that this institution can be established in the relatively near future.

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

210. On 19 May 1981 the Council adopted the second programme of the European Economic Community for a consumer protection and information policy.

This programme follows the preliminary programme adopted by the Council on 14 April 1975.<sup>2</sup> Its purpose is to enable the Community to continue and intensify its measures in the field of consumer protection and information and help establish conditions for improved consultation between consumers and manufacturers and retailers. It represents an updating of the first programme with a view to ensuring the continuity of the activities already begun and constitutes the basis on which new tasks will be undertaken during the period 1981-86.

This programme retains in their entirety the motives, objectives and underlying principles of the first programme,

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<sup>1</sup> See 24th Review, paragraphs 140 and 141.

<sup>2</sup> OJ L 133, 3.6.1981.

including the five basic rights of consumers which it recognizes, i.e.:

- the right to the protection of their health and safety,
- the right to the protection of their economic interests,
- the right of redress,
- the right to information and education, and
- the right of representation.

In the current difficult economic situation very special importance attaches to the quality of goods and services, the conditions affecting their supply and the provision of information about them. More attention than previously will be given to the price and quality of goods and services.

In addition the second programme aims at establishing conditions in which the consumer can become a participant in the preparation and implementation of important economic decisions which concern him first and foremost as a buyer or a user. In particular, the Community will try to encourage a dialogue and consultation between consumer representatives and representatives from producers, distributors and suppliers of public or private services.

Although legislation at both national and Community level will still be needed in many cases to ensure that the customer may exercise the fundamental rights listed above and that the market operates properly, the application of certain principles might also be sought by other means, such as the implementation of specific agreements between the various parties concerned. Under the second programme the Commission is invited to facilitate the elaboration and conclusion of such agreements, which would have the advantage of giving consumers additional assurances of good trading practice, for example in certain spheres of after-sales service and in areas involving aspects of professional ethics.

211. On 23 July 1981 the Council adopted a decision on the implementation of a pilot scheme relating to a Community system



of information on accidents involving products outside the spheres of occupational activities and road traffic.<sup>1</sup>

The aim of this information system is to provide more information on accidents which occur in the home and its immediate surroundings, such as gardens, yards and garages, and following which medical care is given. The information contemplated concerns the location of the accident, type of injury, identification of the victim and the product(s) involved. This information should give a clearer view of the hazards to the health and safety of consumers presented by the products available to them. In the light of these data the Commission may put before the Council appropriate proposals aimed at avoiding accidents involving products by giving the consumer better information on the hazards involved, by improving the conditions under which the products are used, or by withdrawing the products concerned from the market. This information system will operate for 30 months. On the basis of the results the Commission will submit proposals to the Council on what further action should be taken following this experiment.

212. During the year the Council also continued its examination of various proposals for directives such as:

- the proposal for a directive on consumer protection in the case of contracts negotiated away from business premises, particularly in respect of doorstep selling;<sup>2</sup>
- 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;<sup>3</sup>
- the proposal for a directive relating to the approximation of the laws, regulations and administrative provisions of the Member States as regards liability for defective products.<sup>4</sup>

#### **4. ROME CONVENTION ON THE LAW ON CONTRACTUAL OBLIGATIONS**

213. Denmark and the United Kingdom signed this Convention on 10 March and 7 December 1981 respectively, thus bringing the number of Member States which have signed it to nine.

<sup>1</sup> OJ L 229, 13.8.1981.

<sup>2</sup> OJ C 22, 29.1.1977.

<sup>3</sup> OJ C 70, 21.3.1978.

<sup>4</sup> OJ C 241, 14.10.1976.

In addition, the Council's subordinate bodies have continued their work on the question of conferring competence on the Court of Justice to interpret the Rome Convention.

**5. COMMON RULES ON THE RESPONSIBILITY AND LEGAL PROTECTION OF OFFICIALS AND OTHER SERVANTS OF THE EUROPEAN COMMUNITIES  
COMMON RULES FOR THE LEGAL PROTECTION OF THE FINANCIAL INTERESTS OF THE EUROPEAN COMMUNITIES**

214. After the Coreper had considered certain basic questions common to these two draft items of legislation, priority was given to studying the draft legislation on the legal protection of the financial interests of the Communities.

## CHAPTER IV

### **External relations and relations with the associated States**

#### **A – Enlargement of the Community**

##### **1. ACCESSION NEGOTIATIONS WITH PORTUGAL AND SPAIN**

###### *(a) Portugal*

215. During 1981 the Conference between the European Communities and Portugal continued its work of identifying jointly the basic problems to be resolved by negotiation. In so doing it explored a number of questions in detail, including capital movements, transport, taxation, regional policy, right of establishment and freedom to provide services, own resources and Euratom. It also continued its examination of secondary Community legislation. In addition the Community broached the subject of agriculture by a statement on identifying the problems involved, a process which had been initiated by the Portuguese Delegation in 1980.

In addition, the Conference embarked on the process of seeking solutions to the basic problems identified in connection with such matters as movements of capital, transport, the customs union and free movement of goods in the industrial sector, the ECSC and social affairs.

The Conference met five times at deputy minister level, on 24 February, 29 April, 26 June, 22 July and 1 December 1981, as well as twice at ministerial level on 18 May and 27 October 1981.

*(b) Spain*

216. During 1981 the Conference between the European Communities and Spain has continued its detailed discussions on several topics, including customs union and free movement of goods in the industrial sector, foreign relations, the ECSC, Euratom, regional policy, right of establishment and freedom to provide services, approximation of laws, and economic and financial matters. It also continued its examination of secondary Community legislation. In addition, with regard to agriculture, the Community continued the dialogue which it had started with the Spanish Delegation the preceding year.

In addition the Conference made progress in the search for solutions to the basic problems identified. It achieved initial agreements on questions relating to capital movements, on which the Community had put forward outline solutions in 1979, and on the approximation of laws. It also received statements from the Community containing outline solutions on the customs union and social affairs.

The Conference met six times at deputy minister level, on 6 February, 27 April, 26 May, 26 June, 30 September and 1 December 1981, as well as three times at ministerial level, on 16 March, 13 July and 26 October 1981.

On the subject of accession, on 16 March 1981 the Council recommended that the European Investment Bank should set up a financial cooperation scheme between the Community and Spain for the period preceding Spanish accession. The bank was authorized to grant loans from its own resources up to a maximum of 200 million ECU for financing investment projects in Spain which would be likely to facilitate the country's economic integration into the Community.

## **2. EFFECTS OF ENLARGEMENT ON RELATIONS WITH THIRD COUNTRIES**

217. The Commission announced that it had forwarded to the Council a communication on the effects of the enlargement of the Community on its relations with the preferential countries in the Mediterranean basin. This communication was a follow-up to the report on the same subject forwarded by the Commission to the Council in June 1979<sup>1</sup> and supplemented it on certain aspects.

### **B – Commercial policy**

#### **1. GENERAL COMMERCIAL POLICY**

##### *(a) Commercial policy regulations*

##### *(i) Common import arrangements*

218. During 1981 work in the field of commercial policy regulations was centred primarily on revising Council Regulation (EEC) No 926/79 which established a common list of the products liberalized at Community level.<sup>2</sup>

Regulation 926/79 provided that before 31 December 1981 the Council, acting on a proposal from the Commission, would re-examine certain provisions, in particular those which enabled individual countries to impose safeguard measures. In the current economic crisis it was apparent that it would not be appropriate to withdraw this provision for safeguard measures at present. Consequently it was agreed that it should be maintained for a certain period. In return, however, the new regulation provides for a tightening up of Community discipline, in particular by establishing an enquiry procedure which gives the Commission wider powers of investigation. Lastly, an innovation was incorporated in the presentation of the regulation.

Instead of one annex giving the list of the products liberalized at Community level there will be two annexes. One will list the products which are currently still subject to quantitative restrictions in the Member States, and the other the products subject to import surveillance.

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<sup>1</sup> See 27th Review, paragraph 299.

<sup>2</sup> OJ L 131, 29.5.1979.

This new regulation was adopted by the Council on 5 February 1982 and enters into force on 9 February 1982.<sup>1</sup>

With regard to the State-trading countries, in accordance with Article 3 of Regulation (EEC) No 3286/80<sup>2</sup> on import arrangements in respect of these countries, at its meeting on 15 December 1981 the Council laid down the import quotas to be opened by the Member States for 1982. In general these quotas show increases over 1981 of up to 5% for the quotas expressed by quantity and between 5 and 10% for the quotas expressed by value.

(ii) Anti-dumping regulations

219. Pursuant to the basic anti-dumping regulation the Council, acting on a Commission proposal, adopted a series of decisions imposing permanent anti-dumping duties.

(iii) Regulation on exports

220. In 1981, as in preceding years, the only instance in which the basic regulation establishing common rules for exports of EEC products (Regulation No 2603/69) was applied concerned certain non-ferrous metals in short supply in the EEC. However, continuing its policy of progressive liberalization of these exports initiated by Regulation (EEC) No 3438/80<sup>3</sup> of 18 December 1980 which provided for the abolition of quotas for aluminium waste and scrap and replaced them with a system of surveillance, at the end of the first half of 1981 the Council adopted Regulation (EEC) No 1792/81<sup>4</sup> providing for the replacement of quotas for certain lead products by a surveillance system similar to that already in force for certain aluminium waste and scrap. In addition, on 7 December 1981 it adopted Council Regulation (EEC) No 3568/81,<sup>5</sup> which extends the export arrangements for certain types of non-ferrous metals applicable since the first half of the

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<sup>1</sup> OJ L 35, 9.2.1982.

<sup>2</sup> OJ L 353, 22.12.1980.

<sup>3</sup> OJ L 358, 31.12.1980.

<sup>4</sup> OJ L 179, 1.7.1981.

<sup>5</sup> OJ L 357, 12.12.1981.

year and provides for the surveillance of aluminium and waste and scrap and a single quota system for waste, scrap, ash and residues of copper, which thus remain the only products subject to export restrictions.

Lastly, still in the field of exports, the Commission forwarded to the Council a proposal for a regulation redefining the products subject to common arrangements in this matter. This regulation, which is being studied by the Council, should in the normal course of events be adopted at the beginning of 1982.

(iv) Extension or automatic renewal of trade agreements

221. Acting on proposals from the Commission, the Council adopted several decisions authorizing the extension of a number of trading, friendship and shipping pacts and similar agreements concluded by Member States. These decisions are instances of the implementation of the Council Decision of 16 December 1969, which requires such prior authorization.

(b) *GATT - general matters*

Administration of international trade

222. The main feature of 1981 was the fact that, for the first time for a quarter of a century, the volume of world trade, which had always shown an increase, declined. The decrease was particularly noticeable in agricultural products.

In addition, the recession affecting the industrialized countries, inflation and unemployment, which is approaching the highest level since the 1930s, are causing such serious difficulties that there is a continuing resurgence of protectionist pressures, despite determined efforts to resist them on the part of the governments of the main trading nations of the world.

It is in this general context that the representatives of the Member States and the Commission, in the special Article 113 Committee and also in the Permanent Representatives Committee and the Council itself, followed developments in international trade and the resultant specific problems affecting the Community.

As regards GATT, the Community saw to the full implementation in practice of the codes negotiated under the Tokyo Round. It gave priority to setting up internal mechanisms to enable it to fulfil its obligations regarding notification and to respond promptly to notifications from third countries when they concern the interests of the Community. In addition, under the GATT disputes procedures the Community prepared its defence against a number of attacks made by third countries with regard to aspects of the common agricultural policy, in particular the question of refunds.

Lastly, the Community has entered into the negotiations under Article XXIV.6, made necessary by the accession of Greece to the Community.

The desire expressed throughout by the Community representatives and the constant concern of the special Article 113 Committee and the Council have been to maintain intact the multilateral system of international trade. For this reason the Community supported the proposal of the GATT Director-General to hold a meeting of the contracting parties at ministerial level in 1982 in order to take stock of the world trade situation following the conclusion of the multilateral trade negotiations and reaffirm the commitment of the GATT contracting parties to the fundamental rules for open trade, which must continue to govern trade relations throughout the current decade.

(c) *OECD*

223. As in previous years the Community continued to participate actively in the efforts of the OECD to maintain at the maximum possible level the world open trading system. At its meeting at ministerial level in June 1981, the OECD gave some thought to the tasks it would be facing in the field of trade during the 1980s and invited the Secretary-General to submit proposals for examination by Ministers before May 1982. One of the areas of importance is trade in services, and the Council has begun work on this problem.



(d) *Other activities*

224. Apart from their participation in multilateral activities, the European Council and the Council of the European Communities also prepared the Community position with respect to trade matters which were discussed within the framework of the summit meeting of the leading industrialized nations held in Ottawa in July 1981.

In this context, the European Council of June 1981 made the following statement:

'With regard to the forthcoming meeting of the Western Economic Summit the European Council stressed the need for a united approach to the problems presented by the level and volatility of interest and exchange rates, as these pose a serious threat to Europe's incipient economic recovery. These issues should be pursued in depth in discussions with the other major monetary powers. Important monetary policy objectives are shared with the USA, but the USA should be urged to take due account of the significant international consequences of its domestic policies. The Community itself should do its part to relieve the strain on monetary policy.

The European Council also reviewed the Community's relations with Japan and it was agreed that in Ottawa strong emphasis should be laid on a broad span of questions relating to the smooth functioning of the open and multilateral world trading system, including excessive concentration of exports in sensitive sectors. The European Council stressed the need for effective openness of domestic markets, in particular the Japanese market. These issues should be kept under regular review and in doing so the Community should make the fullest possible use of its bargaining power as an entity.'

The Council is also being kept fully informed about the proposal for further informal non-institutionalized trilateral meetings to deliberate on trade policy implications and actions following the Ottawa summit, at which the United States, Japan and the Community would be represented. Such a meeting could be held at ministerial level in 1982.

## 2. SECTORAL PROBLEMS

### (a) *Steel industry*

225. The conditions which had led to the declaration of a manifest crisis towards the end of 1980 did not change substantially during 1981. Under the circumstances, in addition to the compulsory discipline imposed under Article 58 of the EEC Treaty, on 8 December 1981 the Council decided to continue the existing external measures in 1982. It will be recalled that these external measures mainly comprise a basic price system intended to facilitate the application of anti-dumping measures and arrangements with a number of non-member countries.

With regard more particularly to the arrangements, the Council agreed to the terms on which the Commission could negotiate with the non-member countries concerned on bilateral discipline for 1982. It should be noted in this context that in defining the quantitative aspects, the Council, in the interests of maintaining a fair balance, took account of a number of sometimes divergent factors such as, for example, the need to ensure reasonable continuity in import patterns with an eye to the prospects for an upswing in Community consumption and, on the other hand, the necessity of being able to respond appropriately to current trends in the world market which make the Community particularly vulnerable.

### (b) *Textiles*

226. In the textile sector the Council's main activities concerned the drafting of guidelines to enable the Community to take part in the GATT negotiations in Geneva with a view to defining the multilateral arrangement to replace the Multifibre Arrangement, which was due to expire on 31 December 1981.

It will be recalled that the Community's trade policy on textiles and clothing covers all the low-price countries and is aimed at contributing to the achievement of its economic objectives regarding textiles. With regard to the MFA, the aim was to negotiate the renewal of this arrangement on terms which would enable the Community to conclude satisfactory bilateral agreements to replace those due to expire on 1 January 1983.

227. The main points in the guidelines laid down by the Council may be summarized as follows:

The Community intends to guard against the risk of sudden and substantial increases in imports of highly sensitive products (Group I) in the case of substantially under-utilized quotas (by at least 50%); the bilateral agreements to be negotiated should thus contain a surge clause providing that after examining each case individually the Commission will be able, following the first year of the implementation of the agreement and provided certain conditions are met, to enter into consultations with the countries concerned with a view to:

- suspending wholly or partly the provisions on flexibility, or
- fixing an *ad hoc* limit within the quota on a Community or regional basis.

The *ad hoc* limit negotiated for the current year would be coupled with a growth rate which would enable the country concerned to reach the quota provided for in the final year of the agreement.

Pending the outcome of these consultations, the Community would be able to fix a provisional limit unilaterally. In the event of the failure of the consultations, the Community would reserve the right to adopt an *ad hoc* quantitative limit for one year.

The Council agreed that four countries - Hong Kong, South Korea, Taiwan and Macao - should be considered dominant suppliers.

The Council authorized the Commission to negotiate with these countries to obtain reductions in the current rights of access, in conjunction with the possibility of compensatory measures in respect of outward processing traffic.

In addition the Council agreed to certain provisions aimed at reducing the scope for flexibility offered to the 'dominant' countries.

The Council gave its assent to a mechanism for abolishing quotas which were under-utilized by more than 50% ('return to the basket') and at the same time identified a number of cases in

which it was probable that this mechanism would actually be put into practice. This makes it possible to reduce the overall internal ceilings to be established for Group I, which will be lowered by an amount equal to the difference between the level of imports in 1980 and the rights of access for that year, less 20% of this difference (the margin needed to take into account quotas which could be reopened later on if necessary).

As regards the mechanism of 'basket withdrawal', which applies to imports not subject to quotas and makes it possible to establish such quotas, the Council agreed to certain provisions which improve the working of this mechanism.

This involves in particular fixing higher and more realistic thresholds for most of the supplier countries and also, as a general rule, fixing a provisional limit for three months when this mechanism is brought into operation.

The Council approved rates of growth for the MFA and 'autonomous' countries with regard to the 8 categories of the present Group I. The rates reflect foreseeable consumption trends. There is provision for differentiating these in favour of the poorer countries and small suppliers.

The Council also laid down certain provisions which aim at dealing with the dangers of a recession occurring during the period of validity of the third MFA.

In addition it adopted a Community regulation on outward processing traffic.

The Council concluded that Community participation in the new MFA would be subject to the adoption of new overall ceilings.

It also confirmed that Community participation in the new MFA was subject to the conclusion of satisfactory new bilateral agreements, and that there would have to be a mechanism for maintaining the desired link.

228. The process of negotiating a new MFA began - at least formally - in December 1980, but the real negotiations did not start until the Council laid down the Community's position on the bilateral agreements at the end of the year, which enabled the Community to put forward in Geneva its own draft protocol for the extension of the MFA.

However, as soon as the negotiations entered their decisive phase at the end of the year, it was clear that the Community was in a particularly delicate position and that the negotiations would be difficult. Indeed, it was only during the last days of the negotiations that it was possible to obtain a sufficient degree of agreement between the principal industrialized countries and the exporting developing countries on the main problems covered by the Community's negotiating brief.

The negotiations ended on 22 December 1981 with the adoption of a protocol extending the MFA (until 31 July 1986) which now awaits acceptance by the parties to the Arrangement.

Following these negotiations the Commission was able to state that, as the Community negotiator, it would recommend acceptance of this protocol to the Community authorities. The Commission considered that the protocol achieved the main objectives specified by the Community and provided it with a basis for negotiating satisfactory bilateral agreements. At the same time the Commission nevertheless made it clear to non-member countries that the Community could only continue to subscribe to the renewed MFA if the bilateral negotiations were successful.

229. The Council has now to take a formal decision accepting the outcome of these negotiations, which implies — as it had agreed — simultaneous decisions on the overall ceilings and on the regulation relating to outward processing traffic. In addition, since it was understood that final participation of the Community in the MFA would be dependent on the conclusion of satisfactory new bilateral agreements, the Council has also to decide how this condition is to be fulfilled.

230. The Council also authorized the Commission to study with the Mediterranean countries new arrangements for voluntary restraint, to replace those due to expire at the end of 1981, and adopted a number of guidelines for this purpose.

In this context, it was specified that the Council would establish the overall ceilings for imports over the period 1982-86, it being understood that when Spain and Portugal joined the

Community the overall ceilings would no longer apply to imports from these countries. The Council took note that the overall ceilings would have to be revised at that time to take account of the consequences of the accession of Spain and Portugal.

In addition the Council decided that the growth rates for the preferential countries would be more favourable than those adopted under the MFA.

Discussions began before the end of the year with the majority of these countries, but all these discussions are still at a very preliminary stage.

## **C – Relations with the industrialized countries**

### **1. RELATIONS WITH THE EFTA COUNTRIES**

#### *(a) Administration of the EEC-EFTA Free Trade Agreements*

231. The Joint Committees established by the Free Trade Agreements concluded in 1972 between the Community and each EFTA country met on two occasions<sup>1</sup> during 1981 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 on certain amendments to Protocol 3 to each Agreement relating to the definition of the concept of originating products and methods of administrative cooperation.

Subsequently the Council adopted the regulations to implement these decisions.<sup>2</sup>

232. On 10 February 1981 the Council established for 1981 indicative ceilings and Community supervision for imports of certain sensitive products originating in Austria, Finland, Norway and Sweden.<sup>3</sup> On 7 December 1981 the Council established these ceilings for 1982.<sup>4</sup>

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<sup>1</sup> Except for the EEC-Portugal, EEC-Sweden and EEC-Norway Joint Committees, which met only once.

<sup>2</sup> OJ L 247, 31.8.1981.

<sup>3</sup> OJ L 92, 6.4.1981.

<sup>4</sup> OJ L 376, 30.12.1981, corrected in OJ L 18, 26.1.1982.

233. As in 1979 and 1980, in September the Community concluded an agreement in the form of an exchange of letters with Finland amending certain zero-duty quotas opened for 1981 by the United Kingdom in accordance with Protocol 1 to the Agreement between the Community and Finland.<sup>1</sup>

*(b) Cooperation with the EFTA countries*

234. At its meeting in July 1981 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.

The Council instructed the Permanent Representatives Committee to continue its work on examining the progress made on cooperation and to report in June 1982.

*(c) Agreement between the Community and Austria on quality wines*

235. The Community concluded an agreement with Austria which is mainly concerned with effective reciprocal surveillance and protection of certain wines designated by a geographical indication originating in the territory of the other contracting party to guard against unfair competition.

*(d) EEC-Austria and EEC-Switzerland 'Community transit' Agreement*

236. On 17 February and 15 December 1981 the Council adopted regulations implementing decisions of the EEC-Switzerland and EEC-Austria Joint Committees on Community transit to amend the Agreements between the Community and these countries on the application of the rules on Community transit and their appendices.<sup>2</sup>

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<sup>1</sup> OJ L 276, 30.9.1981.

<sup>2</sup> OJ L 108, 18.4.1981; OJ L 383, 31.12.1981.

237. On 17 February the Council also adopted a regulation on the conclusion of the Agreement in the form of an exchange of letters relating to the amendment of the Agreement between the Community and Austria on the simplification of formalities in respect of goods traded between the Community, on the one hand, and Greece and Turkey, on the other hand, when these goods are forwarded from Austria.<sup>1</sup>

238. On 19 May 1981 the Council adopted a regulation on the conclusion of the Agreement on the text in the Greek language of the Agreement between the Community, Switzerland and Austria on the extension of the application of the rules on Community transit.<sup>2</sup>

239. Two Joint Committees have been established under these agreements. The EEC-Switzerland Joint Committee met in June, and the EEC-Austria Joint Committee in July. On 22 June the Council had established a common position with a view to enabling these Committees to adopt the necessary decisions amending the said agreements.

*(e) Relations with Portugal under the 1972 Free Trade Agreement*

240. On 10 March 1981 the Council adopted a regulation on the conclusion of the Agreement in the form of an exchange of letters between the Community and Portugal on arrangements for 1981 regarding tomatoes prepared or preserved without vinegar or acetic acid falling within subheading 20.02 C of the Common Customs Tariff.<sup>3</sup>

241. The negotiations for a protocol to the Agreement between Portugal and the Community to take account of the accession of Greece led to the initialling of this protocol on 30 April 1981.

Since then the procedures relating to the signing and conclusion of this protocol have been set in motion. Pending their

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<sup>1</sup> OJ L 107, 18.4.1981.

<sup>2</sup> OJ L 147, 4.6.1981.

<sup>3</sup> OJ L 68, 13.3.1981.



completion, on 27 July 1981 the Council adopted a regulation laying down the arrangements applicable to trade between Greece and Portugal.<sup>1</sup> On the same day the representatives of the governments of the Member States of the ECSC, meeting within the Council, adopted a parallel decision regarding ECSC products.<sup>1</sup>

242. Lastly, on 26 October 1981 the Council and the representatives of the governments of the Member States meeting within the Council decided to sign the additional protocols falling within their competence.

On 13 July 1981 the Council adopted regulations opening, allocating and providing for the administration of tariff quotas for certain wines originating in Portugal,<sup>2</sup> which it amended on 16 November 1981 to take account of the arrangements applicable to trade between Greece and Portugal adopted on 27 July 1981.<sup>3</sup>

243. On 16 November 1981 the Council similarly adopted a regulation amending the regulation establishing for 1981 ceilings and Community surveillance of imports of certain products originating in Portugal to take account of the arrangements applicable to trade between Greece and Portugal.<sup>3</sup> On 7 December 1981 the Council adopted a regulation establishing these ceilings for 1982.<sup>4</sup>

## **2. INDUSTRIALIZED NON-EUROPEAN COUNTRIES**

244. The Council reviews regularly its relations with its principal non-European industrialized partners, and during 1981 addressed itself more particularly to relations with the United States and Japan. The Commission continued to hold regular high-level consultations with all the Community's major trading partners with a view to examining questions of common interest arising in a bilateral context with these countries.

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<sup>1</sup> OJ L 236, 21.8.1981.

<sup>2</sup> OJ L 202, 22.7.1981.

<sup>3</sup> OJ L 330, 18.11.1981.

<sup>4</sup> OJ L 376, 30.12.1981, corrected in OJ L 15, 21.1.1982.

*(a) United States*

245. The Council deliberated on a number of occasions on its relations with the United States, which gave rise to concern, notably in the field of imports of certain textile products and in the steel sector.

In a number of cases the Council concluded that dumping had occurred in the exports of certain US products to the Community market and therefore sanctioned the imposition of anti-dumping duties.

246. As far as textile products are concerned, the problems lessened during 1981, partly because of the decontrol of oil prices decided by the United States at the end of January. It should however be stressed that in the energy field the Community is still anxious for the United States to end the system of dual pricing of natural gas, quickly decontrol natural gas prices and end restrictions on exports of naphtha.

247. There has been contention in the steel sector between the United States and the Community following a major decline in Community steel exports to the USA, which led in November to the announcement by the American authorities that they intended initiating procedures with a view to applying countervailing duties on imports of steel to the United States from France and Belgium. The Council is following the situation closely, both in view of its implications for Community trade in steel with the United States and in the context of overall Community relations with that country.

High-level consultations, at which such problems were aired, took place twice during 1981, and following the change in the United States Administration the Council emphasized the need for continuing and genuine consultations between the Community and the United States on all aspects of trade relations, both bilaterally and in a wider world context, particularly because of the interlocking relations between the Community, the United States and Japan.

248. Community relations with the United States in the field of agriculture also led to concern in the Council, and various specific

complaints by the United States, for example on sugar, flour, poultry and dairy products, either are or could become the object of proceedings under GATT.

(b) *Japan*

249. Community relations with Japan in the trade field were a cause of major concern during 1981 and the Council deliberated frequently on the problems involved.

The Council was concerned on the one hand about the excessive penetration of a number of Japanese products, such as cars, machine tools and television sets and equipment, particularly to certain areas of the Community and on the other hand about the urgent need for a better opening up of the Japanese market to Community exports. Although the growth rate of Japan's bilateral trade surplus with the Community decreased in the second half of 1981, the overall trade deficit continued to grow. The underlying trends remain disturbing and further deterioration is possible.

Against this background, the Council in February 1981 authorized the introduction of Community-wide surveillance of the products referred to above and also launched a series of studies regarding the effects of the concentration of Japanese exports in certain sensitive fields. As far as passenger cars are concerned, the Council raised the matter again in May, following the announcement by the United States and Japan that the latter would moderate its exports to the United States; it was emphasized that this should not lead to any further worsening of the situation in the Community market during 1981 and that there would therefore be no diversion of Japanese cars to Community markets as a result of the United States measures, and the Japanese were asked to exercise similar moderation in car exports to the Community, particularly to areas where difficulties were especially pronounced. As far as 1982 and subsequent years are concerned, in June the Council authorized the Commission to continue exploratory talks with the Japanese.

In July 1981 the Japanese Minister of Trade and Industry made a statement calling on the Japanese business community to 'make further efforts to promote the imports of manufactured

goods' and undertook to encourage such expansion. The Council welcomed this statement, and at its October session it approved the principles of a new programme of action to be launched by the Commission with a view to promoting Community exports to Japan.

At its final meeting of 1981, the Council again expressed serious concern regarding the trade situation between Japan and the Community and requested the Commission to transmit to the Japanese authorities a list of requests by the Community, which covered firstly the further opening up of the Japanese market to Community products and secondly the need for continued and effective moderation of Japanese exports in sensitive sectors to the Community as a whole during 1982. The surveillance measures which had applied to a number of products during 1981 have been renewed for 1982.

The Council asked the Commission to present a report in good time for it to be studied at its meeting in February 1982, when the Council will evaluate the Japanese response.

(c) *Australia*

250. The Community's agricultural policy continued during 1981 to give rise to differences of opinion between the Community and Australia; at the same time Australian import restrictions on certain industrial products led the Community to conduct negotiations which resulted in action in GATT, or to arrangements under the terms of bilateral discussions.

(d) *Canada*

251. The Community's contacts with Canada take place, as far as trade policy is concerned, principally within the framework of high-level consultations which are held twice a year; other contacts with Canada in the wider economic and technical field take place in the Canada/EEC Joint Cooperation Committee established under the terms of the framework agreement signed with Canada on 6 July 1976.

Items of particular importance for their impact on relations between Canada and the European Communities which were

discussed with Canada during 1981 included the Canadian national energy programme, the potential consequences for international trade of an artificially low price for oil and the authorization processes under the FIRA.<sup>1</sup>

### **3. RELATIONS WITH STATE-TRADING COUNTRIES**

#### *(a) China*

252. EEC-China relations were followed closely throughout the year by the Article 113 China Committee. Its work was mainly concerned with preparations for the annual meeting of the Joint Committee set up under the 1978 Trade Agreement between the Community and the People's Republic of China.

In general it was noted that the trade balance, which from the Community's point of view had been in deficit since 1979, began to recover during 1981. The difficulties experienced by Community exporters stem in part from the 'readjustment' policy which the Chinese Government has been following since 1979 and the severity of international competition in the Chinese market. Nevertheless, it is generally agreed that a medium and long-term view must be taken of trade relations between the Community and China.

In this connection the third meeting of the Joint Committee, which was held in Peking on 12 and 13 November 1981, provided an opportunity to review trade relations between the two countries, with particular reference to developments in trade and the implementation of the Agreement, including the Textiles Agreement. The Community informed China of its economic concessions in the form of further liberalized products, i.e. an extension of the list in Council Regulation (EEC) No 2532/78, and in the form of increases in the 1982 import quotas. These concessions were to be incorporated into Council Decision 81/1065/EEC<sup>2</sup> of 15 December 1981 on the import quotas to be opened by the Member States in respect of State-trading countries.

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<sup>1</sup> Foreign Investment Review Act.

<sup>2</sup> OJ L 390, 31.12.1981.

In return it was made known that the Community could expect to increase its exports in certain sectors, namely light industry, agri-foodstuffs, chemicals, consumer goods, transport and port construction and energy, as well as in the sphere of the technical modernization and conversion of existing undertakings.

*(b) Romania*

253. The Agreement with Romania on trade in industrial products and the Agreement setting up a Joint Committee entered into force on 1 January 1981.

The Joint Committee with Romania held its first meeting in Brussels on 3 and 4 November 1981, following preparatory work by the Council. This first meeting was of particular importance since it provided an opportunity to check that the commitments subscribed to by both sides under the Trade Agreement had been fulfilled.

The Community drew up a list of the new economic concessions it was prepared to grant Romania in accordance with the commitments entered into under Articles 3, 4 and 5 of the Industrial Agreement. In addition the Community expressed its concern regarding the export barriers raised by Romanian legislation on reciprocal purchases. In view of the commitments entered into by Romania under Article 9 of the Agreement on industrial products it was agreed that the Romanian Delegation would recommend to its authorities that they should take steps to make the provisions on this matter more flexible.

The preparatory work done within the Council enabled the meeting of the Joint Committee to proceed smoothly. The meeting emphasized the importance of these Agreements and gave both sides the opportunity of reaffirming their determination to develop and diversify their relations.

*(c) Poland*

254. Since 1980 the Community and political cooperation bodies have paid particular attention to events in Poland. At its meeting in December 1980, and subsequently at the three meetings held in 1981, in Maastricht, Luxembourg and London

respectively, the European Council showed its willingness, within the limits of the means available to the Community and its Member States and in cooperation with other countries, to meet the requests from the Polish Government for support for the efforts made by the Polish people to restore the country's economy.

In the light of this the Council, acting on proposals forwarded by the Commission, adopted a number of decisions (on 16 December 1980, 1 April, 7 May and 17 October 1981 respectively) regarding the supply of food products on exceptional terms. These covered instalments 1 to 3A of this aid.

The financial arrangements regarding these products comprised a special price reduction in addition to the normal export refunds, which enabled Poland to acquire these products at prices which in general were 15% below world market rates. This special reduction was financed out of the Community budget and involved a charge of approximately 30 million ECU on the 1980 budget and approximately 65 million ECU on the 1981 budget.

Notwithstanding this substantial reduction, Poland needed credit to be able to buy these agricultural and food products. This credit was granted by the Member States and negotiated between Poland and the Member State supplying the products. It should be noted that the terms were more generous than those generally governing this type of transaction. At Community level the Member States exchanged confidential information regarding this credit and the terms granted.

The Council decisions mentioned above provided in all for the supply of the following main agricultural products during 1981 (tonnes):

*Dairy products*

|                   |        |
|-------------------|--------|
| Butter            | 41 000 |
| Whole-milk powder | 920    |

*Meat*

|         |        |
|---------|--------|
| Beef    | 55 000 |
| Pigmeat | 41 790 |

|                  |         |
|------------------|---------|
| <i>Sugar</i>     | 55 000  |
| <i>Cereals</i>   |         |
| Wheat            | 350 000 |
| Barley           | 449 500 |
| Rye              | 25 000  |
| Rice             | 20 000  |
| Pearl barley     | 10 000  |
| <i>Olive oil</i> | 600     |
| <i>Lemons</i>    | 14 220  |

It should also be noted that on 18 August 1981 the Council adopted a resolution enabling the Member States to supply to Poland free of charge fruit and vegetables withdrawn from the market in accordance with the provisions of the common agricultural policy.

As the supply position deteriorated in Poland at the beginning of the winter, at its meeting on 7 and 8 December 1981 the Council decided to supply free to Poland 8 000 tonnes of beef as an emergency measure.

It should be stressed that the decisions relating to the abovementioned operations were taken in the light of the situation in Poland at that time. The imposition of martial law in Poland on 13 December 1981 led the Community to redefine its attitude. In view, among other things, of the fact that it had become practically impossible to monitor the distribution of the products purchased by the Polish authorities, the Community considered that in future it should concentrate on humanitarian aid aimed directly at the most vulnerable sections of the civil population.

On 22 December 1981 the Community therefore decided to grant emergency humanitarian aid (medicines, baby products and health supplies) worth 2 million ECU, to be handled by non-governmental organizations. In addition, at the Council's meeting on 26 January 1982 the Community decided under the present circumstances to discontinue sales to Poland of food products on special terms and to use all or part of the Community funds initially intended for this trade (instalment 3B) for a purely



humanitarian operation, in the form of gifts to the Polish people to be routed through the non-governmental organizations. It was understood that exports on normal terms could continue.

#### **4. INTERNATIONAL ORGANIZATIONS AND CONFERENCES**

##### *(a) EEC/CMEA negotiations*

255. It will be recalled that, following the meeting of experts between the Community and the CMEA in Geneva on 15 and 16 October 1980, on 30 October 1980 the President-in-Office of the CMEA, Mr Loukanov, addressed a letter to Mr Thorn, in his capacity of President of the Commission of the European Communities, expressing the views of the CMEA on the stage reached in negotiations on an agreement between the EEC and the CMEA.

This letter and the points it raised were discussed by the EEC institutions and resulted, in March 1981, in a reply from the Community which was transmitted by Mr Haferkamp, Vice-President of the Commission. In this reply Mr Haferkamp stated that the Community had adopted a constructive attitude based on the political will to establish useful relations between the EEC and the CMEA and was still prepared to continue the negotiations, but that continuing the work of the experts should not depend on a change in the attitude of the Community, which throughout the negotiations had shown itself willing to compromise in order to reach an early agreement. On the problem of trade development, the Community remained convinced that appropriate solutions could be found with each of the Member States of the CMEA on the basis of their specific situation.

It should be noted that by the end of 1981 this letter had not produced any reaction from the CMEA.

##### *(b) Conference on Security and Cooperation in Europe*

256. The Madrid Conference continued throughout 1981. Discussions centred on matters of a political nature covered by Baskets One (security in Europe) and Three (cooperation in humanitarian and other fields).

With regard to the topics covered by Basket Two (cooperation in the fields of economics, science, technology and the environment), which to a large extent fall within the Community's competence, it was apparent that the guidelines laid down in 1980 by the Community in Brussels still formed a sound basis for the work of the Madrid Conference.

*(c) Economic Commission for Europe*

257. Just as for previous sessions of the United Nations Economic Commission for Europe, the Council's subordinate bodies laid down the general guidelines for the position to be adopted by the Community on the problems of a political nature which were discussed at the 36th annual session of the ECE, which was held in Geneva from 30 March to 8 April 1981. As in previous years, these mainly concerned matters relating to European cooperation in the sphere of energy.

In conclusion, the Economic Commission for Europe noted that progress had been made in this sphere and instructed the Group of Senior Advisers to continue its work and submit a further report to the 37th annual session.

*(d) Conference on the Law of the Sea*

258. The Community took part as an observer in the 10th session of the United Nations' Conference on the Law of the Sea, which was held in two parts in spring and summer 1981. The preparatory work for these was done at a number of coordination meetings in Brussels.

In a sense the first part of the 10th session was not a proper session, because the day before it opened the American delegation withdrew the assent which it had previously given to the revised text in August 1980 and indicated that it needed time to review its position.

During the second part of the session, in a number of speeches on 3 and 5 August, the United States listed various reasons for its dissatisfaction with the text of Part XI on the deep sea-bed area, i.e. that the industrialized countries, and in particular the United States, were inadequately represented on the Council of the Authority, that the voting system in this Council

was unsatisfactory, that the Authority's Assembly could interfere with the powers of the Council, that there was a risk of discrimination regarding countries' access to the resources of the area, that the system under the Convention did not allow activities to be developed in the area, that the financial and legal constraints bore too heavily on companies and that there was imbalance in the system, which favoured public undertakings to the detriment of private enterprise.

This attitude on the part of the United States was criticized very vigorously by the USSR and the spokesman for the Group of 77.

Notwithstanding the American position at its latter meetings, the Conference took a number of major decisions regarding its future work. In particular it gave official status to the Draft Convention and drew up a programme for completing its work at the 11th session, which will be held in New York on 8 March to 30 April 1982.

The matters which still remain to be incorporated into the text of the future Convention continue to decrease in number, since the question of delimiting the exclusive economic zones or continental shelf of States with opposite or adjacent coasts was resolved in 1981 through a compromise formula which was incorporated into Articles 74 (exclusive economic zone) and 83 (shelf) of the draft Convention.

For the Community the tenth session brought a major gain, since the clause on its participation was written into a text for the first time (President's Report, Doc. FC 27 of 27 August 1981). However, this text is still unofficial and is to be re-examined in spring 1982. In addition it appears desirable that certain improvements should be made to it.

Another step forward during the session was the choice of the seats of the International Sea-Bed Authority and the Law of the Sea Tribunal. The Authority is to be located in Jamaica and the Tribunal in Hamburg, in the Federal Republic of Germany.

During 22 weeks of work in 1981 the Drafting Committee formulated 1 500 proposals for improving the text. The work began in the six language groups for English, French, Spanish,

Arabic, Russian and Chinese, was continued at the meeting of the coordinators of the six language groups and was concluded in the Drafting Committee itself.

The Committee's reports were finally adopted by the full Conference, which decided to incorporate them into the Draft Convention.

The Committee is to continue its work in 1982 and will hold a pre-session meeting from 18 January to 28 February 1982.

(e) *UNCITRAL<sup>1</sup> Convention on International Sales Contracts for Goods*

259. A number of coordinating meetings have been held on the signing of the UNCITRAL Convention by the Member States.

The Federal Republic of Germany, Denmark and the Netherlands signed the Convention on 26 May 1981, France on 27 August 1981 and Italy on 30 September 1981. The other delegations, which were not able to take a final decision before the final date for signing this Convention, i.e. 30 September 1981, can still accede to it.

(f) *Work of the United Nations International Law Commission and Legal Committee*

260. The Council considered two matters dealt with successively by the United Nations International Law Commission and the 6th (Legal) Committee of the 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.

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<sup>1</sup> United Nations Commission on International Trade Law.

261. The most-favoured-nation clause has been under study since 1967 by the International Law Commission, which adopted draft articles on this subject in 1978. This draft was submitted to the governments and international organizations for their comments, and the Community has made comments on it in 1979, 1980 and 1981. Its specific request is that a new Article 23a should be included providing for exemption from application of the most-favoured-nation clause to third countries as regards the treatment granted under a customs union or a similar arrangement for economic integration.

The Community expressed its views on this matter on 6 November 1981, during the 36th session of the General Assembly.

262. The draft articles relating to treaties concluded between States and international organizations or between international organizations, which were adopted on second reading by the International Law Commission at its 33rd session, go a long way towards accommodating the written comments submitted by the Community in February 1980.

On 6 November 1981 the British Presidency made a statement to the 6th Committee regarding these draft articles.

## **D — North-South dialogue**

### **1. NORTH-SOUTH DIALOGUE IN GENERAL**

263. In 1981 a large number of international conferences and meetings were held on North-South matters. The Community as such took part in the majority of these meetings, on the basis of the guidelines laid down beforehand by the Council. Some of these meetings were more particularly concerned with launching global North-South negotiations, while others were on more specific topics.

#### *(a) Preparation of the Community position*

264. Simultaneously with the discussions on launching global negotiations the Council had to establish a common basic position with a view to various North-South deadlines. This was

undertaken in the early months of the year on the basis of Commission proposals.

The outcome was the adoption, by the European Council at its June meeting in Luxembourg, of a report from the Council of Foreign Ministers laying down in broad outline the position to be adopted by the Community on all the matters under discussion in the North-South dialogue, namely the energy situation, financing of the balance of payments and development projects, security of food supplies, industrial trade and restructuring, and commodities.

In the light of the latest developments in North-South affairs, and to take into account the further points on which agreement had been reached in the Community, this position was further elaborated and expanded when the Council met on 7 and 8 December 1981.

These constant efforts by the Council to work out an open and constructive common position enabled the Community to play its rightful positive role in the North-South dialogue, as is very much expected of it by the developing countries.

#### *(b) Global negotiations*

265. In view of the outcome of the 11th Special Session of the General Assembly, the 35th General Assembly of the United Nations was obliged to take note, in January 1981, that it had not proved possible to reach a consensus on the matter of procedures for the global negotiations or, more specifically, on the respective roles and responsibilities of the General Assembly and the specialized UN bodies.<sup>1</sup>

Attempts were then made, on the initiative of Mr von Wechmar, President of the General Assembly of the United Nations, to resolve the situation. The Community, which would like to see a decision as soon as possible on the launching of global negotiations on the basis of Resolution 34/138 of the General Assembly, lent its active support to these efforts. However, they did not come to fruition, owing to persistent divergences on procedures for the global negotiations and the

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<sup>1</sup> See 28th Review, paragraphs 248 and 249.

desire expressed by the new American administration to have a little more time to carry out a general appraisal of United States policy towards the Third World.

Taking note of this situation at its June meeting, the European Council considered that 'the preparations for the new round of global negotiations should be completed as soon as possible. It emphasized the crucial importance of a positive impulse to be given to this effect by the summit conferences in Ottawa and Cancún.'

All the participants in the summit meeting of the industrialized countries held in Ottawa on 20 and 21 July 1981, at which four Member States and the Commission were represented, stated that they were 'ready to take part in the preparations for a mutually acceptable process of global negotiations in circumstances offering the prospect of meaningful progress'.

In addition, the summit meeting in October in Cancún, in which the Community did not take part as such but which was attended by three Member States, confirmed the usefulness and the urgency of pressing, in the United Nations, for a consensus on the launching of the global negotiations on a mutually agreed basis and in circumstances which would offer the prospect of significant progress.

The matters of concern to the Community regarding the launching of the global negotiations were thus amply taken into account in Ottawa and Cancún.

Since then discussions have been resumed in New York, at the United Nations. The representatives of the Community have taken an active part on the basis of guidelines laid down regularly by the Council's subordinate bodies.

- (c) *Other international conferences connected with the North-South dialogue*
- (i) United Nations Conference on New and Renewable Sources of Energy (Nairobi, August 1981)

266. The most notable result of this conference was the adoption of a programme of action which is to be embarked upon

at the meeting of the Interim Committee on new sources of energy to be held in Rome from 7 to 18 June 1982.

The principal purpose of this programme is to set up a system of international cooperation aimed at promoting the use of new and renewable sources of energy to ease the transition from an economy based primarily on oil and natural gas to an economy in which these new forms of energy will meet a large proportion of world demand in the future.

267. Throughout the conference the Member States of the Community maintained a coordinated position on all the matters discussed. This position was considered by the other groups to be very positive and constructive. On a large number of institutional questions and, more particularly on financial matters, the Conference arrived at a consensus on the basis of conciliatory solutions of a moderate nature proposed by the Member States of the Community.

(ii) United Nations Conference on the Least-Developed Countries (Paris, September 1981)

268. One of the most notable results of the North-South dialogue in 1981 was the United Nations Conference which met in Paris from 1 to 14 September 1981 and was devoted to the 31 poorest developing countries in the world - otherwise known as the 'least-developed countries'.<sup>1</sup>

The Paris Conference culminated in the adoption, by consensus, of a 'substantial programme of action'<sup>2</sup> for the 1980s to help these countries. This document discusses the measures to be taken by the countries themselves, the support measures to be adopted by the international community and finally provisions to be made regarding the execution, follow-up and monitoring of the programme.

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<sup>1</sup> 21 African countries, 8 countries of Asia and the Middle East, Haiti and Samoa are considered 'least-developed countries' (LDCs) in accordance with certain criteria laid down by the United Nations (per capita GDP, share of manufacturing industries and literacy rate).

<sup>2</sup> Cf. Resolution 122(V) adopted at the UNCTAD meeting in Manila.



269. There is no doubt that the positive role played by the Community at this Conference contributed to its success. Firstly, the Community presented a text to the Conference containing a compromise solution as an alternative to the draft programme submitted by the Group of 77, and it also adopted positions, on some of the subjects which were central to the Conference, which took into consideration to a great extent the fears expressed by LDCs.

Thus, on financial matters, the Community went beyond the provisions in the new programme of action and stated that, in the context of their individual efforts to reach and, if possible, to exceed the objective of 0.7% of their GNP, the Member States of the Community giving aid would set themselves the target of allocating 0.15% of their GNP to LDCs as government development aid. In fact certain Member States have exceeded this target.

Similarly, with regard to trade, whereas the new programme confines itself to recommending greater liberalization of trade and, in particular, simplification and improvement of the generalized preferences schemes of the industrialized countries, the Community declared its willingness, in the context of the expansion of the LDCs' production and exports, to study with its partners any problem which may arise and examine further improvements to its generalized preferences scheme.

Finally, on the subject of compensating for the fall in the export earnings of the LDCs, the Community stated that it was prepared to examine in a constructive spirit the most appropriate ways of following the recommendation contained in the programme on this subject, in particular by seeing what measures could be taken and in what procedures could be followed to enable the LDCs who were not signatories to the second Lomé Convention to enjoy provisions corresponding or equivalent to those of the Stabex arrangement.

## **2. COMMODITIES**

270. International activity in the field of commodities involved mainly the continuation of the negotiations on tin and the opening of the Conference on jute. The Community made a constructive

contribution to these negotiations. While the negotiations on tin led to the drafting of a sixth International Agreement<sup>1</sup> the negotiations on jute, although they came very close to being concluded, could not be finalized owing to disagreements between producer countries. In addition it should be noted that the International Wheat Agreement – which also covers the new Food Aid Convention – has once again been extended for two years.

271. The Council also took a number of other important decisions, namely:

- signature of the Agreement on the Common Fund for commodities;
- signature and provisional implementation of the International Cocoa Agreement, despite the non-participation of certain countries which play a very important role in the world cocoa economy;
- opening of negotiations with the International Sugar Council with a view to the possible accession of the Community to an improved Agreement on this product.

272. Lastly, on 30 March the Council adopted an important decision on procedure governing the participation of the Community and the Member States in international work on commodities and more particularly their accession to the Agreements.<sup>2</sup> It was agreed that the Community and the Member States would work together in these matters and would be represented by a joint delegation with a single spokesman, on the basis of a joint position established beforehand within the framework of the Community. This decision reflects the concern of the Council and the Commission to find pragmatic methods of safeguarding the Community's interests at all times without prejudice to matters of law and principle.

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<sup>1</sup> This Agreement will be open for signature by the parties concerned until 30 April 1982.

<sup>2</sup> Except for Agreements regarding products subject to market organization and the Agreement on the Common Fund.

## **E — Development cooperation**

### **1. DEVELOPMENT COOPERATION COUNCIL**

273. The Council in the form of the Ministers for development cooperation held three meetings during 1981, on 28 April, 22 June and 3 November. Among the topics which the Council discussed, in addition to the North-South dialogue, the following should be mentioned:

#### *(a) The fight against hunger in the world*

274. At its meeting on 28 April 1981 the Development Cooperation Council adopted a resolution in which it reaffirmed its desire that the Community should actively contribute to resolving the problem of hunger, the gravity of which is a cause for particular concern, and elaborated on its previous Resolution of 18 November 1980 regarding the search for solutions.

Following a move by the Italian Government at the meeting of the Foreign Affairs Council on 14 September 1981, the Commission proposed a plan of action to combat hunger in the world. This plan has four parts:

- special food aid for the least-developed countries, at an overall cost of 40 million ECU. Part of this aid will be used to supply 100 000 tonnes of additional cereals to the International Emergency Food Reserve;
- assistance in the adoption and implementation of food strategies by the developing countries;
- regional operations and/or action on specific problems, e.g. major endemic diseases, erosion, deforestation etc;
- participation of the Community in international operations, and in particular improved coordination among the donors of aid themselves and between donors and the recipient countries.

On 3 November 1981 the Development Cooperation Council found that there was a consensus at the meeting in favour of the broad outlines of the proposed plan. It gave its assent in principle to a draft regulation relating to the granting of special

food aid worth 40 million ECU, but decided not to adopt this act formally until Parliament had delivered its opinion.

*(b) Evaluation of Community aid*

275. The Council meeting of 28 April 1981, realizing that there were a large number of reports and studies on Community aid which had never been studied as a whole, agreed to carry out periodical evaluations. These should lead to recommendations with the aim of making future aid from the Community more effective.

276. At its meeting on 3 November 1981 the Development Cooperation Council carried out the first exercise of this kind, the topic selected being that of Community aid in the agricultural production and food aid sectors. After its discussion the Council approved a resolution which emphasizes, *inter alia*, the following aspects:

- the need to achieve a balance between aid for agricultural production and food aid;
- importance of the establishment of food strategies on the part of the recipient countries;
- the need for coordination among the donor countries, and between donors and recipient countries;
- close consultation with the direct beneficiaries of a project, where non-governmental organizations can often play a useful role;
- conservation of products and elimination of waste and harvesting losses.

*(c) Food aid*

The activities of the Council mainly covered the following fields:

*(i) Community food aid programme for 1981*

277. On the basis of the agreement reached at the meeting of the Development Cooperation Council of 28 April 1981 regarding

the common guidelines for the 1981 food aid programmes, on 19 May 1981 the Council adopted the following acts:

- Council Decision on the 1981 food-aid programme (cereals);
- Council Regulation (EEC) No 1399/81 laying down general rules for the supply of skimmed-milk powder to certain developing countries and specialized bodies under the 1981 food-aid programme;<sup>1</sup>
- Council Regulation (EEC) No 1400/81 on supply of skimmed-milk powder to certain developing countries and specialized bodies under the 1981 food-aid programme;<sup>1</sup>
- Council Regulation (EEC) No 1401/81 laying down general rules for the supply of milk fats to certain developing countries and specialized bodies under the 1981 food-aid programme;<sup>1</sup>
- Council Regulation (EEC) No 1402/81 on the supply of milk fats to certain developing countries and specialized bodies under the 1981 food-aid programme.<sup>1</sup>

These programmes involve a total of 927 663 tonnes of cereals, 150 000 tonnes of skimmed-milk powder and 45 000 tonnes of butteroil. Part of the cereals programme was set in motion in advance to help certain African countries where the food situation called for food aid operations to be started quickly.

In addition, the Council took note of the distribution among the Member States of the national food aid operations for the financial year 1981/82.

## (ii) Extension of the 1980 Food Aid Convention

278. The Council gave its assent to this extension on 12 May 1981 — simultaneously with the sixth extension of the 1971 Wheat Trade Convention — and at the same time agreed on the deposition of a declaration of provisional application.<sup>2</sup> The

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<sup>1</sup> OJ L 141, 27.5.1981.

<sup>2</sup> Council Decision 81/407/EEC of 12 May 1981 on the signing of the 1981 Protocols: OJ L 155, 13.6.1981.

extension covers the period from 1 July 1981 to 30 June 1983. The commitments of the Community and its Member States under the Food Aid Convention were maintained at the higher level fixed in 1980, i.e. 1 650 000 tonnes of cereals. The Community's annual cereals programme accounts for approximately 56% of this quantity and the programmes of the Member States for approximately 44%.

(iii) Draft regulation relating to food-aid policy and management

279. Having examined the question in depth on several occasions, at its meeting on 14 September 1981 the Council adopted a common position relating to an outline regulation on food-aid policy and management. Parliament asked for the conciliation procedure to be followed regarding this common position.

The proposed regulation should make it possible to make food aid a real instrument of the Community's policy of cooperation with the developing countries, in particular by providing for multiannual development projects.

It is also meant to improve the management and implementation procedures, with a view to ensuring a form of management more in line with the interests and needs of the recipient countries. It lays down the general objectives and guidelines for food aid, and also the procedures for implementing food-aid projects, specifying in particular the respective areas of responsibility of the Council and the Commission and providing for the creation, under the Commission, of a Food-Aid Committee.

(iv) Emergency food-aid

280. The Council's subordinate bodies, in close cooperation with the Commission, took a large number of individual decisions relating to emergency food aid operations, in particular for emergencies other than those resulting from natural disasters, the Commission alone taking the decisions in the latter cases.

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

281. On 17 February 1981, after following a lengthy procedure, the Council adopted Regulation (EEC) No 442/81 on financial and technical aid to non-associated developing countries.<sup>1</sup>

282. On 3 November 1981 the Council established a common position on the general guidelines for 1982 as regards financial and technical aid to the non-associated developing countries. It confirmed that the needs of the least-favoured countries and the most needy sections of the population must form the basis for Community action and stressed that the Community must continue to give priority to agricultural and rural development projects, particularly those aimed at improving the food supply situation.

283. In addition the Council's subordinate bodies gave particular attention to cooperation between the Community and the Asiatic Development Bank, as well as to the development of relations with non-governmental organizations concerned with development, in particular in the field of co-financing.

(e) *Encouragement of investment in the developing countries*

284. On 22 June 1981 the Development Council took note of the Report of the Permanent Representatives Committee, which had been instructed to make an analysis of the content and the application of the general objective of non-discrimination and, in addition, examine the procedures for implementing the provisions on the protection of investments contained in the agreements negotiated by the Community.

The Council agreed to provide for exchanges of information — the terms of which it defined — on the initiative of any Member

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<sup>1</sup> OJ L 48, 21.2.1981.

State which wished to conclude an agreement for the protection and promotion of investments in the context of Community provisions concerning relations with developing countries. It confirmed that individual countries retained the entire responsibility for negotiating these agreements.

(f) *Other matters discussed by the Development Cooperation Council*

285. The Council and its subordinate bodies started or continued work in the following fields:<sup>1</sup>

(i) The refugee problem

286. The Council recognized the seriousness of the refugee problem and the responsibilities which the Community shares in this respect with the rest of the international community, both in Africa, where there are at present the largest numbers of refugees, and in other parts of the world.

The President-in-Office of the Council took an active part in the United Nations Conference on Assistance for Refugees in Africa (Geneva, 9 and 10 April 1981). On this occasion the Community announced that its aid would be increased to USD 170 million for 1981.

The Commission forwarded a communication on aid to refugees, which was examined by the Council's subordinate bodies.

(ii) Energy in the developing countries

287. In the light of the results of the United Nations Conference on New and Renewable Sources of Energy (Nairobi, August 1981), for which it had laid down the Community position, the Council again discussed the problems which arise regarding the energy needs of the developing countries. It instructed the Permanent Representatives Committee to present a report for its

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<sup>1</sup> For the United Nations Conference on the Least-Developed Countries (Paris, 1 to 14 September 1981), see paragraph 268 *et seq.* of this Review.



next meeting on development, on the basis of a detailed document promised by the Commission.

(iii) Role of women in development

288. The Council agreed to hold a preliminary discussion at its next meeting on development, on the basis of a communication to be prepared by the Commission in liaison with the experts from the Member States and the Commission delegates on the spot.

(iv) Emergency aid under Article 950 of the budget

289. At its meeting on 3 November 1981 the Council gave its assent to improved procedures regarding emergency aid (Article 950 of the budget), with the aim of strengthening the Community's ability to take rapid action while guaranteeing adequate preparation for the necessary decisions.

## **2. GENERALIZED PREFERENCES**

290. In the light of the opinions of Parliament and the Economic and Social Committee, the Council approved the new scheme of generalized preferences for 1982.<sup>1</sup> This was established under the decision which the Council took on 16 December 1980 to maintain the generalized system of preferences (GSP) for a further 10 years.

The Council finalized the scheme for 1982 with reference to the changes in the economic situation in 1981 and also the new guidelines in the field of industrial products on which the Community GSP for the 1980s is based.

With regard to the new guidelines, the aim is to continue in a gradual and progressive manner to steer the advantages granted to the beneficiary countries towards the countries which have most need of them.

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<sup>1</sup> OJ L 365, 21.12.1981.

*(a) Products covered by the GSP*

291. The 1982 scheme can be summarized as follows.

292. As in 1981, the 1982 GSP provides for total exemption from customs duties for all industrial products, within certain value or volume limits.

In order to simplify the management of the GSP the Community recognizes, as in the 1981 GSP, two categories of products - sensitive products, which are strictly controlled, and non-sensitive products. Thus, for 65 sensitive industrial products, including 6 ECSC products, preferential imports from highly competitive countries will be governed by individual quotas, while imports from the other beneficiary countries will be subject to the system of individual ceilings.

It should also be noted that the Council abolished certain exclusions affecting specific products from Romania and China.

As a general rule imports from beneficiary countries considered to be the poorest are not subject to quotas.

293. With regard to textile products, the Council considered that the provisions of the GSP for 1981 concerning both the products covered by the Multifibre Arrangement (MFA) and those which are not covered by this Arrangement should be maintained unchanged for 1982.

294. With regard to agricultural products, for 1982 the Community is offering partial or total exemption for approximately 327 products, the Council having given its assent to the following provisions:

- an increase in the preferential margin for 36 products already included in the GSP;
- introduction of 14 new products for all the beneficiary countries;
- inclusion of 11 new products exclusively in respect of the least-advanced developing countries;
- for the least-developed countries, exemption from quantitative restrictions for almost all products.

295. Lastly, it should also be noted that China will enjoy certain new concessions in 1982 for certain fruits prepared or preserved with the addition of alcohol.

(b) *Beneficiaries*

296. The list of beneficiary countries for 1982 will include 125 countries, including two new countries, Belize, and Antigua and Barbuda, which became independent in 1981.

In addition it should be noted that China and Romania will continue to enjoy preferences under special conditions.

**F — Relations with the ACP States and the Overseas Countries and Territories**

**1. RELATIONS WITH THE ACP STATES**

297. On 1 January 1981 the second Lomé Convention entered in force, the conditions of Article 183(1) regarding the minimum number of ratifications required having been met.

The procedure for the ratification and conclusion of the Convention by all the contracting parties (the Community, Member States and ACP States) was completed on 12 May 1981.

The implementation of the Convention gave rise to a number of meetings, both on the part of the institutions of the Convention (Council of Ministers, Committee of Ambassadors and Consultative Assembly) and by various bodies responsible for assisting them. The Convention was put into effect in all the fields — both old and new — which it covers.

298. The first meeting of the ACP-EEC Council of Ministers under the new Convention was held in Luxembourg on 9 and 10 April 1981 and was the sixth meeting held by this Council since the entry into force of the first Convention. It not only took stock of ACP-EEC cooperation, but also resolved a number of problems submitted by the Committee of Ambassadors, some of which had already arisen under the first Convention.

The Council of Ministers noted that a large number of provisions of the second Lomé Convention relating to various

fields of cooperation had already been put into effect before the entry into force of the Convention, by virtue of the decisions taken for the transitional period by the Committee of Ambassadors in February 1980 and the measures adopted unilaterally by the Community. It took the necessary decisions to ensure the continued implementation of the Convention.

299. The Committee of ACP-EEC Ambassadors held its 11th and 12th meetings on 19 June and 30 November 1981. It assisted the Council of Ministers in its work, monitored the implementation of the Convention and supervised the work of the various subordinate bodies.

300. The ACP-EEC Consultative Assembly held its annual meeting from 28 to 30 September in Luxembourg. The preparatory work for this meeting was done by the joint ACP-EEC Committee, which met twice — in Freetown (Sierra Leone) and Strasbourg. The Assembly adopted a number of resolutions, in particular on the fifth annual report of the ACP-EEC Council of Ministers, ACP-EEC cultural cooperation and the problem of hunger in the world.

(a) *Trade cooperation*

(i) Trends in ACP-EEC trade

301. The joint bodies discussed these trends and noted that, although in terms of nominal value ACP-EEC trade in both directions seemed to be continuing its growth and the trade balance remained in favour of the ACP States, the structure of this trade — which had changed little since the first Convention entered into force — still left something to be desired.

For this reason, at its sixth meeting, in Luxembourg on 9 and 10 April 1981, the ACP-EEC Council of Ministers commissioned a group of experts to study this matter.

A Community proposal regarding the mandate for this group was sent to the ACP States on 6 October 1981.

(ii) ACP-EEC consultations on generalized preferences

302. Since at the end of 1980 the ACP States had expressed in a memorandum forwarded to the Community their concern regarding the system of generalized preferences to apply from 1981, the Community made a statement on this matter at the meeting of the ACP-EEC Council of Ministers in Luxembourg. In addition the Council agreed to a proposal from the ACP States for organizing a seminar at which economic operators from the ACP States and the EEC countries would study the implications of the Community GSP for ACP exports.

303. In addition, under the ACP-EEC consultation procedures, in October 1981 the ACP States put forward their observations on the scheme of generalized preferences proposed by the Community for 1982.

304. In the course of the examination by GATT of the second ACP-EEC Convention, the Community – in conjunction with the ACP States – drafted answers to a questionnaire submitted to the Community and the ACP States by the contracting parties.

(iii) Agricultural products available

305. At its sixth meeting, on 9 and 10 April 1981, the ACP-EEC Council of Ministers discussed the question of supplying agricultural products available in the Community to the ACP States. The ACP-EEC Council of Ministers agreed that an ACP-EEC working party should be instructed to study simultaneously the Community's position and the suggestions forwarded by the ACP States.

Among the main features of the arrangements sought by the ACP States, what they were most interested in was a long-term supply guarantee and the terms of payment.

On 29 July 1981 the Community forwarded to the ACP States a communication on the composition and organization of this working party.

In July 1981 the Commission forwarded to the Council proposals for facilitating long-term contracts for the supply of agricultural products to the developing countries. The Council's subordinate bodies began their examination of these proposals.

*(b) Customs cooperation*

306. On the subject of derogations from the rules of origin, the EEC Council extended the validity of the derogation concerning fishing flies from Kenya and Malawi and adopted new derogations for preserves of tuna from Mauritius and Fiji.

In addition, the Commission proposed to the Council that steps should be taken to accelerate the procedure for granting derogations from the definition of the concept of originating products.

*(c) Stabilization of export earnings*

307. In March 1981 the Commission reported that resources were likely to be insufficient to finance the scheme for 1980 (the first year of operating the new Convention), as the requests for transfers lodged with the Commission already considerably exceeded the resources available. At its meeting on 9 and 10 April 1981 the Council of Ministers therefore adopted two decisions under the terms of Article 34 of the Convention providing for:

- advance utilization of part of the 1981 tranche of the resources allocated to the scheme;
- the delegation of powers to the Committee of Ambassadors for the purpose of reducing the amounts to be transferred for 1980.

The final statement of resources available and applications lodged, communicated by the Commission to the ACP States and the Community shows a deficit of approximately 123 million ECU, with applications totalling 261 million ECU against 138 million ECU available (annual tranche: 110 million; carried forward from 1979: 6 million; advance drawing on 1981 funds: 22 million).

On the basis of these data and pursuant to Article 34 of the Convention, the Committee of Ambassadors decided, taking into account the specific difficulties of the least-developed ACP States (cf. Article 46(2) of the Convention), to differentiate between the transfers by applying reduction coefficients of 0.4049 for each transfer to the least-developed ACP States and 0.5264 for the other ACP States. Applications not exceeding 1 million ECU were, however, exempt from this reduction.

Accordingly the following transfers were made in July 1981:

| Applicant ACP State      | Product                      | Amount of transfer (ECU) |
|--------------------------|------------------------------|--------------------------|
| Burundi                  | Green or roasted coffee      | 11 023 569               |
| Cape Verde               | Fresh bananas                | 214 764                  |
| Chad                     | Cotton, not carded or combed | 2 539 846                |
| Central African Republic | Green or roasted coffee      | 968 396                  |
| Comoros                  | Copra                        | 246 447                  |
|                          | Essential oils               | 852 402                  |
| Dominica                 | Fresh bananas                | 2 527 944                |
| Fiji                     | Coconut oil                  | 842 296                  |
| Gambia                   | Groundnuts, shelled or not   | 3 791 992                |
|                          | Groundnut oil                | 3 191 205                |
|                          | Oilcakes                     | 1 134 175                |
| Guinea-Bissau            | Groundnut products           | 1 259 747                |
|                          | Palm nuts and kernels        | 273 919                  |
| Ivory Coast              | Green or roasted coffee      | 19 195 390               |
| Jamaica                  | Fresh bananas                | 3 238 995                |
| Kenya                    | Green or roasted coffee      | 10 032 204               |
| Kiribati                 | Copra                        | 497 742                  |
| Lesotho                  | Mohair                       | 242 279                  |
| Madagascar               | Vanilla                      | 1 211 202                |
| Malawi                   | Tea                          | 1 330 961                |
| Mali                     | Groundnut products           | 2 551 615                |
| Rwanda                   | Green or roasted coffee      | 6 555 031                |
| Saint Lucia              | Fresh bananas                | 1 349 538                |
| Senegal                  | Groundnut products           | 30 353 160               |
|                          | Oilcakes                     | 8 253 832                |
| Sierra Leone             | Palm nuts and kernels        | 947 774                  |
| Somalia                  | Fresh bananas                | 1 423 385                |
|                          | Raw hides                    | 415 854                  |
| Sudan                    | Groundnuts, shelled or not   | 13 415 560               |
| Tanzania                 | Green or roasted coffee      | 6 254 957                |
| Tonga                    | Copra                        | 602 239                  |
| Tuvalu                   | Copra                        | 14 495                   |
| Western Samoa            | Cocoa beans                  | 1 222 990                |
| Total                    |                              | 137 975 905              |

308. At the abovementioned meeting on 9 and 10 April 1981 the Council of Ministers also decided to extend to Kiribati the provisions of Article 46(3) of the Convention, which makes it possible to take into account exports to all countries.

309. Finally the Council took note that the Commission was continuing its technical studies concerning the request of the ACP States that further products should be covered by the system, and authorized the Committee of Ambassadors to take the necessary decisions on the matter.

*(d) Sugar*

*(i) Failure of four ACP States to make deliveries during the 1977/78 marketing year*

310. In March 1981 the Community informed the ACP States that it was not in a position to accept the recommendations made in September 1980, following the good offices procedure, by the mediators, Mr Francis and Mr Krohn, regarding the Commission's decisions to reduce the 'agreed quantities' under the terms of Article 7 of the Protocol on sugar. At the request of the ACP States, this matter was therefore submitted to the meeting of the Council of Ministers on 9 and 10 April 1981, which noted that, while the abovementioned decisions of the Commission remained valid, the four ACP States concerned were still eligible for new allocations under Article 7(4) of the Protocol on sugar.

*(ii) Guaranteed prices*

311. On 18 May 1981 the Council adopted a decision authorizing the Commission to enter into negotiations with the ACP States and with India with a view to fixing the guaranteed prices for preferential sugar for the 1981/82 delivery year at a level comparable to that already fixed for Community sugar producers, i.e. an increase in prices of 8.5% for white sugar and 7.5% for raw sugar over those for the previous year. No agreement could be reached on this basis in negotiations with the ACP States who — as exporters mainly of raw sugar — demanded the same rate of increase for raw sugar as for white sugar and demanded that in the event of a refusal on the part of the Community an extraordinary meeting of the ACP-EEC Council of Ministers should be held to examine this matter.



Accordingly, in November 1981 the Commission proposed to the Council that the negotiating brief should be amended to offer a price increase for raw sugar of 8.5% and, in addition, that the storage equalization system provided for in the basic regulation on sugar, in order to compensate the refiners concerned for the losses sustained because of this price increase, should be abolished. Since the Council did not reach agreement on these proposals the Community accepted the request of the ACP States that an extraordinary meeting of the Council of Ministers should be held on a date to be fixed by the Presidents of this Council.

(e) *Institutional matters*

(i) Accession of Greece to the European Communities

312. Following the accession of Greece two protocols were signed, on 8 October 1981, with the ACP States, providing that with effect from 1 January 1981 Greece should be a contracting party to the Convention and to the Agreement on ECSC products, and that certain transitional and adaptational measures should be taken in this context.

These protocols have been forwarded to the contracting parties for their approval.

(ii) Accessions to the second Lomé Convention

313. The Republic of Vanatu, which as the 'Franco-British Condominium of the New Hebrides' was covered by the decision relating to the association of the OCTs to the Community, became independent on 30 July 1980 and acceded to the second Convention on 18 March 1981.

Similarly Belize — a former OCT which had just achieved independence — applied to accede to the Convention.

(f) *Industrial cooperation*

314. Article 78(1) defines in detail the functions of the ACP-EEC Committee on Industrial Cooperation. On a proposal from the Committee of Ambassadors, on 10 April 1981 the ACP-EEC Council of Ministers adopted Decision No 5/81 relating to

the composition and working procedures of the Committee on Industrial Cooperation. This Committee, which had been set up previously under the first Lomé Convention, was thus in a position to carry out, under the aegis of the Committee of Ambassadors, the tasks which fall to it under the new Convention.

At this same meeting on 10 April 1981, the Council of Ministers adopted its Decision No 6/81 which, on the basis in particular of Article 81(7) of the Convention, defines the statutes and the operating rules of the Centre for Industrial Development. This Centre was established in accordance with Article 36 of the first Lomé Convention. It has its seat in Brussels, is a non-profit-making body, and in all the States subscribing to the Convention it enjoys the widest legal capacity granted to legal persons. Its objectives, as well as its tasks and the general conditions for its operation, are laid down in Articles 79 to 81 of the second Lomé Convention. Decision No 6/81 in particular elaborates on the provisions of this Convention and makes them fully operative.

315. The ACP-EEC Committee on Industrial Cooperation held its 22nd meeting, the first under the new Convention, on 18 March 1981. It carried out preparatory work for the ACP-EEC Council of Ministers in the field of industrial cooperation and adopted its rules of procedure. In this connection it made arrangements concerning the Committee's Presidency, *vis-à-vis* both the Community and the ACP States, depending on the importance and the nature (technical or non-technical) of the subjects under discussion.

At this meeting the Committee also carried out a thorough examination of the proposals from the Director of the CID relating to the structure of the Centre and its work programme for 1981, and gave its assent to these proposals. It took note of the Director's report on the recruitment of new staff. After taking note of the opinion of the Advisory Council of the Centre, a body of persons appointed by the Committee who have wide experience in the industrial field and in particular in the manufacturing sector, it adopted the decision approving the budget of the Centre for the financial year 1981. The

appropriate Community body then adopted its decision on financing the required contribution to this budget from the European Development Fund pursuant to Article 81(5) of the Convention (4 273 149 ECU from the separate appropriation of a maximum of 25 million ECU taken from the funds earmarked for financing regional cooperation projects).

The Committee also examined the texts put forward by the Community and the ACP States respectively with regard to the draft decisions:

- laying down the arrangements applicable to the staff of the CID, and
- adopting the financial regulations of the CID.

These decisions were taken pursuant to Article 81, paragraphs 5 and 8 respectively, of the second Lomé Convention. They apply as from the date when the Convention entered into force, and were formally adopted on 2 September 1981.

316. The Committee held further meetings on 27 and 30 November 1981. *Inter alia*, it examined the annual report of the CID for 1981, as well as the programme of work and the draft budget of the CID for 1982, accompanied by the opinion of the Advisory Council. It gave its assent to these documents and adopted the draft budget.

In view of the maximum of 25 million ECU provided for in Article 81(5) of the second Lomé Convention for the duration of the Convention, it was agreed that initially the contribution of the European Development Fund to the 1982 budget would be limited to 4 520 077 ECU. The budget of the CID was finally adopted on the date of the decision relating to this contribution, i.e. 18 December 1981.

317. Finally, in order to give its work due significance, the Committee discussed the choice of a major aspect of industrial cooperation which, after appropriate preparation, would be the subject of discussions in depth at a later date. The Community proposed the topic of the agricultural processing industries, and the ACP States that of industrial restructuring.

318. At the time of negotiating the second Lomé Convention, the ACP States and the Member States recognized the need to mobilize additional funds and thus make substantial capital resources available for industrial development. This consideration forms the basis of the joint declaration on complementary financing of industrial cooperation (Annex X of the Final Act), under the terms of which the Community and the ACP States agreed, *inter alia*, to undertake a detailed joint analysis of the problem.

319. As a first stage a high-level group of experts, chaired by Professor Onitiri of Nigeria, was given a brief to study this matter. At its meeting on 9 and 10 April 1981, the ACP-EEC Council of Ministers expressed its satisfaction with this study and decided on a procedure for examining it. This examination was given active attention by the Council's subordinate bodies, so that the Community's initial position was communicated to the ACP States at the end of November 1981.

*(g) Agricultural cooperation*

320. The Council's subordinate bodies carried out preparatory work for the exchange of views at the meeting of the ACP-EEC Council of Ministers on 9 and 10 April 1981 on implementing the provisions of the second Lomé Convention relating to agricultural cooperation. This represents a major innovation in this Convention, in a field which is particularly sensitive with regard to economic development and the food situation in the ACP States.

The ACP-EEC Council of Ministers took note that the Committee of Ambassadors — acting on a proposal from the Cooperation Sub-Committee for Agricultural and Rural Development, which had held its inaugural meeting — adopted the necessary acts (i.e. statutes and rules of operation, staff regulations and financial regulations) for the inauguration of the Technical Centre for Agricultural and Rural Cooperation provided for in Article 88 of the Lomé Convention.

Such progress was made on consultations regarding the seat of the Centre, its structure and the qualifications of the Director, that the next round of discussions with the ACP

States, to be held in January 1982 on the basis of the proposals from both parties, should make it possible to establish the Centre within the next few months.

*(h) Financial and technical cooperation*

321. On 1 January 1981 the Internal Agreement on the financing and administration of Community aid, which had been signed by the Member States on 20 November 1979, entered into force. This institutes the Fifth European Development Fund (5th EDF) and lays down the arrangements for financing it and the apportionment of the contributions from the Member States.

Pursuant to the Internal Agreement of 1979, on 17 March 1981 the Council adopted the Financial Regulation applicable to the 5th EDF,<sup>1</sup> and on 27 January and 28 April 1981 the rules of procedure of the EDF Committee and those of the Article 22 Committee respectively.

By its Decision 81/558/EEC of 13 July 1981<sup>2</sup> the Council adjusted the amounts made available to the 5th EDF for the ACP States on the one hand and the overseas countries and territories on the other, to take account of the fact that Saint Vincent and the Grenadines and the Republic of Vanuatu, which were formerly OCTs, had become parties to the second Lomé Convention.

In addition the Council received from the Commission a draft decision to amend the Internal Agreement of 1979 following the accession of Greece to the European Communities.

322. After examining the part of the annual report of the Court of Auditors for 1979 relating to the European Development Fund,<sup>3</sup> on 9 April 1981 the Council adopted

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<sup>1</sup> OJ L 101, 11.4.1981.

<sup>2</sup> By Decision 81/559/EEC of 13 July 1981 (OJ L 203, 23.7.1981), the Council accordingly amended Decision 80/1186/EEC on the association of the overseas countries and territories with the European Economic Community.

<sup>3</sup> OJ L 342, 31.12.1980.

Decisions 81/260/EEC, 81/261/EEC and 81/262/EEC and Recommendation 81/263/EEC,<sup>1</sup> giving and recommending Parliament to give a discharge to the Commission in respect of the implementation of the operations of the 1st, 2nd, 3rd and 4th EDFs for the financial year 1979.

In addition, following observations from the Court of Auditors, the Council's subordinate bodies examined the problem of interest subsidies.

When forwarding the preliminary draft budget for 1982 the Commission also presented to the Council, as in previous years, a document containing certain financial information relating to the European Development Fund. The Council annexed this text to the draft budget for 1982.

By a decision dated 15 December 1981 the Council laid down the timetable for demands for contributions from the Member States in respect of the 4th EDF for the financial year 1982.

323. On 26 October 1981 the Council adopted Regulation (EEC) No 3245/81 setting up a European Agency for Cooperation,<sup>2</sup> to be responsible in particular for the recruitment and administration of the staff put at the disposal of the Commission delegations in the developing countries.

The Council's subordinate bodies continued their examination of the problem of the way the contracts financed by the EDF are distributed among the Member States and of means of improving implementation of the principle of equal access to these contracts.

The Council received several reports on the management of financial and technical cooperation.<sup>3</sup>

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<sup>1</sup> OJ L 122, 6.5.1981.

<sup>2</sup> OJ L 328, 16.11.1981.

<sup>3</sup> Commission report to the ACP-EEC Council of Ministers on the administration of financial and technical cooperation in 1980; Commission report on the results of the invitations to tender issued on the resources of the 1st, 2nd, 3rd and 4th EDFs for 1980; Commission report on the comparative evaluation of projects cofinanced with non-governmental organizations and micro-projects; EIB report on the state at 31 December 1980 of operations financed from the resources of the 4th EDF.

324. With regard to the activities of the joint bodies, by Decision No 7/81 of 10 April 1981 the ACP-EEC Council of Ministers adopted the rules of procedure of the ACP-EEC Committee provided for in Article 108(6) of the second Lomé Convention, which is a new body responsible for studying suitable measures aimed at improving the implementation of financial and technical cooperation.

Under powers delegated by the ACP-EEC Council of Ministers, on 19 June 1981 the ACP-EEC Committee of Ambassadors adopted Decision No 14/81 nominating the members of this Committee at ministerial level.

On 10 April 1981 the ACP-EEC Council of Ministers decided to include Kiribati in the lists of the least-developed and island ACP States (Article 155(3)(a) and (c) of the second Lomé Convention) and to include Zimbabwe in the list of the landlocked ACP States (Article 155(3)(b)).

Under powers delegated by the ACP-EEC Council of Ministers, on 30 November 1981 the ACP-EEC Committee of Ambassadors decided to include Saint Vincent and the Grenadines and the Republic of Vanuatu in the lists of the least-developed and island ACP States, and the Republic of Equatorial Guinea in the list of the least-developed ACP States.

In addition, as regards the general clauses and conditions for contracts, the Council's subordinate bodies started preparing the position of the Community regarding the counter-proposals presented by the ACP States in March 1981.

## **2. THE ASSOCIATED OVERSEAS COUNTRIES AND TERRITORIES**

325. The Council Decision of 16 December 1980 on the association of the overseas countries and territories with the European Economic Community<sup>1</sup> entered in force, in accordance with Article 140 of that decision, at the same time as the second Lomé Convention, i.e. on 1 January 1981.

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<sup>1</sup> Decision 80/1186/EEC: OJ L 361, 31.12.1980.

This decision lays down for a further period, as provided for in Article 136 of the Treaty of Rome, the provisions applicable to this association. It is based for the most part, except in particular for differences of an institutional nature, on the provisions relating to the various fields of cooperation under the second Lomé Convention.

Accordingly, a large number of implementing decisions taken by the Council or the Commission with regard to the ACP States also apply to the OCTs. A case in point is the stabilization of export earnings scheme, under which the OCTs received the following payments in 1981 in respect of the 1980 arrangements:

| Applicant OCT            | Product            | Amount of transfer (ECU) |
|--------------------------|--------------------|--------------------------|
| Saint Vincent<br>Vanuatu | Fresh bananas      | 913 286                  |
|                          | Copra/coconut oils | 3 776 616                |
|                          | Cocoa beans        | 410 207                  |
| Total                    |                    | 5 100 109                |

Further instances are:

- the Council Regulation amending Regulation (EEC) No 435/80 on the arrangements applicable to agricultural products and certain goods resulting from the processing of agricultural products originating in the ACP States or the OCTs;<sup>1</sup>
- the Council Decision on the application in the Community of revised amounts applicable for the documentary requirements in Annex II concerning the definition of the concept of 'originating products' and methods of administrative cooperation to Decision 80/1186/EEC on the association of the OCTs within the EEC;<sup>2</sup>

<sup>1</sup> Regulation (EEC) No 3019/81 of 19 October 1981: OJ L 302, 23.10.1981.

<sup>2</sup> Decision 81/880/EEC of 26 October 1981: OJ L 326, 13.11.1981.



- the Council Regulation opening, allocating and providing for the administration of a Community tariff quota for rum, arrack and tafia, falling within subheading 22.09 C I of the CCT and originating in the OCTs (1981/82).<sup>1</sup>

326. In addition, after Saint Vincent and the New Hebrides became independent<sup>2</sup> and, under their new names of Saint Vincent and the Grenadines<sup>3</sup> and Vanatu,<sup>4</sup> applied for accession to the Lomé Convention, on 13 July 1981 the Council adopted:

- Decision 81/559/EEC amending Decision 80/1186/EEC on the association of the OCTs with the EEC<sup>5</sup> (to amend accordingly the overall amount of the financial aid allocated to the OCTs);
- Decision 81/558/EEC adjusting the amounts made available to the EDF (1979) for the ACP States and the OCTs respectively.<sup>5</sup>

Previously, on 20 January 1981, by its Decision 81/23/EEC,<sup>6</sup> the Council had decided on the provisional application to the Republic of Vanuatu of the arrangements provided for in Decision 76/568/EEC on the association of the OCTs with the EEC.

327. Lastly, Belize became independent on 21 September 1981, and applied for accession to Lomé II. This was quickly approved by the ACP-EEC Council of Ministers and will become effective in the near future. Meanwhile, on 3

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<sup>1</sup> Regulation (EEC) No 1701/81 of 24 June 1981: OJ L 172, 30.6.1981.

<sup>2</sup> On 27 October 1979 and 30 July 1981 respectively.

<sup>3</sup> In the case of Saint Vincent and the Grenadines, accession was to the *first* ACP-EEC Lomé Convention and took effect when the accession instrument was lodged

- on 27 February 1980.

<sup>4</sup> This accession was to the *second* ACP-EEC Lomé Convention (cf. Article 85(2) of this Convention) and became effective on the date when Vanuatu lodged its accession instrument with the Secretariat of the Council, i.e. on 18 March 1981.

<sup>5</sup> OJ L 203, 23.7.1981.

<sup>6</sup> OJ L 43, 14.2.1981.

December 1981 the Council granted Belize provisional application of the arrangements provided for in Decision 80/1186/EEC on the association of the OCTs with the EEC.<sup>1</sup>

328. The same process is in hand for Antigua, which became independent on 1 November 1981 under the name of Antigua and Barbuda and applied to accede to Lomé II on 10 November 1981.

## **G — Mediterranean countries — Euro-Arab dialogue — Gulf States**

### **1. IMPLEMENTATION OF EXISTING AGREEMENTS WITH MEDITERRANEAN COUNTRIES**

#### *(a) Association agreements*

##### *(i) Turkey*

329. The events in Turkey during 1981, following the seizing of power by the armed forces on 12 September 1980, led the Council to stress on several occasions that the Community was following developments in that country with concern, and to express its hopes for a rapid re-establishment of democratic institutions and its concern regarding the respect of human rights in Turkey.<sup>2</sup>

The EEC-Turkey Joint Parliamentary Committee was unable to meet in 1981. The EEC-Turkey Association Council held only one meeting, on 5 June 1981. This took place at ambassador level and was devoted mainly to an exchange of views on the operation of the Association Agreement and in particular the progress made on the work undertaken following the various decisions adopted by the EEC-Turkey Association Council on 30 June and 1 July 1980. The President of the Community delegation took this opportunity to draw the attention of the Turkish Delegation to the concern felt by the

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<sup>1</sup> Decision 81/970/EEC: OJ L 355, 10.12.1981.

<sup>2</sup> See the statement adopted by the Ministers for Foreign Affairs of the Nine on 16 September 1980, quoted in the 28th Review, paragraph 291.

Community regarding the situation in Turkey. For its part the Turkish Delegation gave some indications regarding the programme proposed by the Ankara Government for a return to a system of parliamentary democracy.

The EEC-Turkey Association Committee also held only one meeting, on 19 June 1981, which was devoted to negotiating the final text of the fourth Financial Protocol with Turkey. It will be recalled that the substance of this Protocol had already been the subject of an agreement at political level within the framework of the decisions on reviving the Association taken by the EEC-Turkey Association Council at its meeting on 30 June and 1 July 1980.<sup>1</sup>

Once both delegations had given their assent to this text, the Commission, negotiating on behalf of the Community, and Turkey initialled it on 19 June 1981. However, in view of certain developments in Turkey, the Community considered that it was not advisable for the moment to press on with the Community procedures leading to the signing and entry into force of this Financial Protocol.

Similarly, Community work on implementing Decision No 2/80 of the Association Council relating to the exceptional aid of 75 million ECU for Turkey was suspended at the end of 1981. Previously three projects in the field of energy – considered as priority projects by the Turkish Government – had been approved, with a total value of 46 million ECU.

On 21 January 1981 the first meeting was held in connection with the negotiations for the conclusion of a protocol of adaptation to the EEC-Turkey Association Agreement, following the accession of Greece to the Community.

On this occasion the Turkish Delegation, referring to the deliberations of the Association Council on 16 March 1979,<sup>2</sup> reiterated in particular its concern regarding the political and

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<sup>1</sup> See 28th Review, paragraph 288.

<sup>2</sup> See 27th Review, paragraph 274.

economic implications of this further enlargement of the Community. It sought to obtain concrete assurances regarding its future relations with the EEC. In view of the size of the problems involved, it proved impossible to conclude the abovementioned protocol of adaptation, and trade between Greece and Turkey continues to come under the arrangements for non-member countries.

(ii) Malta

330. At the request of the Maltese Delegation, the EEC-Malta Association Council held its third meeting, at ministerial level, in Luxembourg on 22 June 1981. Intensive preparatory work for this meeting had previously been done by the EEC Council's subordinate bodies, and also by the EEC-Malta Association Committee, which met on 11 June. The Association Council meeting was chaired by Mr van der Klaauw, the Netherlands Minister for Foreign Affairs and President-in-Office of the Council of the Community. The Maltese Delegation was headed by Mr Dom Mintoff, Prime Minister and Minister for Foreign Affairs of the Republic of Malta.

At the opening of the Association Council, Mr Mintoff made a general statement concerning future relations between the Community and Malta, a neutral and non-aligned State. The Community undertook to study this statement carefully.

The meeting then discussed the difficulties arising in the field of finance. Firstly, there was the problem of the balance of 13 million u.a. from the 16 million reserved under the first Financial Protocol for projects to be financed by the European Investment Bank out its own resources. In view of the fact that the loans granted by the EIB out its own resources are granted under normal market terms (since it has to obtain its funds on the international capital market, where interest rates have been extremely high for several years), whereas the Maltese authorities, in order to encourage the industrial development of the island, have a policy of low interest rates, it has not been possible up to now to make use of this balance of 13 million u.a. Since neither delegation was able to find a solution to this problem, despite great efforts by both sides, it was finally

agreed that a party from the Commission would go to Malta to explore possible solutions on the spot. It should be noted that for various reasons this visit was not possible in 1981.

The second request of the Maltese Delegation on financial matters was that negotiations for the conclusion of a second financial protocol should start immediately. In response to this request, the Council of the Community accepted the principle of a second financial protocol but was not able, at that stage, to indicate a date for opening the negotiations on this subject (since the first EEC-Malta Financial Protocol does not expire until 31 October 1983).

The Community was unable to accede to the Maltese request for further concessions on some of their agricultural produce — in particular new potatoes — owing to the very sensitive nature of this product.

The Community took the opportunity at the Association Council meeting to stress the need for a successful conclusion to the negotiations (which began on 12 March 1980) of a protocol of adaptation to the EEC-Malta Association Agreement following the accession of Greece. In his answer, Mr Mintoff repeated Malta's concern regarding the proposed enlargement to include Spain and Portugal. He felt that the negotiations between Malta and the Community should not be restricted to just the legal and technical amendments to be made to the Valetta agreement following the accession of Greece, but should cover all the current problems concerning EEC-Malta relations. It should be noted that since these negotiations have not been resumed, trade between Greece and Malta continues to be subject on both sides to the arrangements applicable to countries which enjoy most-favoured-nation treatment.

331. Lastly, it should be noted that after twice being extended the first stage of the Association Agreement came to an end on 31 December 1980.<sup>1</sup> For various reasons Malta did not wish at that time to enter into the second stage, which

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<sup>1</sup> See 28th Review, paragraph 293.

involves the progressive establishment of a customs union with the Community. At its meeting on 9 February 1981, on the recommendation of the Commission, the Council therefore adopted guidelines for the negotiation with Malta of an additional protocol to the Association Agreement to extend the first stage of the Agreement to 30 June 1984.

So far it has not been possible to start negotiations for this additional protocol. On 30 June and 15 December 1981 the Council of the Community therefore adopted regulations extending unilaterally, in each case for a period of six months, the arrangements previously applicable to trade with Malta.<sup>1</sup>

(iii) Cyprus

332. The EEC-Cyprus Association Council held its seventh meeting at ministerial level in Luxembourg on 27 October 1981. It was chaired by Lord Carrington, United Kingdom Minister for Foreign and Commonwealth Affairs and President-in-Office of the Council of the European Communities.

The Cypriot Delegation was headed by Mr Nikos Rolandis, Minister for Foreign Affairs of the Republic of Cyprus, and included Mr Konstantinos Kittis, Minister for Trade and Industry.

This meeting was devoted to the operation of the Association Agreement and the implementation for 1982/83 of the decision taken by the Association Council on 24 November 1980<sup>2</sup> concerning the transition to the second stage of the Association Agreement.

With regard to the operation of the Association Agreement, the Council's discussions mainly concerned financial cooperation and trends in trade between the Community and Cyprus.

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<sup>1</sup> OJ L 185, 7.7.1981; OJ L 367, 23.12.1981.

<sup>2</sup> See 28th Review, paragraph 295.

On the first point, it was noted that some progress had been achieved since the last meeting of the Association Council. The first project under the Financial Protocol<sup>1</sup> was signed in July 1981. This project is for increasing the electricity output from the Dhekelia power station (an ordinary loan from the EIB of 12 million ECU with an interest rebate of 2%). In addition, it was noted that preparations had already begun on two other projects relating to the development of water resources and the construction of a sewer network.

With regard to developments in trade, the two delegations noted that Cyprus still had a trade deficit with the Community, although there were a number of positive signs.

The Association Council then discussed the question of the arrangements for trade between the Community and Cyprus during 1982 and 1983, under the EEC-Cyprus Association Council Decision of 24 November 1980 on the transition to the second stage of the Association Agreement.

The Community delegation stated that, in spite of a thorough debate within the Council on 26 October 1981, it was not yet in a position to implement the Decision adopted the previous November.

333. After a further exchange of views, at its meeting on 7 and 8 December 1981 the Council was forced to admit the impossibility between then and the end of the year of adopting a negotiating brief regarding trade arrangements for 1982/83 between the Community and Cyprus. The Council therefore unilaterally granted an extension of the 1981 arrangements for a period of six months.<sup>2</sup>

The Council also agreed that the Community would meanwhile continue its efforts to adopt guidelines to make it possible to bring the negotiations on the trade arrangements for 1982/83 to a successful conclusion in accordance with the abovementioned Decision of the EEC-Cyprus Association Council of 24 November 1980.

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<sup>1</sup> OJ L 332, 29.11.1978.

<sup>2</sup> OJ L 374, 30.12.1981.

(b) *Other Mediterranean agreements*

(i) Maghreb countries

— Meeting of the EEC-Morocco Cooperation Committee

334. The Cooperation Committee met on 17 June 1981 to take stock of the working of the Agreement, in particular in the fields of trade and economic, technical and financial cooperation.

— Administration of the agreements

335. In implementation of the Financial Protocols which entered into force on 1 November 1978 a number of financing schemes were approved.

336. 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 number of technical cooperation projects via the accelerated procedure.

*For Tunisia:*

- an urgent drainage programme (foul water and river water) for an initial tranche of 7 Tunisian cities which had priority;
- participation in the setting up of 3 vocational training centres in Nabeul, Menzel-Bourguiba and Zaghuan.

*For Algeria:*

- participation in the extension of two training centres (in Annaba and Beni-Saf) for seagoing fishermen;
- a scientific cooperation project with the National Scientific Research Organization (ONRS) and an instructor training project;
- a project for training farm managers.



*For Morocco:*

- aid for the Official Laboratory for Analysis and Chemical Research in Casablanca;
- aid for the Cereals Technology Laboratory in Rabat.

337. In addition the European Investment Bank granted loans from its own resources with a 2% interest rebate, which were combined in certain cases with loans on special terms financed from the Community budget.

Among these particular mention should be made of the loans granted to help finance:

- an agricultural development project in Tunisia;
- a road between Jijel and Constantine in Algeria.

338. In addition, in connection with the administration of the Cooperation Agreements with the Maghreb countries, the Council adopted several regulations 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.

339. It should be noted that when on 17 February 1981 the Council adopted the regulations opening tariff quotas for 1981 in respect of preserved sardines originating in Morocco and Tunisia, it asked the Commission to do all it could to conclude, by 31 December 1981 at the latest, the exchanges of letters with Morocco and Tunisia provided for in the Cooperation Agreements, under the terms of which tariff exemption was to be granted for preserved sardines from Morocco and Tunisia subject to observance of minimum prices on the part of the exporting countries.

On the basis in particular of this statement by the Council, on 12 November 1981 the Commission forwarded to the Council draft exchanges of letters containing minimum price scales to be observed by Morocco and Tunisia.

At the end of 1981 the Council, not having been able to reach an agreement on these price-scales, agreed to extend for

three months, from 1 January to 31 March 1982, the system of tariff quotas previously applied to Morocco and Tunisia, so that it could continue during this period its examination of the system of minimum prices to be applied to preserved sardines originating in these two countries.

With regard to the provisions of the Cooperation Agreements with the Maghreb countries relating to social security, on 27 July 1981 the Council approved draft decisions of the Cooperation Council making it possible to implement the principles concerning social security laid down in the Agreements. After legal and linguistic revision, these draft decisions were forwarded to the three countries concerned and will be submitted, when approved by these countries, for adoption by the EEC-Algeria, EEC-Morocco and EEC-Tunisia Cooperation Councils.

(ii) Mashreq countries

340. In implementation of the Financial Protocols signed with the Mashreq countries which entered into force on 1 November 1978, a number of financing schemes were approved in accordance with the provisional examination procedure agreed within the Council.

Under this heading non-repayable grants were committed from the Community budget to finance the following:

*For Egypt and Syria:*

- various sales promotion projects (seminars, trade mission, participation in foreign fairs, on-the-spot technical assistance, etc.)

*For Egypt:*

- a study on the water resources of the Sinai region;
- the construction of a sewer network in the Helwan district;
- an action programme to promote investment in and cooperation among undertakings, to support the Egyptian Government's 'open door policy';

- a programme to increase cooperation between European and Egyptian universities and research institutes.

*For Lebanon:*

- a multiannual vocational training programme;
- a census of industrial establishments and the preparation, in the light of the data obtained, of an industrial development plan.

*For Jordan:*

- assistance and training projects for two vocational training centres;
- technical assistance to the Faculty of Sciences at Yarmouk University;
- technical assistance to the Faculty of Engineering and Technology at the University of Jordan;
- equipment and technical assistance for a secondary school at Mafraq.

(iii) Israel

341. In December 1980<sup>1</sup> the Commission forwarded to the Council a report on the outcome of the negotiations with Israel on a second additional protocol to the EEC-Israel Agreement, following the implementation of Article 22 of the Agreement (the examination clause). The Council signed this protocol on 18 March and on 9 April 1981 it adopted the regulation concerning the conclusion of the protocol,<sup>2</sup> which entered into force on 1 October 1981.

This protocol provides for a postponement for two years of the schedule for Israel to dismantle the tariffs for certain industrial products from the Community and also of the date of expiry of the emergent industries clause in favour of Israel (which will fall in 1985 instead of 1983 as provided for initially).

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<sup>1</sup> See 28th Review, paragraph 302.

<sup>2</sup> OJ L 102, 14.4.1981.

342. The Council adopted, as it does each year, certain regulations implementing the agreement between the Community and Israel.<sup>1</sup>

343. Under the Financial Protocol of 1978 between Israel and the Community, two financing Conventions were signed on 5 March and 14 December 1981 between the EIB and the State of Israel to help towards financing investments in small and medium-sized industrial undertakings in that country. These two Conventions, each involving 15 million units of account, committed the whole of the 30 million units of account provided for in the Financial Protocol.

(iv) Spain

344. The Joint EEC-Spain Commission, instituted by the Trade Agreement of 1970, met in Brussels on 28 April and 17 June in order to examine the difficulties encountered in the administration and implementation of the Agreement. During these meetings, the Community mentioned in particular the matter of the protectionist measures on imports and tax subsidies for exports applied by Spain. It was agreed that there would be technical contacts between the departments of the Commission and the Spanish Delegation's experts with a view to examining jointly test-cases of tax discrimination put forward by the Community.

345. In addition, as in previous years, the Council adopted certain regulations implementing this Agreement.<sup>2</sup>

(v) Yugoslavia

(a) *Negotiations for the conclusion of protocols of adaptation to the EEC/ECSC-Yugoslavia Agreements following the accession of Greece*

346. On the basis of the recommendation for a Council decision put forward by the Commission on 21 October 1980, on 11 September 1981 the Council adopted the negotiating brief for the

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<sup>1</sup> OJ L 144, 2.6.1981; OJ L 360, 15.12.1981.

<sup>2</sup> OJ L 202, 22.7.1981; OJ L 360, 15.12.1981; OJ L 376, 30.12.1981.

conclusion of Protocols of adaptation to the EEC/ECSC-Yugoslavia Agreements following the accession of Greece.

The first round of negotiations between the Community and Yugoslavia, which took place in Brussels on 18 September 1981, failed to produce an agreement between the two parties, since Yugoslavia did not consider the Community's offer on baby beef (an increase in the monthly quota) satisfactory. What the Yugoslav authorities were seeking was a substantial improvement in the conditions of access for baby beef to the Community market, in the form of a reduction in the scale of levies.

*(b) Unilateral arrangements for a reduction in the levy applicable to baby beef in the Community*

347. Because of the impasse in the abovementioned negotiations on the protocols of adaptation and in view of the importance of the problem of baby beef in relations with Yugoslavia, on 26 and 27 October 1981<sup>1</sup> the Council decided on a substantial reduction (50%) in the levy currently applicable to imports of Yugoslavian baby beef into the Community. This unilateral decision by the Community will be re-examined after, being applied for one year. the reduced levy is applicable as from 7 December 1981.

*(c) Unilateral arrangements for trade between the Community and Yugoslavia pending the entry into force of the Additional Protocol on Greece*

348. Pending the entry into force of the Additional Protocols to the EEC/ECSC-Yugoslavia Agreements following the accession of Greece, the Council on several occasions extended the unilateral arrangements for trade between the Community of Ten and Yugoslavia as laid down in Council Regulation (EEC) No 438/81.<sup>2</sup>

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<sup>1</sup> The essence of this Council Decision was formalized by Council Regulation (EEC) No 3349/81 of 24 November 1981: OJ L 339, 26.11.1981.

<sup>2</sup> OJ L 53, 27.2.1981.

However, the last extension, which was to expire on 31 January 1982,<sup>1</sup> was firstly amended, as from 26 November 1981, by the unilateral arrangements for baby beet mentioned in (b) above and then replaced by Council Regulation (EEC) No 3747/81.<sup>2</sup>

## **2. NEGOTIATING BRIEF FOR THE CONCLUSION OF NEW FINANCIAL PROTOCOLS WITH THE MEDITERRANEAN COUNTRIES**

349. Under the existing financial protocols with the Maghreb and Mashreq countries and Israel, financial assistance from the Community was to be granted for a period ending on 31 October 1981.

In its communications of August 1980 and April 1981 the Commission recommended renewing financial assistance to these countries for a further period of 5 years.<sup>3</sup>

350. On the basis of these communications, at its meetings on 27 July 1981 and 29 September 1981 the Council adopted guidelines with a view to the conclusion of new financial protocols with the 8 Mediterranean countries concerned, i.e. Algeria, Egypt, Israel, Jordan, Lebanon, Morocco, Syria and Tunisia.

The negotiations on these new financial protocols, on the basis of the abovementioned guidelines, were started by the Commission at the end of 1981 and are to continue at the beginning of 1982.

## **3. ADAPTATION AND TRANSITION PROTOCOLS TO THE AGREEMENTS WITH THE MEDITERRANEAN COUNTRIES CONSEQUENT ON THE ACCESSION OF GREECE**

351. It will be recalled that in February 1980 the Council had given the Commission a brief to negotiate with certain non-member countries protocols providing for transitional measures to take account of those laid down between the Community and Greece and also various technical amendments.

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<sup>1</sup> OJ L 293, 13.10.1981; see also 28th Review, paragraph 306.

<sup>2</sup> OJ L 374, 30.12.1981.

<sup>3</sup> In March 1982, the Council agreed to a further extension of the existing arrangements, until December 1982.

At the end of 1981 progress on the procedures for the negotiation and conclusion of these protocols with the various Mediterranean countries varied from country to country.

352. The Protocol of Adaptation to the EEC-Cyprus Association Agreement, signed on 12 December 1980, entered into force on 1 August 1981.

353. The Protocols of Adaptation to the Cooperation and ECSC Agreements with Egypt, Jordan and Lebanon, which were also signed on 12 December 1980 but constitute joint agreements, could not enter into force in 1981 since the ratification procedures necessary for their entry into force had not been completed at the end of the period under review.

354. With regard to Spain, on 26 October 1981 the Council adopted the Regulation<sup>1</sup> on the conclusion of the Protocol of Adaptation with Spain. This Protocol will enter into force when Spain gives notification that its internal approval procedures have been completed.

355. With regard to Morocco and Syria, the negotiations on the Protocols of Adaptation to the EEC/ECSC Agreements were completed in September 1981 and the Council decided to sign them on 3 December 1981. Simultaneously, as in the preceding cases, the Council adopted measures for the unilateral implementation of the trade arrangements provided for in these protocols, pending their entry into force.

356. With regard to Israel, the Protocols of Adaptation to the EEC/ECSC-Israel Agreements were initialled on 18 December 1980, and the Council signed them on 24 February 1981. On the same day it also adopted measures for the unilateral implementation of the trade arrangements provides for in these protocols of adaptation.

357. Lastly, with regard to Turkey, Malta, Tunisia and Algeria, the negotiations on the protocols of adaptation had either not yet started or not been completed at the end of 1981.

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<sup>1</sup> OJ L 326, 13.11.1981.

#### 4. EURO-ARAB DIALOGUE

358. The work carried out by the Council made it possible to take a closer look at the Community's economic objectives in the dialogue and, in addition, to contribute to the preparatory work on the economic aspects of the Euro-Arab meeting at ministerial level, to which both parties had agreed in principle.<sup>1</sup>

This meeting had originally been planned for the summer of 1981, but finally both parties considered it preferable to defer it until a later date, in order to ensure that circumstances would be favourable to its success. This would make it possible to achieve substantial progress on the comprehensive and balanced reactivation of the dialogue and thus strengthen cooperation on the basis of the mutual interests of Europe and the Arab world, with a view to establishing special relations between these two neighbouring areas as the result of a common desire which had already become apparent at the highest level.

The *ad hoc* Euro-Arab group responsible for preparing this ministerial meeting, with regard to the political as well as the economic, financial and cultural aspects, met four times in 1981, in The Hague (February), Tunis (April), The Hague (May) and London (October).

The preparatory work carried out by the Council with regard to economic cooperation was concentrated on the following priority matters: the Euro-Arab Centre for Trade Cooperation, general conditions for contracts, the Euro-Arab Centre for Technology Transfer, standardization, Euro-Arab 'Convention' on the promotion and protection of investments, refining and petrochemicals and cultural activities.

In addition, in the European view, the ministerial meeting should also make it possible to widen the scope of the cooperation between the two parties under the dialogue to cover three further fields, i.e. hunger in the world and security of food supplies, energy (energy saving and new and renewable sources of energy) and

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<sup>1</sup> See 28th Review, paragraph 307.



cooperation between the European and Arab development aid organizations.

## **5. GULF STATES**

359. As part of the soundings made by the Presidency, in close liaison with the Commission, two exploratory technical missions were undertaken, to Oman (June 1980) and North Yemen (from 28 February to 6 March 1981). These missions confirmed that to a certain extent these two countries were favourably disposed towards the Community's initiative.<sup>1</sup>

At the meeting of the Council on 14 September 1981 the Ministers for Foreign Affairs held initial discussions on the implications for the Ten and the Community of the creation of the Gulf Cooperation Council.<sup>2</sup> It was decided that informal preliminary contacts would be established in order to consider the extent of the proposed cooperation with the GCC.

## **H — Asia — Latin America**

### **1. ASIA**

#### *(a) Asean*

360. The Joint Committee set up under the Cooperation Agreement, which entered into force on 1 October 1980, held its second meeting in Brussels on 19 and 20 October 1981. While it is not desirable at this stage to assess the results of implementing this Agreement, a number of concrete achievements already testify to the will of both parties to intensify and develop their relations and promise well for further cooperation between the two areas.

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<sup>1</sup> See 28th Review, paragraph 331.

<sup>2</sup> The Gulf Cooperation Council (GCC), with its Secretariat in Riyadh, was established in May 1981 and is composed of six Gulf States — Saudi Arabia, Kuwait the United Arab Emirates, Qatar, Bahrain and Oman. The object of this new regional organization is to promote extended cooperation in the fields of politics and security, as well as economic integration among its Member States.

*(b) Indian subcontinent*

361. The Community's relations with the four countries of the subcontinent, India, Pakistan, Bangladesh and Sri Lanka, continued to develop within the existing framework of the bilateral agreements.

362. With regard to India, a new agreement for commercial and economic cooperation, which was signed on 23 June 1981, entered into force on 1 December 1981. This agreement, which replaces that concluded with India in 1974, constitutes a new and important stage in the process of strengthening and drawing closer the ties between the Community and India, which have already proved fruitful. It reflects the desire of both parties to establish more dynamic relations with each other, through closer cooperation on a wider range of economic and commercial objectives.

This agreement, which is broadly similar to that concluded with Asean and the one signed with Brazil, lays down the objectives of cooperation, which in future will cover not only the traditional sector of commercial cooperation but also that of economic cooperation in a fairly broad sense. An additional feature is the encouragement of cooperation between business circles on both sides.

363. The Joint Committee constitutes the central body responsible for the smooth operation of the agreement and for promoting achievement of the agreed objectives.

## **2. LATIN AMERICA**

364. The Community's relations with the countries of Latin America continued to develop on two fronts, firstly through the bilateral agreements negotiated with a number of Latin-American countries and secondly through the EEC-Latin America dialogue procedure.

365. With regard to the bilateral agreements, it should be noted that:

- progress on the internal procedures of the two parties, which are necessary for the entry into force of the Cooperation

Agreement signed with Brazil on 18 September 1980, gives grounds for hope that this agreement will be able to enter into force quite soon;

- the negotiations with the Andean Group remained suspended, pending developments in the situation within this regional organization following the events in Bolivia.

366. With regard to the EEC-Latin America dialogue, the two parties agreed in May 1981 on a new dialogue procedure in which the Heads of Mission accredited to the Communities will take part in the form of 'GRULA' (Latin-American Group).

This new procedure confirms the great political and economic importance which Latin America and the Community attach to their mutual relations and testifies to their interest, expressed on many occasions, in developing and deepening still more the existing relations and ties between the two areas. By means of this new procedure the two parties intend to progress towards their common objective, which is to establish, progressively and in a realistic and pragmatic way, a system of economic cooperation in their mutual interests including *inter alia* the fields of trade policy, economic and industrial policy, scientific and technical cooperation policy and international economic policy.

Under this new procedure, two meetings of the Permanent Representatives Committee and GRULA, for which thorough preparations were made in meetings between the Commission and GRULA, were held in June and December 1981.

These two meetings provided an opportunity above all of analysing in greater depth the developments in trade between the two areas and comparing the views and concerns of each side on certain matters of particular importance, such as reform of the common agricultural policy and the problems in the textiles sector.

In the field of cooperation, significant progress was made as regards both method and concrete achievements. With regard to the former aspect, it was agreed that the role of the dialogue with regard to the various sectors of cooperation to be examined

would have to be to indicate the priority projects to be implemented under the cooperation programmes and to establish, by mutual agreement, general guidelines on the type of cooperation to be developed between the two parties.

Accordingly, the two sides first of all recognized the desirability of giving fresh impetus to cooperation in the field of basic training for development, and it was agreed that the Community would give priority, with due regard to the appropriations available for technical and financial assistance to the non-associated developing countries and for training, to projects concerned with basic training or the training of experts on rural questions.

As for the development of cooperation between the two areas, both parties confirmed that it was in their common interests, with due regard to budgetary limits on both sides, gradually to broaden the scope of cooperation in the field of energy, thus reinforcing existing cooperation in other sectors. The two sides agreed that this extension should first, as a matter of priority, cover the sectors of the rational use of energy and energy programming, including solar energy, and they gave their assent for the Commission to organize a seminar on these fields in 1982.

### **I — Fisheries policy (external aspects)**

367. In 1981 the Community pursued its policy of ensuring that Community fishermen obtained fishing rights in the waters of non-member countries through appropriate Community agreements.

At the end of 1980 and the beginning of 1981 the Community entered into consultations with a view to making practical arrangements with Canada, the Faeroe Islands, Norway, Spain and Sweden, so as to ensure continuation of the respective fishing activities.

The Council was not in a position immediately after these consultations to adopt the regulations concluding fisheries agreements for 1981 or subsequent years, as a result of the difficulties within the Community of establishing a common fisheries policy.

Despite these difficulties, the Council was able to take interim measures for some of these countries, pending the approval of definitive arrangements.

The situation on 31 December 1981 can be summarized as follows.

## **1. SCANDINAVIAN COUNTRIES**

368. The Council had approved the arrangements made with the Faeroe Islands,<sup>1</sup> Norway<sup>2</sup> and Sweden.<sup>3</sup> However, in view of the delay in obtaining the Council's approval of the arrangement negotiated, the Swedish authorities decided not to sign the Agreement in the form of an exchange of letters establishing fishing arrangements between the Community and Sweden for 1981. Accordingly the Community did not grant any fishing licences to vessels flying the Swedish flag.

Consequently, apart from interim measures under which the Community granted Swedish fishermen a quota of 200 tonnes of ling<sup>4</sup> and in return Sweden granted a quota of 20 tonnes of salmon to Community fishermen in the Baltic Sea, the vessels of both parties did not have access to other's fishing zone during 1981.

In addition, consultations with a view to concluding a framework agreement and apportioning the common stocks between the Community and Iceland were held on two occasions in 1981. These consultations were not concluded, but will be resumed in 1982.

## **2. CANADA**

369. On 29 December 1981 the Council adopted a decision on the conclusion of an Agreement on fisheries between the

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<sup>1</sup> OJ L 304, 24.10.1981.

<sup>2</sup> OJL 87, 1.4.1981, amended by OJL 142, 28.5.1981; OJL 218, 4.8.1981; OJL 312, 31.10.1981; OJ L 388, 31.12.1981.

<sup>3</sup> OJ L 304, 24.10.1981.

<sup>4</sup> OJ L 132, 19.5.1981; OJ L 210, 30.7.1981.

Community and Canada<sup>1</sup> and a decision on the conclusion of an Agreement in the form of an exchange of letters between the Community and Canada concerning their fisheries relations.<sup>1</sup> This framework agreement, covering the period 1 January 1982 to 31 December 1987, was signed on 30 December 1981 and entered into force on the same date.

### **3. UNITED STATES**

370. As in previous years the American authorities took the necessary measures to allow Community fishermen to pursue their activities in the exclusive economic zone in the north-west Atlantic, in accordance with Article VI of the Fisheries Agreement concluded with the United States in 1977.<sup>2</sup> The Council provided for the continued application of the fisheries arrangements for vessels belonging to the United States and other non-member countries in the 200-mile zone off the coast of the French Department of Guiana.<sup>3</sup>

### **4. AFRICAN COUNTRIES**

371. Pending the outcome of the negotiations on renewing the Protocol annexed to the Fisheries Agreement between the Community and Senegal, as an interim measure the Council extended the validity of the provisions of this protocol until 15 November 1981.<sup>4</sup>

372. On 21 December 1981 the Council adopted the decision on the conclusion of an Agreement in the form of an exchange of letters providing for provisional application of the Agreement between the Government of the Republic of Senegal and the European Economic Community amending the Agreement on

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<sup>1</sup> OJ L 379, 31.12.1981.

<sup>2</sup> OJ L 141, 9.6.1977.

<sup>3</sup> OJ L 87, 1.4.1981.

<sup>4</sup> OJ L 220, 6.8.1981; OJ L 319, 7.11.1981.

fishing off the coast of Senegal, and of the Protocol thereto.<sup>1</sup> The amended Agreement and Protocol will cover the period from 16 November 1981 to 15 November 1983.

373. On 29 September 1981 the Council decided to authorize the Commission to negotiate fishing agreements with a number of other African countries on the Atlantic, including Guinea, Sierra Leone, Angola, Sao Toma and Principe and Equatorial Guinea.

## **5. SPAIN**

374. Following numerous consultations with Spain in the spring of 1981, on 1 June 1981 the Council laid down definitive fishing arrangements for Spanish vessels for 1981.<sup>2</sup> Prior to this date the activities of these vessels had been governed by interim measures.<sup>3</sup>

## **6. INTERNATIONAL ORGANIZATIONS**

375. The Community took an active part in the meetings of the North-West Atlantic Fisheries Organization (NAFO), and the Council adopted regulations on implementing the decisions taken by this body.<sup>4</sup>

376. The Community also took part in a number of preparatory meetings for the conclusion of an International Convention on the Conservation of Salmon in the North Atlantic. It took part as an observer in the work of a number of international organizations which deal with fisheries questions, including the NEAFC, OECD, ISCEAF, ICCAT, the Conference on the Conservation of Living Marine Resources in the Antarctic, and the seventh 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 1982.

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<sup>1</sup> OJ L 379, 31.12.1981.

<sup>2</sup> OJ L 154, 13.6.1981.

<sup>3</sup> OJ L 344, 19.12.1980; OJ L 57, 4.3.1981.

<sup>4</sup> OJ L 69, 14.3.1981; OJ L 218, 4.8.1981; OJ L 340, 27.11.1981.

377. On 13 July 1981 the Council adopted a decision concerning the conclusion of the Convention on Future Multilateral Cooperation in the North-East Atlantic Fisheries.<sup>1</sup> The President of the Council lodged the instrument of approval with the United Kingdom Government.

378. On 4 September 1981 the Council adopted a decision on the conclusion of the Convention on the Conservation of Antarctic Marine Living Resources.<sup>2</sup> The President of the Council will notify the Australian Government of this decision. This notification of the Community's accession to the Convention will take effect on the date when the Convention enters into force.

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<sup>1</sup> OJ L 227, 12.8.1981.

<sup>2</sup> OJ L 252, 5.9.1981.



## CHAPTER V

### **Agriculture**

#### **A — Problems concerning all the sectors covered by the common agricultural policy**

##### **1. 1981/82 AGRICULTURAL PRICES AND RELATED MEASURES**

379. On 20 February 1981 the Commission presented to the Council a set of proposals on fixing prices for the main agricultural products and various related measures for the 1981/82 marketing year.

The main features of these prices were increases in the support prices and aids ranging from 3.3% (intervention price for rye) to 12% (aid for flax and hemp), draft measures providing for an element of financial co-responsibility on the part of producers of a number of products such as milk, cereals, oilseeds, olive oil, beef and veal, processed fruit and vegetables, tobacco and sugar, and adjustments to the 'green' rates to bring them more in line with the commercial rates by reducing the positive monetary compensatory amounts.

Parliament and the Economic and Social Committee were consulted on these proposals and delivered their opinions in March 1981.

The Council held general discussions on this major dossier at several of its meetings, and in particular at a final 'marathon'

meeting from 30 March to 2 April 1981. The question of farm prices and related measures was combined with that of the representative rates for the green currencies and monetary compensatory amounts as well as the outstanding problems regarding minimum prices for wine, refunds in the whisky sector, and three structural regulations concerning Ireland. All this was further combined with certain previous proposals for a compromise arrangement, a 'mini-package', relating to regulations on the organization of the market in sugar, imports of New Zealand butter, estimates (quotas for processed meat and young male bovine animals) and restrictions on investment aids to pig and dairy farmers and aids concerning agricultural structures.

On 2 April 1981 the Council reached a general agreement and adopted an overall compromise solution.

Thus, in the year under review the Council was able, for the first time for several years, to fix the main farm prices by the dates laid down in the regulations on, in particular, the milk and milk products and beef and veal sectors, i.e. the beginning of April.

The average increase finally agreed by the Council, taking account of monetary adjustments, is of the order of 11% (9.4% in ECU), which is higher than that initially proposed by the Commission. The figure is not very far from the average level proposed by Parliament or that recommended by the Economic and Social Committee, which asked for a greater increase than the Commission proposed. The Council maintained price differentials between the sectors which were close to the Commission's initial proposals, with slightly larger increases for plant products, particularly those from the Mediterranean regions. The aim of these decisions was to maintain producers' incomes and at the same time to protect the interests of consumers, who were badly affected by inflation in certain States.

Concurrently the Council adopted the common organization of the market in sugar (for a five-year period). It also reached agreement at the same time on the proposals regarding imports of New Zealand butter, estimates for processed meat and young bovine animals and the structural provisions.

## 2. REPERCUSSIONS OF THE MONETARY SITUATION ON THE OPERATION OF THE COMMON AGRICULTURAL POLICY

380. In 1981 the currencies of the Member States of the Community continued to follow somewhat divergent trends, which led to some readjustments in the central rates concerned, alterations in the levels of the compensatory amounts and charges in the conversion rates used for expressing common prices in national currencies (henceforth referred to as 'representative rates').

Firstly, adjustments were made in the central rates of Community currencies against the ECU with effect from 23 March 1981 following the devaluation of the central rate for the Italian lira (-6%) and revaluation of the 'implicit' central rate for the pound sterling (+22.74%). Subsequently, in the course of the negotiations on the farm prices for the 1981/82 marketing year, the Council took a number of decisions confirming its ultimate intention, as expressed at two meetings in March 1979,<sup>1</sup> of eliminating the existing monetary compensatory amounts so as to re-establish uniform common agricultural prices.

The representative rates of the Member States' currencies were thus adjusted so as to avoid introducing new negative monetary compensatory amounts and also reduce the existing monetary compensatory amounts.<sup>2</sup>

A second adjustment to certain central rates was decided on 4 October 1981, when the German mark and the Dutch guilder were revalued by 5.5% and the French franc and the Italian lira devalued by 3% against the Belgian and Luxembourg francs, the Danish krone and the Irish pound.

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<sup>1</sup> See 27th Review, paragraph 329.

<sup>2</sup> Regulation (EEC) No 850/81: OJ L 90, 4.4.1981; Regulations (EEC) Nos 901/81 and 902/81: OJ L 94, 6.4.1981.

This adjustment created a situation whereby the existing positive monetary compensatory amounts in Germany and the United Kingdom were increased and at the same time a positive monetary compensatory amount was introduced in the Netherlands,<sup>1</sup> while negative monetary compensatory amounts should have been established in France and Italy.

By adopting a regulation amending the representative rate for the French franc on 10 October 1981<sup>2</sup> and a regulation amending the representative rate for the Italian lira on 27 November 1981,<sup>3</sup> the Council avoided introducing the negative monetary compensatory amount in France and abolished the one which had been in force in Italy since 8 October 1981.

When it adopted Regulation (EEC) No 876/81<sup>4</sup> on 31 March 1981, the Council again extended the validity, until 31 December 1981, of Regulation (EEC) No 652/79 on the impact of the EMS on the common agricultural policy, as it had become clear that the proposals which the Commission forwarded to the Council in February 1980<sup>5</sup> with a view to strengthening the existing agri-monetary provisions, involving in particular the final adoption of the ECU for the common agricultural policy, were not likely to be adopted.

### **3. GUIDELINES FOR EUROPEAN AGRICULTURE AND FOR MEDITERRANEAN PROGRAMMES**

381. Under the mandate of 30 May 1980, on 26 October 1981 the Commission sent the Council reports containing guidelines for European agriculture (up to 1988) and guidelines for the Mediterranean programmes. An initial detailed exchange of views on these documents took place at Council level, pending receipt of formal proposals from the Commission on these matters.

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<sup>1</sup> Regulation (EEC) No 2901/81: OJ L 288, 8.10.1981, with corrigendum, OJ L 295, 14.10.1981.

<sup>2</sup> Regulations (EEC) Nos 2923/81 and 2924/81; OJ L 291, 12.10.1981.

<sup>3</sup> Regulations (EEC) Nos 3398/81 and 3399/81; OJ L 344, 30.11.1981.

<sup>4</sup> OJ L 88, 2.4.1981.

<sup>5</sup> OJ C 57, 7.3.1980.

382. In its document 'Reflections on the common agricultural policy', as in its 'Report on the mandate of 30 May 1980', the Commission put forward the idea of negotiating framework agreements between the Community and non-member countries for the supply of agricultural products over a number of years. Subsequently, on 28 July 1981, the Commission forwarded to the Council a communication setting out its reasons for adopting this approach.

The Commission considered that framework agreements could:

- reflect the growing importance of exports from the Community,
- constitute a stabilizing factor on the Community and international markets,
- enable Community exporters to take maximum account of the buying programmes of non-member countries and guarantee these countries security of supply,
- be integrated into the development programmes of certain non-member countries,
- facilitate sales on the world market of the quantities of agricultural products not covered by the framework agreements.

The Commission's ideas were discussed at Council level. With a view to further examination of this matter, the Council invited the Commission to continue its studies regarding machinery and procedures for implementing these agreements and to provide additional information.

#### **4. MODIFICATION OF THE 'ACQUIS COMMUNAUTAIRE' FOR MEDITERRANEAN PRODUCTS**

383. In order to control the markets and effect a better balance between supply and demand, and also with a view to the enlargement of the Community to include Spain and Portugal, so as to ensure that this enlargement takes place without harming certain sensitive sectors of the Community's agriculture,

particularly in the Mediterranean regions, the Commission forwarded to the Council proposals for regulations amending existing regulations in the wine, fruit and vegetables and citrus fruit sectors, as well as a communication on the effects of enlargement on the olive-oil market putting forward a number of options regarding the measures which might be taken. The Council held a wide-ranging discussion on this matter and agreed that these various proposals and communications should be studied promptly, as some of the proposed new provisions could usefully be implemented as from the 1982/83 marketing year.<sup>1</sup> Parliament and the Economic and Social Committee were consulted.

When these measures are adopted they will form part of the *acquis communautaire* which the new Member States will have to accept on accession to the Community.

## **B – Drafting of regulations on the common organization of markets and basic amendments**

### **1. DRAFTING OF NEW BASIC REGULATIONS**

#### **(a) Cotton**

384. In view of the importance of cotton production for certain regions of Greece, the Accession Treaty<sup>2</sup> provides for special measures for the production and marketing of uncarded and uncombed cotton which have a greater effect on income than current provisions on cottonseed.<sup>3</sup> To honour this commitment the Commission proposed establishing a system of aid based to a large degree on the provisions applied to other agricultural sectors, even though cotton is not an agricultural product within the meaning of Annex II to the EEC Treaty. The Council accepted this proposal and adopted Regulation (EEC) No 2169/81.<sup>4</sup>

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<sup>1</sup> See paragraph 290 *et seq.* of this Review.

<sup>2</sup> Protocol No 4 on cotton.

<sup>3</sup> Regulation (EEC) No 2168/81: OJ L 211, 31.7.1981.

<sup>4</sup> Regulation (EEC) No 2169/81: OJ L 211, 31.7.1981.

The new system of aid for cotton is based on aid granted to cotton ginning undertakings provided they pay a minimum price to the producer. The level of aid is derived from the difference between a guide price for unginned cotton fixed annually by the Council and the world market price. Regulation (EEC) No 2169/81 lays down in detail the implementing rules for this system and the quality of product to which the abovementioned prices apply. For the 1981/82 marketing year the guide price was fixed at 76 ECU/100 kg and the minimum price at 72.20 ECU/100 kg.<sup>1</sup>

In accordance with the provisions of Protocol No 4, the Regulation adopted by the Council also provides that the principle of co-responsibility should be applied, and specifies that the full amount of aid shall be granted only if production does not exceed a certain quantity. This quantity was fixed at a comparatively high amount (460 000 tonnes) for the 1981/82 marketing year to allow a smooth transition from the previous national system to the Community system.

*(b) Dried figs and dried grapes*

385. On the basis of a proposal from the Commission setting out the practical effects of including dried figs and dried grapes in the products covered by the common organization of the markets in the sector of products processed from fruit and vegetables,<sup>2</sup> on 27 July 1981 the Council adopted a system of aid for dried figs and dried grapes.<sup>3</sup> While in broad outline this system follows the Community support system for processed fruit and vegetables (Regulation (EEC) No 516/77), it takes account of certain peculiarities and traditions in the Greek legislation in force before accession to the Community. The Council thus took account in particular of the fact that in Greece a large proportion of the dried grapes is stored by private agencies before being sold to the processors. Consequently, by way of exception, aid will also be granted to storage agencies.

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<sup>1</sup> Regulation (EEC) No 2170/81: OJ L 211, 31.7.1981.

<sup>2</sup> Act of Accession, Annex I, Section II.B(k) 'Processed fruit and vegetables'.

<sup>3</sup> Regulation (EEC) No 2194/81: OJ L 214, 1.8.1981.

The implementing provisions were adopted by the Council for the marketing years 1981/82 and 1982/83 only, with a view to taking advantage of the experience gained in managing two products which have become an important element in the common agricultural policy only with the accession of Greece. The Commission will put forward appropriate proposals not later than six months before the end of the 1982/83 marketing year.

With more particular reference to the production aid and the minimum price, under the Management Committee procedure the Commission fixed the amounts set out in Commission Regulation (EEC) No 2426/81, in accordance with guidelines which emerged from the Council's work.<sup>1</sup>

In addition, under Article 92(3)(d) of the EEC Treaty, the Greek Government is still free to grant an income subsidy in respect of dried grapes and figs, for one marketing year only, of not more than 8% of the minimum price for the 1980/81 marketing year (DR 68/kg).

*(c) Community policy on alcohol*

(i) Ethyl alcohol of agricultural origin

386. During 1981 the Council continued its work on instituting a common organization of the market in the alcohol sector. In view of the difficulties which the Commission's proposal raises for certain delegations, the Presidency suggested that a simpler and more pragmatic approach should be adopted in order to reach an early decision on this matter. This suggestion is still being studied by the Council's subordinate bodies, which have also given their attention during the year to the question of the excise duties and taxes on alcohol in the various Member States.

(ii) Spirituous beverages

387. As mentioned in the previous Review,<sup>2</sup> in December 1980 two proposals came before the Council regarding the

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<sup>1</sup> Regulation (EEC) No 2426/81: OJ L 240, 20.8.1981.

<sup>2</sup> See 28th Review, paragraphe 365.



implementation of Protocol No 19 to the 1972 Act of Accession. As part of its overall decision on prices and related measures for the 1981/82 marketing year, the Council gave its assent to the basic provisions of arrangements to promote the use of Community cereals in the manufacture of spirituous beverages for export, in particular whisky. These comprise:

- an amendment to the basic regulation on cereals to provide a legal basis for paying refunds for cereals used in this way;<sup>1</sup>
- the establishment of general rules for granting refunds in respect of certain beverages, such as whisky, the method of manufacturing of which precludes the use of the usual criteria;<sup>2</sup>
- an amendment to Regulation (EEC) No 3035/80 regarding goods not covered by Annex II to the Treaty to enable refunds to be paid in respect of goods such as liqueurs derived from a spirituous beverage for which a refund is payable.<sup>3</sup>

### (iii) Bee-keeping

388. As part of the overall compromise solution on farm prices and related measures for 1981/82 the Council gave its assent to the establishment of a system of aid for bee-keeping in respect of three marketing years beginning with 1981/82. The Regulation concerned, which was finally adopted on 28 April 1981,<sup>4</sup> provides for aid of 1 ECU per hive in production and per marketing year which can be used through recognized associations of bee-keepers for the purchase of feeding sugar at reduced prices, or for general projects for improving honey production, technology and marketing. Since in certain Member States administrative difficulties arose in implementing these measures, on 19 October 1981 the Council decided to put back, for the 1981/82 marketing year, certain dates concerning the system of aid.<sup>5</sup>

<sup>1</sup> Regulation (EEC) No 1187/81: OJ L 121, 5.5.1981.

<sup>2</sup> Regulation (EEC) No 1188/81: OJ L 121, 5.5.1981.

<sup>3</sup> Regulation (EEC) No 3496/81: OJ L 353, 3.12.1981.

<sup>4</sup> Regulation (EEC) No 1196/81: OJ L 122, 6.5.1981.

<sup>5</sup> Regulation (EEC) No 2993/81: OJ L 299, 20.10.1981.

## 2. ADJUSTMENTS OR AMENDMENTS TO THE BASIC REGULATIONS

### (a) *Cereals*

Amendment of the basic regulation on cereals

389. A number of amendments were made to the basic regulation<sup>1</sup> during the year under review.

In addition to the amendment made to Regulation (EEC) No 2727/75, following its decision to grant an export refund for cereals used in the manufacture of spirituous beverages,<sup>2</sup> the Council, acting on a proposal from the Commission, and after receiving a favourable opinion from Parliament, decided to include these products in the common organization of the market in the cereals sector on account of their being derived from cereals.<sup>3</sup> Consequently the system of levies and refunds had to be extended to cover the products concerned. The Council made this amendment on 30 June 1981.<sup>4</sup>

Another of the Council's decisions on farm prices and related measures was to amend the provision in the basic regulation regarding the carry-over payment at the end of the marketing year.<sup>5</sup>

Experience in managing the cereals market had in fact shown that the carry-over payment for certain cereals as defined hitherto (maximum payment equal to the difference between the target price for the last month of the marketing year and that for the first month of the next marketing year) did not take sufficient account of the storage costs incurred during the last two months of the marketing year. Consequently there was a danger that quantities of cereals would be offered for intervention, even though under normal circumstances they could have stayed on the market. In order to avoid this situation the Council redefined

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<sup>1</sup> Regulation (EEC) No 2727/75: OJ L 281, 1.11.1975.

<sup>2</sup> See paragraph 387 of this Review.

<sup>3</sup> Regulation (EEC) No 1784/81: OJ L 177, 1.7.1981.

<sup>4</sup> Regulation (EEC) No 1783/81: OJ L 176, 1.7.1981.

<sup>5</sup> Regulation (EEC) No 1949/81: OJ L 198, 20.7.1981.

the maximum value of the carry-over payment at the end of the marketing year so that it was based on the difference between the intervention price plus 11 monthly increases and the intervention price laid down by the Council for the first month of the new marketing year.

(b) *Sugar*

390. As part of its overall decision on farm prices and related measures for the 1981/82 marketing year the Council gave its assent to the provisions governing the new common organization of the market in sugar. The regulation was formally adopted by the Council, with due regard to the opinion of Parliament, on 30 June 1981,<sup>1</sup> and is valid for a period of 5 years from 1 July 1981. Its main provisions are:

- a system of production quotas as shown below. Where necessary these will be reviewed for the marketing years 1984/85 and 1985/86.

**Quotas (1 000 tonnes of white sugar)**

|                             | A quotas | B quotas |
|-----------------------------|----------|----------|
| Belgium/Luxembourg          | 680      | 146      |
| Denmark                     | 328      | 97       |
| France (metropolitan)       | 2 530    | 759      |
| French overseas departments | 466      | 47       |
| Germany                     | 1 990    | 612      |
| Greece                      | 290      | 29       |
| Ireland                     | 182      | 18       |
| Italy                       | 1 320    | 248      |
| Netherlands                 | 690      | 182      |
| United Kingdom              | 1 040    | 104      |

<sup>1</sup> Regulation (EEC) No 1785/81: OJ L 177, 1.7.1981.

- a contribution from the producers to help finance the system in the form of a levy on basic production (A sugar and B sugar) of up to 2% of the intervention price. In addition there will be a further levy on B sugar up to a maximum of 30%. In accordance with the principle already adopted by the Council regarding contributions from producers, if there is a balance of financial losses not covered by the levy payments the levy on B sugar will be increased for the following marketing year by an extra payment of up to 7.5% of the intervention price;
- certain provisions of the previous basic regulation remain, in particular:
  - national aids in the French overseas departments and in Italy,
  - regionalization of prices in deficit regions of the Community,
  - the compensation system for storage costs, on the understanding that for the 1981/82 marketing year the reimbursement rate shall be based on an interest rate of not less than 13%
  - the differential levy for 1981/82 at the level fixed for 1980/81. However, this levy is to be reduced by one third of the 1981/82 level for each of the three subsequent marketing years;
- parallel provisions on isoglucose, Regulation (EEC) No 1111/77 accordingly being repealed.

The introduction of the new sugar arrangements also made it necessary:

- to amend Regulation (EEC) No 2727/75 to transfer maltodextrine and certain types of caramel to the basic regulation on cereals,<sup>1</sup> and also to amend the Common Customs Tariff to take account of these transfers and of a new definition of isoglucose;<sup>2</sup>

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<sup>1</sup> See paragraph 389 of this Review.

<sup>2</sup> Regulation (EEC) No 1786/81: OJ L 177, 1.7.1981.

- to recast the general rules on the system of minimum stocks in this sector;<sup>1</sup>
- for the Council to adopt, on 20 July 1981, two regulations, one laying down general rules for applying the differential charge on raw preferential sugar<sup>2</sup> and the second laying down measures for the marketing of sugar produced in the French overseas departments,<sup>3</sup> both of which provided for flat-rate Community aid for the sugar concerned;
- for the Commission to put forward, on 19 November 1981, a proposal for a regulation laying down the general rules governing transfers of quotas in the sugar sector. This proposal is at present being studied by the Council, which will probably act on this matter early in 1982.

391. Lastly it should be noted that the Commission forwarded to the Council two proposals for amendments to the new basic regulation. The first, forwarded on 30 November 1981, is aimed at excluding preferential sugar from the compensation system for storage costs so as to facilitate the conclusion of negotiations on guaranteed prices for preferential sugar for the delivery period 1981/82. The second, forwarded on 18 December 1981, concerns the conditions governing amounts over at the end of the year. These two texts have been forwarded to Parliament for its opinion and are being examined by the Council's subordinate bodies.

(c) *Isoglucose*

392. As reported in the previous Review,<sup>4</sup> in a judgment given on 29 October 1980 the Court of Justice annulled Regulation (EEC) No 1293/79<sup>5</sup> on formal grounds, i.e. the absence of an opinion of Parliament. However, the Court affirmed that the provisions of the regulation in question were in basic conformity with Community law. The object of the regulation was to replace

<sup>1</sup> Regulation (EEC) No 1789/81: OJ L 177, 1.7.1981.

<sup>2</sup> Regulation (EEC) No 2066/81: OJ L 203, 23.7.1981.

<sup>3</sup> Regulation (EEC) No 2067/81: OJ L 203, 23.7.1981.

<sup>4</sup> See 28th Review, paragraph 370.

<sup>5</sup> See 27th Review, paragraph 341.

the title 'System of levies' in Regulation (EEC) No 1111/77 laying down common provisions for isoglucose with the title 'Quota arrangements'. in view of this judgment, and having obtained Parliament's opinion, on 10 February 1981 the Council decided to re-enact, with effect from 1 July 1979, the provisions which appeared in the annulled Regulation.<sup>1</sup>

393. In addition, by its Regulation (EEC) No 1592/80 the Council had extended the period of validity of the quota arrangements laid down in Regulation (EEC) No 1293/79 for a further period of 12 months. In order to remove any ambiguity following the annulment of this regulation, on 10 February 1981 the Council, after receiving the opinion of Parliament, confirmed this extension.<sup>2</sup>

At the same time the Council also decided to allot a basic quota to an isoglucose producer in the Netherlands who had resumed production after a period of non-production.<sup>3</sup>

(d) *Wine*

394. In 1981 the common organization of the wine market was amended on specific individual points which were of minor importance compared with the measures adopted in 1980 under the 1980-86 action programme<sup>4</sup> and with the reform set out by the Commission in its proposal of 16 October 1981 on the modification of the *acquis communautaire* before enlargement of the Community.

Parliament and the Economic and Social Committee are being consulted on this proposal, which was already the subject of detailed study by the Council's various subordinate bodies, during the last three months of 1981, and the Council will have to deal with it in the course of 1982. its major provisions concern:

- compulsory preventive distillation;
- improving of harvest quality;
- prohibition of replanting on certain irrigated land;

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<sup>1</sup> Regulation (EEC) No 387/81: OJ L 44, 14.2.1981.

<sup>2</sup> Regulation (EEC) No 388/81: OJ L 44, 14.2.1981.

<sup>3</sup> Regulation (EEC) No 389/81: OJ L 44, 14.2.1981.

<sup>4</sup> See 28th Review, paragraph 371 *et seq.*

- increasing the natural minimum alcoholic strength;
- elimination of winemaking by-products;
- restrictions on the marketing of table wines from particular varieties of grapes.

395. As regards the specific amendments made in 1981 to the common arrangements for wine, these were aimed at updating Community provisions and adapting them to new requirements of both a practical and a technical or administrative nature. A further aim was to make these regulations easier to apply and more effective.

These amendments were contained in two regulations adopted by the Council on 15 December 1981,<sup>1</sup> on a proposal from the Commission and after obtaining an opinion from Parliament, amending firstly the basic regulation on wine (Regulation (EEC) No 337/79)<sup>2</sup> and secondly Regulation (EEC) No 338/79 on quality wines p.s.r.<sup>3</sup>

396. Since, for reasons connected with the urgent nature of certain matters which were given priority treatment, the abovementioned regulations did not cover all the measures proposed by the Commission, the Council agreed to discuss the remaining measures in 1982, together with the additional amendments proposed by the Commission on 11 December 1981 under Article 149(2) of the Treaty and also the report and proposal forwarded on 8 December 1981 on reducing the maximum hydrogen sulphide content of wines.

397. Turning to structural matters, in 1981 the Council had to deal with two particular problems<sup>4</sup> on which the Commission had forwarded proposals, namely:

- the question of postponing, for practical and administrative reasons, from 1 April to 15 June 1981<sup>5</sup> the final date for the grubbing-up of vines in the first implementation of the system

<sup>1</sup> OJ L 359, 15.12.1981.

<sup>2</sup> Regulation (EEC) No 3577/81: OJ L 359, 15.12.1981.

<sup>3</sup> Regulation (EEC) No 3578/81: OJ L 359, 15.12.1981.

<sup>4</sup> Regarding amendments to Directive 78/627/EEC on Languedoc and Roussillon, see paragraph 503 of this Review.

<sup>5</sup> Regulation (EEC) No 1302/81 of 12 May 1981: OJ L 130, 16.5.1981.

of abandonment premiums laid down in Regulation (EEC) No 456/80;

- the question of amending Regulation (EEC) No 458/80<sup>1</sup> with a view to increasing the effectiveness of the projects for restructuring vineyards and adapting these arrangements to the accession of Greece.<sup>2</sup>

(e) *Fruit and vegetables*

(i) Modification of the *acquis communautaire*

398. With a view to the enlargement of the Community to include Spain and Portugal, the Council carried out an initial examination of the proposals for regulations<sup>3</sup> forwarded by the Commission regarding the adaptation of the common organization of the market in fruit and vegetables to ensure that the market functions normally when Spain and Portugal accede to the Community.

Since the applicant countries are major producers of these products it is the Community's task to make Community producers more prepared for competition from these countries. Accordingly the proposals are aimed firstly at further encouraging the formation of producers' organizations and increasing their power to regulate the market. The Commission also proposes that governments should be able to intervene in respect of certain particularly sensitive products if prices should suddenly collapse on the wholesale market. Lastly, with regard to trade with non-member countries, the proposals provide for increased Community preference.

The Council's work on these proposals will continue in 1982.

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<sup>1</sup> -See 28th Review, paragraph 373.

<sup>2</sup> Regulation (EEC) No 2991/81 of 19 October 1981: OJ L 299, 20.10.1981.

<sup>3</sup> Proposed Council regulations:

- amending Regulation (EEC) No 1036/72 on the common organization of the market in fruit and vegetables;
- amending Regulation (EEC) No 1036/72 on the common organization of the market in fruit and vegetables in respect of producers' organizations;
- amending Regulation (EEC) No 2511/69 laying down special measures for improving the production and marketing of Community citrus fruit.



(ii) Fruit trees

399. In order to supply the Commission with the statistical data needed for administering the common organization of the market in fruit and vegetables, every five years the Member States must carry out statistical surveys on plantations of certain species of fruit trees on their territory.<sup>1</sup> In the light of the information from the first survey (in 1977), on a proposal from the Commission and after receiving an opinion from Parliament, the Council decided<sup>2</sup> to amend slightly Directive 76/625/EEC.

Because of particular circumstances the United Kingdom will not be obliged to determine the planting density for the 1982 survey.

The 1982 survey will be the first carried out by Greece in accordance with the directive, and the Council decided that the maximum Community contribution to the expenses incurred by Greece will be 85 000 ECU.

(f) *Floriculture*

400. In order to resolve certain problems which had arisen in particular in the Netherlands concerning the marketing of bulbs, on a proposal from the Commission the Council amended Regulation (EEC) No 315/68 fixing quality standards for flowering bulbs, corms and tubers. Parliament delivered a favourable opinion on this measure. The new regulation<sup>3</sup> lays down quality standards for bulbs and corms intended for propagation in order on the one hand to facilitate trade in these products and on the other to allow the Member States, in accordance with decisions of the Court of Justice, also to take measures in respect of these products in order to make the market more stable.

(g) *Seeds*

401. On 19 May 1981, acting on a proposal from the Commission, the Council made a technical amendment to Regulation (EEC) No 1674/72<sup>4</sup> laying down general rules for

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<sup>1</sup> Directive 76/625/EEC: OJ L 223, 16.8.1976.

<sup>2</sup> On 15 December 1981.

<sup>3</sup> Adopted by the Council on 21 December 1981: OJ L 373, 29.12.1981.

<sup>4</sup> Regulation (EEC) No 1670/72: OJ L 177, 4.8.1972.

granting and financing aid for seed. Parliament delivered a favourable opinion on this measure. This amendment was made necessary by the accession of Greece, and the Council was concerned to clarify the conditions under which aid fixed by the Council could be granted, with regard in particular to certified seeds and the process of liberalizing trade between Greece and the other Member States.

402. On 15 December 1981 the Council adopted a Commission proposal to include spelt for use as seed in the system of aid for seed,<sup>1</sup> as well as the technical amendment to the basic regulation on cereals which this entailed. Parliament and the Economic and Social Committee, the latter having been consulted on an optional basis, had delivered favourable opinions on this measure.

(h) *Dehydrated fodder*

403. In order not to impair the system of aid for dehydrated potatoes provided for in the basic regulation on dehydrated fodder,<sup>2</sup> the Council decide to extend these arrangements for the 1981/82 marketing year.<sup>3</sup> This measure became necessary because the Council's work on a common organization of the market in potatoes was not yet complete.

(i) *Olive oil*

404. On 16 October 1981 the Commission forwarded to the Council a communication on the effects of enlargement on the market situation for olive oil in the Community.

The aim of this communication is to outline measures to improve the balance between olive-oil production and consumption in the Community, both as currently constituted and after the accession of the applicant countries.

The Commission therefore proposes:

- internal measures, to adapt the support system and increase the olive-oil consumer subsidies with a view to reducing the

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<sup>1</sup> Regulation (EEC) No 3808/81: OJ L 382, 31.12.1981.

<sup>2</sup> Regulation (EEC) No 1117/78: OJ L 142, 30.5.1978.

<sup>3</sup> Regulation (EEC) No 1782/81: OJ L 176, 1.7.1981.

price ratio between olive oil and competing vegetable oils to 2:1, thus encouraging olive-oil consumption;

- external measures, including bilateral and multilateral contacts with non-member countries which supply vegetable oils, as well as contacts under GATT, mainly in order to avoid concessions being granted by the Community upon the accession of Spain and Portugal, without any *quid pro quo*.

The Council's subordinate bodies immediately began their study of this communication, so as to enable the Commission subsequently to draft the necessary formal proposals.

## **C — Management of the common organization of the markets**

### **1. PROBLEMS CONCERNING ALL THE SECTORS COVERED BY THE COMMON AGRICULTURAL POLICY**

#### *(a) Sales of agricultural products on board ships*

405. In 1981 the Council did not act on the proposal forwarded by the Commission on 12 November 1980<sup>1</sup> with a view to annulling Regulation (EEC) No 3023/77<sup>2</sup> with effect from 1 January 1981, since this became unnecessary following the judgment given by the Court of Justice on 7 July 1981 in Case 158/80. The proposal was therefore formally withdrawn by the Commission on 31 July 1981.<sup>3</sup>

The abovementioned judgment declared that Regulation (EEC) No 3023/77 was invalid, which meant that national measures (allowances granted to travellers) based on this legal instrument were not in accordance with Community law.

### **2. CEREALS**

#### *(a) Cereals prices for the 1981/82 marketing year*

406. With regard to prices for the 1981/82 marketing year, the Council went a little further than the Commission's proposal and fixed the following prices for the cereals sector:

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<sup>1</sup> See 28th Review, paragraph 390.

<sup>2</sup> See 25th Review, paragraph 354.

<sup>3</sup> OJ C 307, 27.11.1981.

| Product      | Type of price or amount   | 1980/81<br>ECU/tonne | 1981/82             |                    |
|--------------|---|----------------------|---------------------|--------------------|
|              |   |                      | ECU/tonne           | %                  |
| 1            | 2   | 3                    | 4                   | 5                  |
| Durum wheat  | Target price  | 294.71               | 311.48              | +5.69              |
|              | Single intervention price   | 260.33               | 274.99              | +5.63              |
|              | — Greece  |                      | 251.79              |                    |
| Common wheat | Aid (restricted to certain regions)                                   | 79.24<br>ECU/ha      | 85.18<br>ECU/ha     | +7.50              |
|              | Target price  | 214.01               | 230.55              | +7.73              |
| Barley       | Single common intervention price                                      | 155.88               | 165.23              | +6.00              |
|              | Reference price for common wheat of bread-making quality <sup>1</sup> |                      |                     |                    |
|              | — the Nine  |                      | 192.72              |                    |
| Rye          | — Greece  |                      | 182.44              |                    |
|              | Target price  | 194.32               | 210.00              | +8.07              |
| Maize        | Single common intervention price                                      | 155.88               | 165.23              | +6.00              |
|              | Target price  | 197.31               | 210.00              | +6.43              |
| Rye          | Single intervention price   | 163.82               | 165.23 <sup>2</sup> | +3.23 <sup>3</sup> |
|              | — Greece  |                      | 163.04              |                    |
| Maize        | Target price  | 194.32               | 210.00              | +8.07              |
|              | Single common intervention price                                      | 155.88               | 165.23              | +6.00              |

<sup>1</sup> This price is reduced by 7.88 ECU per tonne when special intervention measures are applied in respect of the minimum bread-making quality.

<sup>2</sup> This price is increased by 3.97 ECU per tonne under Article 3(1) of Regulation (EEC) No 2727/75.

<sup>3</sup> Taking account of the increase mentioned in footnote 2.

This table shows that the integration of all cereals in the 'silo' system, long recommended by the Commission, has now been achieved, apart from a slight difference between the intervention price for rye and that for the other fodder grains.

This higher price, which is for rye only, is due to disappear as from the 1982/83 marketing year.

In addition to its decisions involving regulations, during its discussions on farm products the Council approved in principle

the implementation of co-responsibility measures in the cereals sector. However, it decided that any adjustments to the intervention and reference prices would not apply during the current marketing year but be postponed until 1982/83. It will re-examine this matter in more detail at that time.

In the course of these discussions the Council asked the Commission to present a report on durum wheat, with particular regard to the criteria for and level of direct aid for this product. The Council called for this report with a view to making a more detailed study of these criteria before taking its decisions on farm prices for 1982/83.

(b) *Quality requirements for common wheat of bread-making quality*

407. For the first time since the basic regulation on cereals was revised by Regulation (EEC) No 2727/75, the Council was able to determine the requirements for medium bread-making quality.

This medium bread-making quality was laid down by the Council in terms of the requirement that the dough from such wheat should not stick during the mechanical kneading process and with reference to chemical and biochemical properties such as the protein content, Zeleny index and the Hagberg falling number.

At the same time the Council also laid down the minimum bread-making requirements.

As can be seen from the table in paragraph 406, this definition enabled the Council to fix a reference price for medium bread-making quality.<sup>1</sup>

(c) *Production aid for durum wheat*

408. Aid for durum wheat was increased by 7.5%, from 79.34 to 85.18 ECU/ha, for the Italian and French regions which receive this aid. Certain regions in Greece were also included in these

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<sup>1</sup> Regulation (EEC) No 1955/81: OJ L 198, 20.7.1981.

arrangements by the Council, which fixed an aid of 57.23 ECU/ha for areas in Greece which had received national aid before accession. The Greek regions which had not received this national aid will receive 17.04 ECU/ha.<sup>1</sup>

*(d) Monthly increases in cereals prices*

409. To take account of increased storage costs and financing charges for storing cereals, while keeping in mind the need to dispose of stocks of cereals in accordance with market needs, the Council decided to raise the monthly increases for the 1981/82 marketing year by some 20%.

This increase applies both to cereals and to wheat and rye flour, as well as wheat groats and meal.<sup>2</sup>

*(e) Carry-over payment at the end of the 1980/81 marketing year*

410. In accordance with the basic regulation on cereals, as amended in respect of arrangements for the carry-over payment,<sup>3</sup> the Council accepted a proposal from the Commission for fixing a carry-over payment for stocks of common wheat, rye and maize at the end of the 1980/81 marketing year. This measure was necessary to ensure the direct sale on the market of cereals in storage before the 1981 harvest.

Besides common wheat and rye for human consumption, this measure also applied to maize, which was in danger of being offered for intervention in certain regions of the Community in spite of an overall Community shortage of this cereal.

The Council took care not to grant the carry-over payment for cereals harvested in the Community during 1981, for which therefore there was no increase in storage costs. In addition the Council decided to grant this payment only for cereals which were sound, genuine and of merchantable quality within the meaning of the provisions implemented under the basic regulation.<sup>4</sup>

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<sup>1</sup> Regulation (EEC) No 1954/81: OJ L 198, 20.7.1981.

<sup>2</sup> Regulation (EEC) No 1951/81: OJ L 198, 20.7.1981.

<sup>3</sup> See paragraph 389 of this Review.

<sup>4</sup> Regulation (EEC) No 1953/81: OJ L 198, 20.7.1981.

(f) *Common wheat of bread-making quality at the disposal of the Italian authorities*

411. Acting on a proposal from the Commission, the Council considered it necessary to supplement the emergency aid it had previously given to the Mezzogiorno, which had been hit by an earthquake with disastrous consequences for the local population, by making 135 000 tonnes of common wheat of bread-making quality available to the Italian authorities.

This quantity of common wheat, held by the Italian intervention agency, was to be used solely to meet the needs of the Italian authorities.

### **3. RICE**

412. The Council fixed the target price for husked rice at 450.50 ECU/tonne and the intervention price for paddy rice at 259.42 ECU/tonne. This represents increases of approximately 10.4% and 11% respectively<sup>2</sup> over the previous year. The monthly increases were raised in similar proportions to those for the main cereals, i.e. approximately 20%.<sup>3</sup>

### **4. STARCH PRODUCTS**

413. Pending proposals from the Commission to make the system more economic and reduce the expected expenditure in this field the Council decided to maintain production refunds for cereal-based and potato-based starches at the same level for the 1981/82 marketing year.

At the same time the Council considered it appropriate to grant for the 1981/82 marketing year the premium for producers of potato-based starch, which had originally been restricted to the 1980/81 marketing year. Similarly, taking account in particular of the price situation resulting from the decisions for the 1981/82

<sup>1</sup> Council Decision of 12 May 1981: OJ L 135, 22.5.1981.

<sup>2</sup> Regulation (EEC) No 1948/81: OJ L 198, 20.7.1981.

<sup>3</sup> Regulation (EEC) No 1952/81: OJ L 198, 20.7.1981.

marketing year, the Council adapted the minimum price to be paid by starch producers to potato producers. This minimum price was raised by some 9%.<sup>1</sup>

## 5. BEEF AND VEAL

### (a) *Prices*

414. By its Regulation (EEC) No 7/81<sup>2</sup> the Council extended to Greece the common guide and intervention prices. Subsequently, on 1 April 1981, after consulting Parliament and the Economic and Social Committee,<sup>3</sup> it fixed the following prices for the 1981/82 marketing year:

- guide price for adult bovine animals expressed in live weight:
  - (i) 172.82 ECU/100 kg live weight for the period until 6 December 1981;
  - (ii) 176.84 ECU/100 kg live weight until the end of the marketing year;
- intervention price for adult bovine animals:
  - (i) 155.54 ECU/100 kg live weight for the period until 6 December 1981;
  - (ii) 159.16 ECU/100 kg live weight until the end of the marketing year.

In view of market price levels and the large intervention stocks, the Council also decided, thus derogating from the rules laid down in Article 6 of the basic regulation, to relax the permanent intervention arrangements and maintain for the 1981/82 marketing year the possibility of suspending, for each of the Member States or for certain regions of Member States, intervention buying-in of each quality when it was found that the price on the representative markets of the Member State or region concerned exceeded the maximum buying-in price over a certain period.

<sup>1</sup> Regulation (EEC) No 1956/81: OJ L 198, 20.7.1981.

<sup>2</sup> Regulation (EEC) No 7/81 of 1 January 1981: OJ L 1, 1.1.1981.

<sup>3</sup> Regulation (EEC) No 898/81 of 1 April 1981: OJ L 90, 4.4.1981.



In addition, on 28 April 1981 the Council laid down in outline<sup>1</sup> the Community scale for the classification of carcasses of adult bovine animals, so that in due course a parallel system could be introduced for recording prices in this sector and the categories eligible for intervention more clearly defined.

(b) *Premium system*

(i) Premiums for the slaughter of certain adult bovine animals

415. After consulting Parliament, on 28 April 1981<sup>2</sup> the Council extended the period of validity of Regulation (EEC) No 870/77,<sup>3</sup> thereby authorizing the Member States to grant further aid, in the form of a premium for the slaughter of certain adult bovine animals, to stock-farmers since, in the light of short-term prospects on the Community beef and veal market, there was a risk that their incomes might drop.

(ii) Premium for the birth of calves

416. After consulting Parliament, on 28 April 1981<sup>4</sup> the Council extended the period of validity of Regulation (EEC) No 870/77,<sup>3</sup> calves. The rate was reduced from 42.948 u.a. to 32 ECU, to be charged to the EAGGF with the intention of gradually abolishing this premium.

(iii) Suckler cows

417. In addition, on 19 May 1981<sup>5</sup> the Council extended for a further marketing year the system of premiums for maintaining herds of suckler cows. This premium was financed at the rate of 20 ECU by the EAGGF with a further 20 ECU, in the form of an optional additional premium, to be financed from the national budgets.

In order to prevent abuses the Council specified the list of bovine breeds eligible for the premium.

<sup>1</sup> Regulation (EEC) No 1208/81 of 28 April 1981: OJ L 123, 7.5.1981.

<sup>2</sup> Regulation (EEC) No 1121/81 of 28 April 1981: OJ L 118, 30.4.1981.

<sup>3</sup> OJ L 106, 29.4.1977.

<sup>4</sup> Regulation (EEC) No 1120/81 of 28 April 1981: OJ L 118, 30.4.1981.

<sup>5</sup> Regulation (EEC) No 1417/81 of 19 May 1981: OJ L 142, 28.5.1981.

*(c) Trade arrangements with non-member countries*

418. Under the GATT agreements (multilateral trade negotiations) the Council decided to open two tariff quotas for the import, at a rate of duty of 20%, of 21 000 tonnes of high quality fresh, chilled or frozen beef and veal falling within subheading 02.01 A II a) and 02.01 A II b) of the CCT<sup>1</sup> (known as 'Hilton beef') and of 2 250 tonnes of buffalo meat falling within subheading 02.01 A II b) 4 bb) 33 of the CCT.<sup>2</sup>

On 21 December 1981 these same quotas were also opened for 1982.<sup>3</sup>

419. On 1 April 1981 the Council decided to open the Community tariff quota for 1981 for frozen beef and veal falling within subheading 02.01 A II b) of the CCT.<sup>4</sup> This quota takes account for the first time of the requirements of Greece and was apportioned as follows:

|                |               |
|----------------|---------------|
| Benelux        | 4 908 tonnes  |
| Denmark        | 243 tonnes    |
| France         | 5 150 tonnes  |
| Germany        | 9 273 tonnes  |
| Greece         | 1 500 tonnes  |
| Ireland        | —             |
| Italy          | 14 415 tonnes |
| United Kingdom | 14 511 tonnes |

420. On 9 April 1981 the Council adopted the estimate concerning Community supplies of beef and veal intended for the processing industry, including quantities intended for the production of preserved food of the corned beef type. It estimated the Community deficit at 60.000 tonnes for 1981.<sup>5</sup>

<sup>1</sup> Regulation (EEC) No 217/81: OJ L 38, 11.2.1981.

<sup>2</sup> Regulation (EEC) No 218/81: OJ L 38, 11.2.1981.

<sup>3</sup> Regulations (EEC) Nos 3715/81 and 3716/81 of 21 December 1981: OJ L 373, 29.12.1981.

<sup>4</sup> Regulation (EEC) No 897/81: OJ L 90, 4.4.1981.

<sup>5</sup> Council estimate of 9 April 1981 (81/243/EEC): OJ L 113, 25.4.1981.

421. In addition the Council fixed at 235 000 head the estimate for imports in 1981 of young male bovine animals intended for fattening and weighing 300 kg or less.<sup>1</sup>

422. As in previous years, on 13 July 1981 the Council decided to open a tariff quota of 38 000 head of heifers and cows, other than those intended for slaughter, of certain mountain breeds falling within subheading ex 01.02 A II b) 2 of the CCT (Austrian quota)<sup>2</sup> and, on 20 June 1981, a quota of 5 000 head of bulls, cows and heifers, other than those intended for slaughter, of certain Alpine breeds falling within subheading ex 01.02 A II b) 2 of the CCT (Swiss quota).<sup>3</sup>

423. On 30 June 1981 the Council amended<sup>4</sup> certain provisions of Directives 73/132/EEC and 78/53/EEC relating to the statistical surveys to be carried out by the Member States on bovine livestock, so as to extend the period of exemption granted to Italy for updating the sampling criteria in order to observe the Community margins of error.

## **6. SHEEPMEAT**

424. On 1 April 1981 the Council amended<sup>5</sup> Regulation (EEC) No 1837/80 on the common organization of the markets in sheepmeat and goatmeat in order to alter the method for calculating the premium for producers in Region 3, which is made up of Benelux, Denmark and Germany, so that the amount of the premium is adapted to the market situation in each Member State concerned and to modulate the establishment of a ceiling for the premium in that region.

The Council also fixed the Prices<sup>6</sup> at the following levels:

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<sup>1</sup> Council estimate of 9 April 1981 (81/242/EEC): OJ L 113, 25.4.1981.

<sup>2</sup> Regulation (EEC) No 1957/81: OJ L 192, 15.7.1981.

<sup>3</sup> Regulation (EEC) No 1794/81: OJ L 179, 1.7.1981.

<sup>4</sup> Directive 81/488/EEC of 30 June 1981: OJ L 189, 11.7.1981.

<sup>5</sup> Regulation (EEC) No 899/81 of 1 April 1981: OJ L 90, 4.4.1981.

<sup>6</sup> Regulation (EEC) No 900/81 of 1 April 1981: OJ L 90, 4.4.1981.

## Sheepmeat: Reference prices 1981/82

(ECU/100 kg)

| Region                               | Reference price<br>1980/81 | Difference<br>between<br>(a) and<br>central<br>price <sup>1</sup> | Convergence<br>in 1981 <sup>2</sup> | (a) + (c) | Percentage<br>increase in<br>reference<br>prices <sup>3</sup> | Reference<br>price<br>1981/82 |
|--------------------------------------|----------------------------|---|-------------------------------------|-----------|---|-------------------------------|
|                                      | (a)                        | (b)   | (c)                                 | (d)       | (e)   | (f)                           |
| 1. (Italy)                           | 375                        | -30   | -7.5                                | 367.50    | +7.5%   | 395.06                        |
| 2. (France)                          | 345                        | —   | —                                   | 345.00    | +7.5%   | 370.88                        |
| 3. (Benelux,<br>Denmark,<br>Germany) | 315                        | +30   | +7.5                                | 322.50    | +7.5%   | 346.69                        |
| 4. (Ireland)                         | 310                        | +35   | +8.75                               | 318.75    | +7.5%   | 342.66                        |
| 5. (United<br>Kingdom)               | 293                        | +52   | +13                                 | 306.00    | +7.5%   | 328.95                        |
| 6. (Greece)                          | 345                        | —   | —                                   | 345.00    | +7.5%   | 370.88                        |

<sup>1</sup> Regions 2 and 6.

<sup>2</sup> Application of Article 3(4)(ii) of Regulation (EEC) No 1837/80 ( $\frac{1}{4}$  of the difference shown in column (b)).

<sup>3</sup> Application of Article 3(4)(ii) of Regulation (EEC) No 1837/80, taking account of the criteria laid down in paragraph 2 of the same Article.

### 7. PIGMEAT

425. When fixing prices for the 1981/82 marketing year, on 28 April 1981 the Council adopted Regulation (EEC) No 1197/81.<sup>1</sup> This regulation fixes the basic price and the standard quality for slaughtered pigs for the period 1 November 1981 to 31 October 1982. The basic price was raised by 11% compared with the previous year, in view of the increase in production costs in this sector and the market situation.

### 8. EGGS AND POULTRY

426. The Community arrangements in the eggs and poultry sector consist of relatively limited support measures for market

<sup>1</sup> OJ L 122, 6.5.1981.

prices, in the form of export refunds and sluice-gate prices. This system has been found in practice to contribute to the self-regulation of the market, in that the prices produce a broad balance between supply and demand in the medium term. For this reason the Council found it necessary to take only limited action during 1981. Nevertheless:

- In respect of the egg sector, in the light of the favourable opinion from Parliament on this matter, on 15 December 1981 the Council adopted Regulation (EEC) No 3643/81<sup>1</sup> amending Regulation (EEC) No 2771/75<sup>2</sup> on the common organization of the market in eggs, which provides for the addition of 'long eggs' (a new processed product, produced from eggs, not listed in Annex II to the Treaty) to Annex 1 of the basic regulation on eggs, thus establishing the legal basis for granting export refunds for this product.

In addition, during the period under review the Council continued its work on the Commission's proposal amending regulation (EEC) No 2772/75<sup>2</sup> on certain marketing standards applicable to eggs. The technical aspects of this proposal were studied on several occasions by the Council's experts but so far no agreement has been reached.

- In the poultry sector, on 16 March 1981 the Council adopted Regulation (EEC) No 750/81<sup>3</sup> amending Regulation (EEC) No 2778/75<sup>2</sup> laying down rules for calculating the levy and the sluice-gate price for poultrymeat and Regulation (EEC) No 950/68<sup>4</sup> on the Common Customs Tariff. In view of the increased production costs in this sector, this regulation revises upwards certain amounts and coefficients which serve as a basis for the calculation of sluice-gate prices for turkeys, geese and ducks.

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<sup>1</sup> OJ L 364, 19.12.1981.

<sup>2</sup> OJ L 282, 1.11.1975.

<sup>3</sup> OJ L 80, 26.3.1981.

<sup>4</sup> OJ L 172, 22.7.1968.

## 9. MILK AND MILK PRODUCTS

### (a) *Market situation and prices*

427. In spite of the relatively favourable situation on the world market for milk and milk products, which enabled the Community to keep its stocks of butter and skimmed-milk powder at relatively low levels,<sup>1</sup> overproduction continued in the Community during 1981 and made it necessary to extend and even strengthen certain measures aimed at reducing the volume of production in this sector.

Since the Council was not in a position to act by 1 April 1981 on the 'prices and related measures' package for the 1981/82 marketing year, the previous year had to be extended slightly to 6 April.<sup>2</sup> As regards prices, the Council adopted the following increases for the 1981/82 marketing year:

- target price for milk: + 9%;<sup>3</sup>
- intervention price for butter and skimmed-milk powder: + 9%;<sup>3</sup>
- intervention price for Italian cheeses:
  - Grana Padano of an age between 30 and 60 days: increased by 9.52%.<sup>3</sup>
  - Grana Padano of an age of at least 60 days: increased by 9.83%.<sup>3</sup>
  - Parmigiano Reggiano of an age of at least 6 months: +10.01%.<sup>3</sup>

At the same time the Council fixed the threshold prices for certain milk products<sup>4</sup> and the conditions of entry for certain kinds of cheese imported from non-member countries,<sup>5</sup> adapting them in line with the increase in the target price for milk.

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<sup>1</sup> Butter: 1.1.1981: 127 700 tonnes (public stocks); 31.12.1981: 16 400 tonnes (public stocks). Powder: 1.1.1981: 229 700 tonnes; 31.12.1981: 277 700 tonnes.

<sup>2</sup> Regulation (EEC) No 847/81 of 1 April 1981: OJ L 86, 1.4.1981.

<sup>3</sup> Regulation (EEC) No 851/81 of 1 April 1981: OJ L 90, 4.4.1981.

<sup>4</sup> Regulation (EEC) No 852/81 of 1 April 1981: OJ L 90, 4.4.1981.

<sup>5</sup> Regulation (EEC) No 853/81 of 1 April 1981: OJ L 90, 4.4.1981.

*(b) Measures to ensure the gradual restoration of market equilibrium*

(i) Co-responsibility levy

428. The co-responsibility levy to be paid by milk producers for the 1981/82 marketing year was fixed at 2.5% of the target price, under the same conditions as for the previous year, which means an increase of 0.5%.<sup>1</sup> The Council considered this increase necessary to cover the expenditure on marketing the surplus production to be expected in this sector.

(ii) Aid for butter consumption

429. The Council decided to adapt, with effect from 1 January 1982, the aid for butter consumption, which it fixed as follows:

- the Community contribution to general aid for butter may not exceed 75% of the aid or 40 ECU/100 kg — a reduction of 10 ECU/100 kg;<sup>2</sup>
- for general aid payable in the United Kingdom the existing system was extended, i.e. a maximum of 45.94 ECU/100 kg financed wholly by the Community.<sup>2</sup>

(iii) Bracket for aid for skimmed-milk powder for use as feed

430. The Council gave its assent to an adjustment of the margin within which the Commission fixes the amount of aid for skimmed-milk powder for use as animal feed, altering it from 52-64 to 50-64 ECU/100 kg.<sup>3</sup>

(iv) School milk

431. In adopting Regulation (EEC) No 856/81 of 1 April 1981,<sup>4</sup> the Council adjusted the aid for school milk in line with the

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<sup>1</sup> Regulation (EEC) No 857/81 of 1 April 1981: OJ L 90, 4.4.1981.

<sup>2</sup> Regulation (EEC) No 854/81 of 1 April 1981: OJ L 90, 4.4.1981.

<sup>3</sup> Regulation (EEC) No 855/81 of 1 April 1981: OJ L 90, 4.4.1981.

<sup>4</sup> OJ L 90, 4.4.1981.

increase in the target price for milk for the year concerned. In addition it decided that the system of aid for school milk would be extended for a further period of at least five years from the 1981/82 marketing year.

(v) Sales of fresh butter at reduced prices

432. On 14 June 1981 the Council adopted Regulation (EEC) No 1723/81 establishing general rules relating to measures designed to maintain the level of use of butter by certain categories of consumers and industry,<sup>1</sup> which provides that aid may be granted for purchases of butter by certain categories of consumers, such as non-profit-making institutions, military forces, and manufacturers of pastry products and ice cream. Such aid was already available for intervention butter.

(c) *Other measures*

(i) Canadian cheddar quota

433. On 9 November 1981 the Council decided to amend the annual tariff quota for cheddar cheese from Canada<sup>2</sup> and provide for quotas of 3 250 tonnes for 1981 and 1982 instead of the 2 750 tonnes per annum initially laid down for the three years 1980-82. This was at the request of the Canadian authorities, since they had been unable to fulfil their quota for 1980.

(ii) EEC agreement with Austria and Finland concerning cheese

434. To enable the agreements concerning cheese negotiated with Austria and Finland under the GATT to enter into force provisionally on the planned date of 1 January 1982, on 15 December 1981 the Council adopted Regulation (EEC) No

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<sup>1</sup> OJ L 172, 30.6.1981.

<sup>2</sup> Regulation (EEC) No 3268/81: OJ L 330, 18.11.1981.



3661/81<sup>1</sup> on the interim measures concerning the application of these agreements, which authorizes the Commission to adopt the necessary legal measures under the 'Management Committee' procedure.

(iii) Fat content of standardized whole milk imported into Ireland and the United Kingdom

435. In accordance with the provisions of Regulation (EEC) No 1411/71,<sup>2</sup> on 15 December 1981 the Council fixed the guideline figures for fat content of standardized whole milk imported into Ireland and the United Kingdom from other Community Member States. These levels were fixed for the 1982/83 milk year at 3.51% for Ireland (unchanged) and 3.87% for the United Kingdom (an increase of 0.05%).<sup>3</sup>

(d) *New Zealand butter*

436. After long discussions throughout 1980 which, in view of the expiry date of 31 December 1980, made it necessary to extend the existing arrangements until 31 March 1981,<sup>4</sup> the Council adopted new arrangements for the importation of New Zealand butter into the United Kingdom on special terms.<sup>5</sup> In taking this decision the Council departed from the Commission's initial proposal, which contained the following main provisions:

- during a transitional period from 1 January 1981 to 31 December 1983 New Zealand would be able to export to all the Community (and not only to the United Kingdom as previously laid down) certain decreasing quantities of butter on special terms and with a fixed levy. These quantities were to be 97 500 tonnes for 1981, 95 000 for 1982 and 92 500 for 1983;

<sup>1</sup> OJ L 366, 22.12.1981.

<sup>2</sup> OJ L 148, 3.7.1971.

<sup>3</sup> OJ L 367, 23.12.1981.

<sup>4</sup> Regulation (EEC) No 482/81 of 24 February 1981: OJ L 52, 27.2.1981.

<sup>5</sup> Regulation (EEC) No 858/81 of 1 April 1981: OJ L 90, 4.4.1981.

- for an indefinite period starting on 1 January 1984 New Zealand would be able to export to the whole of the Community 90 000 tonnes of butter per year on the same special terms as during the abovementioned transitional period, although there would be certain review clauses.

In view of the butter market situation in the Community and the uncertain future prospects, in particular with regard to the production and consumption of butter in the United Kingdom, the Council did not think it advisable to follow the Commission's proposals and establish immediately new special arrangements for an indefinite period. Consequently Regulation (EEC) No 858/81 will apply until 31 December 1983. It provides for the following maximum quantities:

- 70 250 tonnes for the period 1 April 1981 to 31 December 1981;
- 92 000 tonnes for 1982;
- a quantity for 1983 to be determined by the Council by 1 October 1982.

By 1 August 1983, on the basis of a report and a proposal from the Commission, the Council is to review the operation of the new arrangements, which again confine imports of New Zealand butter to the United Kingdom and provide for a levy which will remain fixed unless amended by the Council in exceptional circumstances.

## **10. SUGAR**

437. In accordance with the new basic regulation on sugar,<sup>1</sup> on 30 June 1981 the Council fixed the following prices for the 1981/82 marketing year:<sup>2</sup>

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<sup>1</sup> See paragraph 390 of this Review.

<sup>2</sup> Regulations (EEC) Nos 1787/81 and 1788/81: OJ L 177, 1.7.1981.

|  | Price in<br>ECU/100 kg |
|--|------------------------|
| Target price for white sugar   | 49.42                  |
| Intervention price for white sugar   | 46.95                  |
| Derived intervention price for white sugar for Italy                             | 48.89                  |
| Derived intervention price for white sugar for Ireland and<br>the United Kingdom | 48.16                  |
| Intervention price for raw sugar   | 38.58                  |
| Minimum price for A beet   | 3.519                  |
| Minimum price for B beet   | 2.442                  |
| Threshold price for white sugar  | 58.44                  |
| Threshold price for raw sugar  | 49.85                  |
| Threshold price for molasses   | 6.51                   |

The Council thus decided to increase the intervention price for raw sugar by 7.5% and for white sugar by 8.5% over the previous year. These increases were reflected in the Council's mandate to the Commission for its negotiations with the ACP States concerned and with the Republic of India on guaranteed prices for preferential sugar for the 1981/82 delivery period.<sup>1</sup>

## 11. WINE

### (a) *Monitoring the market situation*

438. The report for the 1979/80 marketing year on trends in vine planting and replanting in the Community and on the relationship between production and utilization in the wine-growing sector, which was forwarded by the Commission in 1980,<sup>2</sup> was approved by the Council on 9 April 1981.

439. On 27 October 1981 the Council's subordinate bodies took note of the final estimates of the market situation at the end of the 1979/80 marketing year. These estimates are provided annually by the Commission under Article 5 of Regulation (EEC) No 337/79.

<sup>1</sup> See paragraph 311 of this Review.

<sup>2</sup> See 28th Review, paragraph 429.

440. With regard to statistical surveys of vineyards, in 1981 the Council found it necessary, on a proposal from the Commission and after receiving Parliament's opinion, to extend until 31 October 1982, for Italy, the final date laid down in Regulation (EEC) No 357/79 for carrying out the first basic survey. At the same time the Council adopted the resulting financial provisions and a number of amendments arising from the accession of Greece. These measures were contained in Regulation (EEC) No 3719/81 of 21 December 1981.<sup>1</sup>

441. With regard to the market situation, in July 1981 the Council received a request from the French Delegation to implement the minimum price arrangements provided for under Article 15a of Regulation (EEC) No 337/79 in respect of table wines of types A I (white) and R II (red). However, the Commission did not formulate a proposal on this matter, since it considered that the situation did not fulfil the legal, economic and administrative conditions required and thus offered no prospect of achieving the desired objectives at that time.

In addition, on a number of occasions the Council examined the problems which had arisen in connection with trade in wine between Italy and France, in spite of various intervention measures.<sup>2</sup> It confirmed its commitment to the basic principles of the common agricultural policy and directed its efforts towards ensuring a rapid return to normal observance of all the Community regulations governing the wine-growing sector.

(b) *Prices*

442. On 13 July 1981<sup>3</sup> the Council fixed the various guide prices in the wine sector for the period 16 December 1981 to 15 December 1982 at levels which gave a linear increase of 10% over those for the preceding 12-month period for the various types of table wine concerned, except for type A I white wines, for which the increase was only 8.5%.

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<sup>1</sup> OJ L 373, 29.12.1981.

<sup>2</sup> See paragraph 445 of this Review.

<sup>3</sup> Regulation (EEC) No 2027/81: OJ L 200, 21.7.1981.

With regard to the second category of prices in the wine sector, i.e. the activating prices which determine the threshold for operating the intervention machinery, in its Regulation (EEC) No 3592/81 of 15 December 1981<sup>1</sup> the Council continued the system of increasing prices according to type of wine and adopted the following increases:

- 9% over the previous year for A I wines;
- 9.5% for other table wines.

443. With regard to the system of compulsory distillation of by-products of wine-making, the 'wine deliveries' system, the Council adopted its Regulation (EEC) No 2007/81 of 13 July 1981,<sup>2</sup> in which it fixed the following prices for this system:

- 0.89 ECU/% vol./hl for the buying-in price to producers;
- 1.40 ECU/% vol./hl for the flat-rate price of alcohol from any source (marcs, lees or wine);
- 1.50 ECU/% vol./hl for the price of alcohol from grape marcs;
- 1.30 ECU/% vol./hl for the price of alcohol from lees or wine.

These prices apply for the period 1 September 1981 to 31 August 1982.

444. With regard to the specific measures for Greece, by its Regulation (EEC) No 874/81 of 28 September 1981<sup>3</sup> the Council abolished the accession compensatory amounts for a number of products of the wine sector with a view to facilitating intra-Community trade in these products.

#### *(c) Intervention system*

445. Following the imbalance between supply and demand observed on the market as a result of the abundant harvests of 1979 and 1980, in 1981 the Council, on a proposal from the Commission, had to apply Article 15 of the basic regulation.

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<sup>1</sup> OJ L 361, 16.12.1981.

<sup>2</sup> OJ L 195, 18.7.1981.

<sup>3</sup> OJ L 285, 7.10.1981.

Accordingly it adopted Regulation (EEC) No 1144/81 of 24 April 1981<sup>1</sup> in order to absorb the excess quantities of wine by distilling them. This Regulation was subsequently amended, in view of the progress of distillation operations, by Regulations (EEC) No 2328/81 of 11 August 1981<sup>2</sup> and No 2851/81 of 28 September 1981.<sup>3</sup>

As regards general rules on the various intervention measures, on a proposal from the Commission the Council above all adopted<sup>4</sup> the rules for the application of the minimum price for table wine (cf. Article 15 of Regulation (EEC) No 337/79).<sup>5</sup>

This regulation lays down the general legal, administrative and technical basis for this system, the general rules on distillation to be implemented when a minimum price is fixed and arrangements for terminating the application of this price and the resulting obligations.

These general rules were initially to apply until 15 December 1981, but were subsequently extended for one year by the Council on a proposal from the Commission.<sup>6</sup>

With regard to the general rules on certain wine distilling operations governed by Regulation (EEC) No 343/79, pending the complete recasting of these rules,<sup>7</sup> on 13 July 1981 the Council, on a proposal from the Commission, adopted those provisions which called for a decision before the beginning of the 1981/82 wine-growing year. In addition, by its Regulation (EEC) No 2852/81 of 28 September 1981<sup>3</sup> the Council adopted the necessary provisions to allow, by derogation from Regulation (EEC) No 343/79, the introduction of a system of advance payment of distillation aid under the 'satisfactory-outcome guarantee' system laid down in Article 12a of the basic regulation

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<sup>1</sup> OJ L 120, 1.5.1981.

<sup>2</sup> OJ L 230, 14.8.1981.

<sup>3</sup> OJ L 280, 2.10.1981.

<sup>4</sup> Regulation (EEC) No 1145/81 of 24 April 1981: OJ L 120, 1.5.1981.

<sup>5</sup> See 28th Review, paragraph 372.

<sup>6</sup> Regulation (EEC) No 3659/81 of 15 December 1981: OJ L 366, 22.12.1981.

<sup>7</sup> Regulation (EEC) No 2008/81: OJ L 195, 18.7.1981.

on wine. The aim of this measure is to facilitate distillation, in view of the amount of surplus wine on the market.

(d) *Production arrangements*

446. At this stage, in the absence of a Community organization for alcohol<sup>1</sup> or provisions governing the production of flavoured wines, on 15 December 1981<sup>2</sup> the Council decided to extend until 31 December 1982 the provisions of Regulation (EEC) No 351/79 regarding authorization to add alcohol, by way of derogation from Article 69 of the basic regulation on wine, to grape musts and wines intended for the production of flavoured wines.

(e) *Description and presentation of products*

447. On proposals from the Commission, in 1981 the Council twice amended Regulation (EEC) No 355/79 laying down general rules on this matter.

In its Regulation (EEC) No 1016/81 of 9 April 1981<sup>3</sup> it adopted a number of technical provisions to take account of experience gained and allow for the effects of the accession of Greece. Other provisions on this matter, in particular the postponement of certain time-limits laid down in the regulations, were contained in Regulation (EEC) No 3685/81 of 15 December 1981.<sup>4</sup>

(f) *Trade arrangements*

448. By its Regulation (EEC) No 2009/81 of 13 July 1981,<sup>5</sup> the Council added grape juice and grape must, whether concentrated or not, to the list of products eligible for export refunds.

The main aim of this measure is to promote exports of concentrated grape musts at competitive prices, since there is a potential international market for these products.

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<sup>1</sup> See paragraph 386 *et seq.* of this Review.

<sup>2</sup> Regulation (EEC) No 3658/81: OJ L 366, 22.12.1981.

<sup>3</sup> OJ L 103, 15.4.1981.

<sup>4</sup> OJ L 369, 24.12.1981.

<sup>5</sup> OJ L 195, 18.7.1981.

(g) *Luxembourg protocol*

449. Harmonization of taxes on wines in the Community had not been achieved by 31 December 1981, 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 3717/81 of 21 December 1981<sup>1</sup> 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. 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 1982 at the latest.

(h) *Coordination of the position of the Member States regarding the laws of non-member countries and work at international level*

450. Quite apart from the point discussed in (e) above, during the period under review the Council worked on the following:

- coordination of the position of the Member States in the International Vine and Wine Office, with particular reference to the question of protecting registered designations of origin and ascriptions of origin in the wine-growing sector, and to the work of the 61st General Assembly of this body, which was held in Vienna from 31 August to 4 September 1981;
- the technical examination of certain matters relating to oenological practices in connection with the EEC/United States consultations;
- the technical examination of problems concerning the protection of registered designations of origin in the wine-growing sector in connection with EEC/Canada relations.

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<sup>1</sup> OJ L 373, 29.12.1981



## 12. FRESH FRUIT AND VEGETABLES

### (a) *Prices and marketing premiums for the 1981/82 marketing year*

#### (i) Prices

451. In fixing the prices for agricultural products for the year, on 20 April 1981 the Council adopted Regulation (EEC) No 1117/81<sup>1</sup> fixing the basic and buying-in prices for the nine species of fruit and vegetables covered by the single price system.

Following the Council's general policy of ensuring a fair standard of living for the farming population, guaranteeing security of supply and ensuring reasonable prices for supplies to consumers, these prices were increased by 11% over those for the previous year, except for tomatoes and apples, for which the prices were increased by 8% and 9% respectively.

#### (ii) Premiums

452. Regulation (EEC) No 1117/81 also provided for a similar increase in the marketing premiums for oranges, mandarins, clementines and lemons.

### (b) *Basic and buying-in prices for apples for June 1981*

453. In the Commission's view the high level of stocks of apples made it likely that considerable quantities would be withdrawn from the market in May 1981, mainly because there was no buying-in price for apples for the month of June. To correct this, on 4 June 1981<sup>2</sup> the Council fixed basic and buying-in prices for this product for June 1981.

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<sup>1</sup> Regulation (EEC) No 1117/81: OJ L 118, 30.4.1981.

<sup>2</sup> Regulation (EEC) No 1517/81: OJ L 149, 6.6.1981.

### **13. PROCESSED FRUIT AND VEGETABLES**

#### *(a) Measures applicable to imports of preserved cultivated mushrooms*

454. The market for preserved mushrooms has often been disturbed by products offered by the main supplier countries at prices substantially below the cost price in the Community. Consequently, since 1978 the Commission has had to take protective measures. Since these transitional measures were not such as to provide a permanent remedy for these disturbances, the Council decided<sup>1</sup> to restrict imports exceeding the traditional quantities. Accordingly the regulation provides for a levy of 160 ECU/100 kg on all imports in excess of 34 750 tonnes per annum.

#### *(b) Aid for producers of tinned pineapples*

455. On 20 July 1981<sup>2</sup> 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 gresh pineapples.

The production aid, which is intended to compensate for the difference between the Community offer price and the prices charged by non-member countries, was fixed at 54.24 ECU/100 kg. The minimum price to be paid to producers was fixed at 23.73 ECU/100 kg.

### **14. VEGETABLE OILS**

#### *(a) Colza, rape and sunflower seeds*

456. In view of the need to achieve an appropriate volume of trade in Community seeds, and to ensure maximum utilization of

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<sup>1</sup> Regulation (EEC) No 1796/81: OJ L 183, 4.7.1981.

<sup>2</sup> Regulation (EEC) No 2069/81: OJ L 203, 23.7.1981.

seed-crushing capacity, when making its overall decision on prices and related measures for the 1981/82 marketing year the Council agreed to maintain for a further year the provisions relating to the payment of the daily rate of aid for colza as laid down in Regulation (EEC) No 2917/80. Consequently, on 30 June 1981 the Council adopted the relevant amendment to Regulation No 115/67/EEC regarding the criteria for determining the world market price for oil seeds.<sup>1</sup>

457. With regard to the colza, rape and sunflower seeds sector, when making its overall decision on farm prices for the 1981/82 marketing year the Council gave its assent to a special rebate on the intervention price for type 00 colza and rape seeds bought into intervention and also, on 30 June 1981, adopted regulations fixing:

- the target prices and basic intervention prices,<sup>2</sup>
- the monthly increases,<sup>3</sup>
- the main intervention centres and the derived intervention prices applicable in these centres.<sup>4</sup>

(b) *Olive oil*

458. In accordance with Article 11(3) of the basic regulation on oils and fats (Regulation No 136/66/EEC) and the implementing Regulation (EEC) No 1970/80,<sup>5</sup> the Commission put before the Council a communication on its proposed programme of action to promote olive-oil consumption during the 1980/81 marketing year.

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<sup>1</sup> Regulation (EEC) No 1779/81: OJ L 176, 1.7.1981.

<sup>2</sup> Regulation (EEC) No 1776/81: OJ L 176, 1.7.1981.

<sup>3</sup> Regulation (EEC) No 1777/81: OJ L 176, 1.7.1981.

<sup>4</sup> Regulation (EEC) No 1780/81: OJ L 176, 1.7.1981.

<sup>5</sup> See 28th Review, paragraph 455.

The overall cost of this programme was to be 3 million ECU and it would concern four specific sectors, namely:

- research on the nutritional aspects of olive oils;
- dissemination of existing knowledge regarding the properties of olive oil;
- market studies to enlarge the olive-oil market in the Community;
- publicity or promotional campaigns to encourage the consumption of olive oil.

This programme was examined by the Council's technical bodies in January and February 1981.

459. With regard to the various general rules implementing the basic regulation on oils and fats, in 1981 the Council reviewed certain arrangements with a view to adopting the relevant provisions during the 1981/82 marketing year. Accordingly it adopted Regulation (EEC) No 2989/81 of 19 October 1981<sup>1</sup> on the system of production aid. These provisions correspond for the most part to those applicable in previous years.<sup>2</sup>

460. As regards olive-oil prices for the 1981/82 marketing year, on a proposal from the Commission the Council adopted a series of regulations fixing the usual price components for the year, i.e.:

- the production target price, the level of production aid and the intervention price for olive oil,<sup>3</sup> including special production aid and intervention price levels for Greece;
- the representative market price and the threshold prices;<sup>4</sup>
- the monthly increases in the representative market price, the intervention price and the threshold price for olive oil.<sup>5</sup>

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<sup>1</sup> OJ L 299, 20.10.1981.

<sup>2</sup> See in particular 27th Review, paragraph 410.

<sup>3</sup> Regulation (EEC) No 2028/81 of 13 July 1981: OJ L 200, 21.7.1981.

<sup>4</sup> Regulation (EEC) No 3085/81 of 27 October 1981: OJ L 310, 30.10.1981.

<sup>5</sup> Regulation (EEC) No 2029/81 of 13 July 1981: OJ L 200, 21.7.1981.

The table below gives the levels for the main components of the pricing system in the olive oil sector for the 1981/82 marketing year:

|                               | ECU/100 kg         |
|-------------------------------|--------------------|
| Production target price       | 272.77             |
| Representative market price   | 145.00             |
| Intervention price            | 196.33             |
| Intervention price for Greece | 186.97             |
| Threshold price               | 144.09             |
| Production aid                | 60.00              |
| Production aid for Greece     | 12.00              |
| Consumption aid               | 67.77 <sup>1</sup> |
| Consumption aid for Greece    | 13.55 <sup>1</sup> |

<sup>1</sup> Including 1.7% and 4% to be allocated to the campaigns referred to in Article 11(5) and (6) respectively of the basic regulation.

461. In connection with implementing Community regulations and the Accession Treaty in the olive-oil sector in Greece the Council and its subordinate bodies discussed:

- the interpretation to be given to Article 5 of the regulation on stocks of agricultural products in Greece on 1 January 1981,<sup>1</sup> although it was understood that competence in this matter devolved on the Commission acting in accordance with the Management Committee procedure;<sup>2</sup>
- the proposal authorizing the Hellenic Republic to maintain for the 1981/82 marketing year certain national measures in the table olives sector. It was noted that under Article 70(1) of the Accession Treaty, and in the absence of measures adopted by the Council on the basis of paragraph 3 of that article, the national arrangements for table olives would continue to apply. However, the Greek Delegation was asked to see that the level of aid for products exported to other Member States was not such as to disrupt the corresponding production in other Member States.

<sup>1</sup> Regulation (EEC) No 9/81: OJ L 1, 1.1.1981.

<sup>2</sup> Regulation (EEC) No 96/82: OJ L 13, 19.1.1982.

(c) *Castor seed*

462. On 13 July 1981<sup>1</sup> the Council fixed the guide price for castor seed for the 1981/82 marketing year at 59.81 ECU/100 kg<sup>2</sup> and the minimum price at 56.96 ECU/100 kg (an increase of 10%).

(d) *Linseed*

463. On 13 July 1981<sup>3</sup> the Council fixed the guide price for linseed for the 1981/82 marketing year at 46.40 ECU/100 kg (an increase of 10%).

**15. DRIED FODDER**

464. When making its decisions on farm prices for the 1981/82 marketing year, the Council fixed the flat-rate production aid for dried fodder at a level approximately 8% higher than for the previous year.

465. At the same time the Council set the guide price for the products covered by the basic regulation on dried fodder at 148 ECU/tonne, an increase of 10% over the previous year. Simultaneously the Council fixed the flat-rate aid and the guide price for Greece in accordance with the provisions of the Accession Treaty.

**16. PEAS AND FIELD BEANS**

466. When making its decisions on farm prices, the Council fixed the activating price for aid for peas and field beans at 41.83 ECU/100 kg. The minimum purchase price for these products was fixed at 24.47 ECU/100 kg.

This decision represents increases of 11.3% and 8% respectively over the previous year.

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<sup>1</sup> Regulation (EEC) No 2032/81: OJ L 200, 21.7.1981.

<sup>2</sup> Regulation (EEC) No 2033/81: OJ L 200, 21.7.1981.

<sup>3</sup> Regulation (EEC) No 2034/81: OJ L 200, 21.7.1981.

## **17. SOYA BEANS**

### *(a) Guide price and minimum price*

467. The Council fixed the guide price and minimum price for soya beans for the 1981/82 marketing year at 46.26 ECU/100 kg<sup>1</sup> (an increase of 10%) and 41.63 ECU/100 kg<sup>2</sup> (90% of the previous price) respectively.

### *(b) Amendment of the general rules concerning special measures*

468. Since the time limit by which a first purchaser of soya beans must submit a contract concluded with the producer had proved inadequate, on a proposal from the Commission the Council extended this time limit<sup>3</sup> from 15 August to 15 September 1981.

## **18. HOPS**

469. The Council fixed the aid in the hops sector for the 1980 harvest.<sup>4</sup> Because the situation in this sector favoured producers the aid for bitter varieties was reduced by 12.5% (from 225 to 200 ECU/ha), aid for aromatic and other varieties remaining the same as that fixed for the 1979 harvest.

## **19. TOBACCO**

### *(a) Prices and premiums for the 1981 harvest*

470. On 19 May 1981 the Council fixed<sup>5</sup> the norm price, the intervention price and the premium for leaf tobacco, and the derived intervention prices for baled tobacco. These prices and premiums are given in the following table.

<sup>1</sup> Regulation (EEC) No 2030/81: OJ L 200, 21.7.1981.

<sup>2</sup> Regulation (EEC) No 2031/81: OJ L 200, 21.7.1981.

<sup>3</sup> Regulation (EEC) No 3003/81: OJ L 301, 22.10.1981.

<sup>4</sup> Regulation (EEC) No 2068/81: OJ L 203, 23.7.1981.

<sup>5</sup> Regulation (EEC) No 1534/81: OJ L 156, 15.6.1981.

*(ECU/kg)*

| Serial No | Varieties   | Norm price | Intervention price | Premiums | Derived intervention prices |
|-----------|---|------------|--------------------|----------|-----------------------------|
| 1         | Badischer Geudertheimer   | 3.165      | 2.849              | 2.219    | 4.160                       |
| 2         | Badischer Burley E  | 3.783      | 3.405              | 2.384    | 4.734                       |
| 3         | Virgin D  | 3.690      | 3.321              | 2.243    | 4.331                       |
| 4         | (a) Paraguay and its hybrids<br>(b) Dragon vert and its hybrids,<br>Philippin, Petit Grammont<br>(Flobecq), Semois, Appel terre | 2.993      | 2.694              | 1.979    | —                           |
| 5         | Nijkerk   |            |                    |          |                             |
| 6         | (a) Misionero and its hybrids<br>(b) Rio Grande and its hybrids   | 2.717      | 2.445              | 1.892    | —                           |
| 7         | Bright  |            |                    |          |                             |
| 8         | Burley I  | 2.387      | 2.148              | 1.331    | 3.084                       |
| 9         | Maryland  | 2.722      | 2.450              | 1.479    | 3.427                       |
| 10        | (a) Kentucky and its hybrids<br>(b) Moro di Cori<br>(c) Salento   | 2.339      | 1.871 <sup>1</sup> | 1.373    | 2.650 <sup>1</sup>          |
| 11        | (a) Forchheimer Havanna IIc<br>(b) Nostrano del Brenta<br>(c) Resistente 142<br>(d) Gojano                                      |            |                    |          |                             |
| 12        | (a) Beneventano<br>(b) Brasile Selvaggio and similar<br>varieties   | 1.693      | 1.524              | 1.218    | 2.205                       |
| 13        | Xanti-Yakà  |            |                    |          |                             |
| 14        | (a) Perustitza<br>(b) Samsun  | 3.016      | 2.413 <sup>1</sup> | 2.114    | 3.514 <sup>1</sup>          |
|           |   | 3.016      | 2.714              | 2.114    | 3.859                       |
| 15        | Erzegovina and similar varieties  | 2.708      | 2.166 <sup>1</sup> | 1.904    | 3.166 <sup>1</sup>          |



| Serial No | Varieties   | Norm price | Intervention price | Premiums | Derived intervention prices |
|-----------|---|------------|--------------------|----------|-----------------------------|
| 16        | (a) Round Tip<br>(b) Scafati<br>(c) Sumatra I   | 14.200     | 12.780             | 8.122    | 18.831                      |
| 17        | Basmas  | 4.270      | 3.843              | 2.292    | 5.240                       |
| 18        | Katerini and similar varieties  | 3.735      | 3.362              | 2.038    | 4.896                       |
| 19        | Kaba Koulak classic   | 3.317      | 2.986              | 1.802    | 4.258                       |
| 20        | (a) Kaba Koulak non-classic<br>(b) Elassona, Myrodata<br>Smyrnis, Trapezous and Phi 1 | 2.654      | 2.389              | 1.366    | 3.588                       |
| 21        | Myrodata Agrinion   | 3.422      | 3.080              | 1.882    | 4.308                       |
| 22        | Zichnomyrodata  | 3.484      | 3.091              | 1.919    | 4.376                       |
| 23        | Tsebelia  | 3.663      | 3.297              | 2.900    | 4.607                       |
| 24        | Mavra   | 3.575      | 3.218              | 2.371    | 4.519                       |
| 25        | Burley GR   | 1.729      | 1.556              | 0.797    | 2.480                       |
| 26        | Virginia GR   | 2.783      | 2.505              | 1.421    | 3.508                       |

<sup>1</sup> Pursuant to Regulation (EEC) No 1535/81 of 19 May 1981 laying down special measures for certain varieties of raw tobacco from the 1981, 1982 and 1983 harvests.

**(b) Special measures for certain varieties of raw tobacco from the 1981, 1982 and 1983 harvests**

471. On the basis of Article 13 of Regulation (EEC) No 727/70, the Council adopted Regulation (EEC) No 1535/81,<sup>1</sup> thereby reducing the intervention price from 90% to 80% of the norm price for the oriental varieties and Kentucky tobacco. However, this measure is restricted to tobacco from the 1981, 1982 and 1983 harvests.

<sup>1</sup> Regulation (EEC) No 1535/81: OJ L 156. 15.6.1981.

(c) *Threshold for activating the co-responsibility measures laid down in Article 13 of Regulation (EEC) No 727/70*

472. By Regulation (EEC) No 1536/81<sup>1</sup> the Council fixed the quantities of Greek tobacco which activate co-responsibility measures when they are taken over by the intervention agencies.

## **20. SEEDS**

473. In the course of its discussions on prices for agricultural products, the Council fixed the amounts of aid in the seed sector for the 1982/83 and 1983/84 marketing years.

The aid for the main species was increased on average by approximately 10%. This aid was fixed to take account both of the need to ensure a balance between the volume of production required and the possible outlets for that production in the Community and of the prices of these products on world markets.

At the same time, in accordance with the 1979 Act of Accession, the amounts of aid applicable in Greece were fixed for the same marketing years.<sup>2</sup>

With regard to the 1980/81 and 1981/82 marketing years, under the Act of Accession, the Council had to fix aid in the seed sector in accordance with a given timetable. For<sup>3</sup> these two marketing years the Council therefore laid down the amounts of aid in this sector applicable in Greece.<sup>3</sup>

## **21. TEXTILE FIBRES AND SILKWORMS**

### *(a) Flax and hemp*

474. The Council fixed the amounts of aid for the 1981/82 marketing year in the flax and hemp sector as follows:<sup>4</sup>

- flax: 59.30 ECU/ha for Greece and 296.48 ECU/ha for the other Member States (+12%);

<sup>1</sup> Regulation (EEC) No 1536/81: OJ L 156, 15.6.1981.

<sup>2</sup> Regulation (EEC) No 1660/81: OJ L 166, 24.6.1981.

<sup>3</sup> Regulation (EEC) No 669/81: OJ L 74, 20.3.1981.

<sup>4</sup> Regulation (EEC) No 2035/81: OJ L 200, 21.7.1981.

— hemp: 53.85 ECU/ha for Greece and 269.26 ECU/ha for the other Member States (+12%).

(b) *Silkworms*

475. The amount of aid for silkworms for the 1981/82 rearing year was fixed by the Council<sup>1</sup> at 64.03 ECU for Greece and 85 ECU (+19.3%) for the other Member States per box of silkworm eggs used.

## 22. FLORICULTURE

476. To resolve certain problems which had arisen in particular in the Netherlands concerning the marketing of flowering bulbs, the Commission put before the Council a proposal to amend Regulation (EEC) No 234/68 on the establishment of a common organization of the market in live plants and floriculture. The object of this proposal was to make it possible to take action in respect of flowering bulbs which did not meet the current quality standards.

The Council considered that it would be more appropriate to resolve these problems by amending Regulation (EEC) No 315/68, and asked the Commission to amend its proposal accordingly. The Commission agreed and, after consulting Parliament on this amendment, on 21 December 1981 the Council adopted Regulation (EEC) No 3718/81<sup>2</sup> fixing quality standards for bulbs intended for propagation. This regulation will thus help to stabilize the market without imposing any financial burden on the Community, since the costs arising from any intervention will be borne by the producers' organizations in the Member States.

### D — Trade arrangements

#### GOODS NOT COVERED BY ANNEX II TO THE TREATY AND RESULTING FROM THE PROCESSING OF AGRICULTURAL PRODUCTS

477. In this sector the Council made a number of amendments to Regulation (EEC) No 303/80 laying down general rules for

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<sup>1</sup> Regulation (EEC) No 2037/81: OJ L 200, 21.7.1981.

<sup>2</sup> OJ L 373, 29.12.1981.

granting export refunds in respect of certain agricultural products exported in the form of goods not covered by Annex II to the Treaty and the criteria for fixing the amount of such refunds, with a view to:

- implementing the system of export refunds for cereals exported in the form of certain spirituous beverages,<sup>1</sup>
- making it possible, for the 1981/82 marketing year, to vary the amounts of refunds on certain agricultural products exported in the form of goods falling within subheadings 18.06 D II c) or 21.07 G VII to IX of the Common Customs Tariff, depending on their destination. This measure, which was adopted on 28 September 1981,<sup>2</sup> had proved necessary following applications at the end of 1980 for the advance fixing of refunds for abnormal quantities, compared with the average over several years, of goods falling within these subheadings.

## **E – Structural policy**

### **1. MEASURES ADOPTED BY THE COUNCIL ON 21 APRIL 1981**

478. As part of the compromise solution on the proposals for fixing the prices of certain agricultural products and certain related measures for 1981/82, on 21 April 1981<sup>3</sup> the Council adopted three regulations to assist Ireland, two of which also apply to Northern Ireland, namely:

- (a) *Regulation (EEC) No 1054/81 establishing a common measure for the development of beef cattle production in Ireland and Northern Ireland*

479. For a period of two years measures to improve the breeding of beef cattle may be financed through the Guidance Section of the EAGGF. The estimated cost of this common measure to be borne by the EAGGF is 27.5 million ECU.

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<sup>1</sup> See paragraph 387 of this Review.

<sup>2</sup> Regulation (EEC) No 2803/81: OJ L 275, 29.9.1981.

<sup>3</sup> OJ L 111, 23.4.1981.

(b) *Regulation (EEC) No 1055/81 introducing temporary financial aid from the Community to Ireland for pre-movement tuberculin testing and brucellosis blood sampling of cattle*

480. Under this regulation finance is available for 50% of the eligible expenditure incurred for tuberculin tests carried out in accordance with the rules currently in force in Ireland on bovine animals over the age of six weeks, and for the taking of blood samples with a view to the serological testing of blood for brucellosis, where this is carried out at the same time as the tuberculin testing on female bovine animals over the age of 12 months and non-castrated male bovine animals over the age of 9 months. The period of validity of this measure is two years, and the estimated cost to the EAGGF is 6 million ECU.

(c) *Regulation (EEC) No 1056/81 on the granting of an additional premium for maintaining suckler cows in Ireland and Northern Ireland*

481. For the 1981/82 marketing year the amount of this premium, to be financed by the Guidance Section of the EAGGF, is fixed at 20 ECU per suckler cow kept by the producer on the day on which the application is lodged.

**2. MEASURES ADOPTED BY THE COUNCIL ON 30 JUNE 1981**

482. At its meeting on 30 June 1981 the Council adopted a major series of measures concerning agricultural structures. Some of these were part of the 'package' proposed by the Commission in 1979, whereas others were added later.

The following measures were adopted:

(a) *Directive 81/528/EEC amending Directive 72/159/EEC on the modernization of farms<sup>1</sup>*

483. The main aim of the amendments to the basic directive was to relax the conditions governing access to the farm development plan, while at the same time concentrating Community aid on farms with insufficient means for modernization which do not

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<sup>1</sup> OJ L 197, 20.7.1981.

expect to attain an earned income far in excess of comparable earned income. In addition, in view of the rate of inflation in the Community since the entry into force of Directive 72/159/EEC, the maximum amount of investment was increased to 72 538 ECU per man-work unit and 217 612 ECU per farm.

In addition there is a special aid to facilitate the establishment of farm development plans by young farmers after their first installation on a farm. This aid represents a maximum of 10% of the investment provided for in the development plan.

*(b) Regulation (EEC) No 1945/81 restricting investment aids for pig production<sup>1</sup>*

484. To take account of the objective of market equilibrium in the Community, the Council amended the conditions under which investment aid may be given for pig production under a development plan. Accordingly:

- as a general rule aid may be granted only for that volume of investments which is necessary to attain 550 pig places per farm;
- nevertheless the Commission may permit a Member State to adjust the limit of 550 places in specific cases where this number will not provide a comparable earned income for 1.5 man-work units. However, even in such cases no aid may be granted for that part of the investment which brings the number of pig places to more than 1 000.

*(c) Regulation (EEC) No 1946/81 restricting investment aids for milk production<sup>1</sup>*

485. Again with the aim of taking account of the objective of market equilibrium, the Council introduced restrictions on investments in the milk sector, namely:

- for farmers implementing a development plan the aids are limited to such investment as will permit the achievement of the comparable earned income for a maximum of 1.5 man-work units per farm. on condition that the investment does not

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<sup>1</sup> OJ L 197, 20.7.1981.

increase the number of dairy cows at the end of the plan to more than 40 per man-work unit. However, for farms with more than 1.5 man-work units, aids may be granted for investments such as will permit an increase in the number of dairy cows by no more than 15% at the end of the plan;

- investment aids may be granted to farmers who do not present a development plan provided that the investment does not increase the number of dairy cows to more than 40 per farm.

(d) *Directive 81/529/EEC amending Directive 72/161/EEC concerning the provision of socio-economic guidance for and the acquisition of occupational skills by persons engaged in agriculture*<sup>1</sup>

486. The aims of the amendments are:

- to make it possible for the Member States to draw up special programmes for the training of leaders and managers of cooperatives in those areas where such programmes prove to be necessary;
- to increase the total eligible amount per farmer having taken a vocational training course, and thus encourage a greater number of persons already engaged in agriculture to take part in these training courses.

(e) *Regulation (EEC) No 1939/81 on an integrated development programme for the Western Isles of Scotland (Outer Hebrides)*<sup>1</sup>

487. In order to improve the general socio-economic situation in the Western Isles of Scotland the Council adopted this common measure as part of an integrated development programme to help that area of the Community. The agricultural measures provided for mainly concern the improvement of the structure of agricultural production, the planting of windbreaks for the protection of agriculture, operations for improving the marketing

<sup>1</sup> OJ L 197, 20.7.1981.

and processing of agricultural products, the improvement of the agricultural infrastructure, investments in landing-stages and other shore facilities for the inshore fisheries industry and the development of aquaculture.

The total estimated cost to the EAGGF of this common measure is 13 million ECU over a period of five years.

(f) *Regulation (EEC) No 1940/81 on an integrated development programme for the Department of Lozère<sup>1</sup>*

488. The agricultural side of this integrated development programme involves finance from the EAGGF for measures concerning land and pasture improvement, reparation and related work, changes in and promotion of the structure of cattle and sheep farming, efforts to combat the isolation of farms in winter and forest clearings required to improve agricultural structures.

The total estimated cost to the EAGGF of this common measure is 12 million ECU over a period of five years.

(g) *Regulation (EEC) No 1941/81 on an integrated development programme for the less-favoured areas of Belgium<sup>1</sup>*

489. The agricultural measures under this integrated programme to improve the general socio-economic situation in the region concern:

- the identification and analysis of problems at farm level in the context of the programme and the implementation of solutions;
- the development of experimental centres for new forms of production, agricultural techniques and farm management;
- the improvement of agricultural infrastructure.

The total estimated cost to the Fund of the common measure is 5 million ECU over a period of five years.

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<sup>1</sup> OJ L 197, 20.7.1981.



(h) *Regulation (EEC) No 1944/81 establishing a common measure for the adaptation and modernization of the structure of production of beef and veal, sheepmeat and goatmeat in Italy*<sup>1</sup>

490. The aim of this regulation is to establish a programme for developing the rearing of cattle, sheep and goats in the mountain and hill areas in the north, in the centre and in the Mezzogiorno of Italy. The measures provided for under this programme concern:

- aids for the modernization, rationalization and construction of livestock housing on the holdings of farmers who draw up a plan for the improvement of the holding,
- aid for fodder production,
- aid for the improvement of meadows, pastures and enclosures,
- an additional premium for beef-breed calves which are kept for at least 12 months on the holding of origin,
- the introduction of an additional premium for keeping cows for meat production, provided that such cows belong to a herd of not less than 3 and not more than 20 head. This extra premium will be discontinued if the beneficiary has not made investments by the end of the third year.

The estimated cost to the EAGGF of this common measure is 291 million ECU over a period of five years.

(i) *Directive 81/527/EEC on the development of agriculture in the French overseas departments*<sup>1</sup>

491. This common action concerns a programme for developing agriculture to be implemented by the French Republic in the Departments of Réunion, Guadeloupe, Martinique and Guiana. The measures concern:

- collective irrigation operations,
- improvements to agricultural infrastructure,

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<sup>1</sup> OJ L 197, 20.7.1981.

- soil improvement and flood protection work,
- afforestation and the improvement of degraded forest,
- measures to encourage stockfarming, with particular emphasis on meat production, and the diversification of crops by promoting the cultivation of crops suited to production conditions and marketing possibilities.

The total estimated cost to the EAGGF is 85 million ECU over a period of five years.

(j) *Regulation (EEC) No 1938/81 on a common measure to improve public amenities in certain less-favoured agricultural areas of the Federal Republic of Germany*<sup>1</sup>

492. The object of this regulation is to improve public amenities in certain less-favoured agricultural regions of the Federal Republic of Germany by implementing a programme concerning:

- water-engineering measures in agriculture including the establishment of reservoirs, the regulation of water courses and the control of floods;
- the construction and improvement of farm and local roads which are mainly used for agriculture and forestry.

The estimated cost to the EAGGF of this common measure is 45 million ECU over a period of five years.

(k) *Regulation (EEC) No 1942/81 for the stimulation of agricultural development in the less-favoured areas of Northern Ireland*<sup>1</sup>

493. The object of this common measure is to improve economic and social conditions in these less-favoured areas by stimulating agricultural development through the improvement of farm roads, land improvement (field drainage, pasture improvement and removal of enclosures) and the development and orientation of agricultural production, with particular emphasis on beef and sheepmeat production. In particular the

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<sup>1</sup> OJ L 197, 20.7.1981.

regulation provides for a special annual premium to be granted for the production of cattle stock, applicable to herds of between 5 and 40 cows per farm. Payment of this premium will be discontinued if the beneficiary has not invested in his farm before the end of the third year.

The estimated cost to the EAGGF of this common measure is 48 million ECU over a period of 10 years.

(l) *Regulation (EEC) No 1943/81 on a common measure to improve the processing and marketing conditions in the cattle-feed sector in Northern Ireland*

494. The aim of this regulation is to improve the structural situation of farms dependent on cattle-feed in Northern Ireland by implementing projects to modernize and rationalize enterprises dealing with treatment, processing and marketing in the animal-feed sector. Provision is made for finance from the EAGGF for investment projects intended for:

- rationalizing or developing facilities for storing, treatment or processing of the products of this sector;
- improving marketing channels;
- better knowledge of the facts relating to prices and their formation.

The estimated cost to the EAGGF of this common measure is 6 million ECU over a period of four years.

**3. MEASURES ADOPTED BY THE COUNCIL ON 27 JULY 1981**

495. On 27 July 1981 the Council adopted two structural measures applicable in Ireland, namely:

- (a) *Regulation (EEC) No 2195/81<sup>1</sup> on a special programme concerning drainage operations in the less-favoured areas of the West of Ireland*

496. The aim of this regulation is to provide for completion of the drainage operations in the less-favoured areas of the West of Ireland included in the field drainage programme provided for by Council Directive 78/628/EEC of 19 June 1978.<sup>2</sup> Since the total Community financing of 26 million units of account set aside for this directive proved insufficient, in view of the escalating costs of carrying out certain operations, the Council decided to increase the finance provided for under this directive by adopting the above regulation. The total estimated cost to the Fund of this common measure is 30 million ECU over the whole period, which ends on 31 December 1986.

- (b) *Decision 81/598/EEC on the level of the interest-rate subsidy provided for by Directive 72/159/EEC on the modernization of farms, to be applied in Ireland<sup>3</sup>*

497. Under this decision Ireland is authorized to raise the level of the interest-rate subsidy laid down in the second subparagraph of Article 8(2) of Directive 72/159/EEC to 10% (12% in the less-favoured regions within the meaning of Directive 75/268/EEC) and to grant interest-rate subsidies of 5%, payable for a maximum of two years, for the outstanding part of farm loans contracted to finance eligible expenditure relating to development plans already approved under Directive 72/159/EEC at the time when this decision came into force. The total estimated cost to the Fund of these measures is 17 million ECU.

#### 4. OTHER MEASURES

During 1981 the Council adopted other measures concerning agricultural structures, namely:

<sup>1</sup> OJ L 214, 1.8.1981.

<sup>2</sup> OJ L 206, 29.7.1978.

<sup>3</sup> OJ L 220, 6.8.1981.

- (a) *Decision 81/241/EEC of 9 April 1981 amending Decision 76/402/EEC on the level of the interest-rate subsidy, provided for by Directive 72/159/EEC on the modernization of farms, to be applied in Italy*<sup>1</sup>

498. This Decision extends the period of validity of Decision 76/402/EEC<sup>2</sup> until 31 December 1981, following a previous extension until 31 December 1980 by Decision 80/30/EEC.<sup>3</sup>

- (b) *Decision 81/495/EEC of 6 July 1981 amending Decision 76/557/EEC regarding the inclusion of certain disaster-stricken communes in Italy among the mountain areas within the meaning of Directive 75/268/EEC on mountain and hill farming and farming in certain less-favoured areas*<sup>4</sup>

499. Since a certain number of predominantly agricultural communes of the Friuli-Venezia Giulia region were severely affected by an earthquake in May 1976, the period of their inclusion among the mountain areas on the list of such areas established by Directive 75/273/EEC<sup>5</sup> was extended by this decision for four years ending on 31 December 1985.

- (c) 500. *Directive 81/645/EEC concerning the Community list of less-favoured farming areas within the meaning of Directive 75/268/EEC (Greece)*<sup>6</sup>

- (d) 501. *Directive 81/875/EEC of 27 October 1981 amending Directive 75/275/EEC concerning the Community list of less-favoured areas within the meaning of Council Directive 75/268/EEC (Netherlands)*<sup>7</sup>

<sup>1</sup> OJ L 113, 25.4.1981.

<sup>2</sup> OJ L 108, 26.4.1976.

<sup>3</sup> OJ L 12, 17.1.1980.

<sup>4</sup> OJ L 193, 16.7.1981.

<sup>5</sup> OJ L 128, 19.5.1975.

<sup>6</sup> OJ L 238, 24.8.1981.

<sup>7</sup> OJ L 321, 10.11.1981.

- (e) *Regulation (EEC) No 3086/81 of 27 October 1981 amending, consequent upon the accession of Greece to the European Communities, Regulation (EEC) No 1360/78 on producer groups and associations thereof*<sup>1</sup>

502. The aim of this regulation is to define the scope in Greece of Council Regulation (EEC) No 1360/78 of 19 June 1978<sup>2</sup> and to adapt the estimated cost originally provided for in this regulation by laying down a new total of 29.54 million ECU.

- (f) 503. *Directive 82/17/EEC of 21 December 1981 amending, as regards the special conversion grant and the monetary unit utilized, Directive 78/627/EEC on the programme to accelerate the restructuring and conversion of vineyards in certain Mediterranean regions in France*<sup>3</sup>

#### **F — Conditions for competition in agriculture**

504. At its meeting on 6 July 1981 the Council adopted Regulation (EEC) No 1947/81 laying down the conditions on which the Hellenic Republic may maintain on a transitional basis certain national aid measures falling within the scope of the socio-structural directives.<sup>4</sup> With effect from 1 January 1981 this instrument lays down the national aid measures and the related amounts which may be maintained in Greece until 31 December 1983 in accordance with Article 114 of the Act of Accession and Annex IV to that Act. If the Hellenic Republic should implement the Community directives before 31 December 1983 these national aid measures must be adapted accordingly or abolished.

#### **G — Agricultural statistics**

##### **DECISION 81/518/EEC OF 6 JULY 1981 ON THE RESTRUCTURING OF THE SYSTEM FOR AGRICULTURAL SURVEYS IN ITALY**<sup>5</sup>

505. The aim of this decision is to establish in Italy a system of statistical surveys on agriculture which will fully satisfy

<sup>1</sup> OJ L 310, 30.10.1981.

<sup>2</sup> OJ L 166, 23.6.1978.

<sup>3</sup> OJ L 9, 14.1.1982; see paragraph 394 *et seq.* of this Review.

<sup>4</sup> OJ L 197, 20.7.1981.

<sup>5</sup> OJ L 195, 18.7.1981.

Community requirements for statistical information in this field. To this end the Italian Government must ensure:

- the gradual introduction of a coherent programme of statistical surveys, conducted on the basis of samples at agricultural-holdings level, by interviewers chosen and specially trained for that purpose;
- the strengthening or creation of a regional technical and administrative infrastructure which ensures that the required surveys are carried out and that the data are forwarded to the Istituto Centrale di Statistica (ISTAT).

The Community's total share in this programme is estimated at 15 million ECU, which will be paid to the Italian Government in six yearly instalments after submission and approval of the annual programme of implementation as described in this decision.

## **H – Agricultural accountancy data network**

506. On 27 July 1981 the Council adopted Regulation (EEC) No 2143/81 amending Regulation No 79/65/EEC setting up a network for the collection of accountancy data on the incomes and business operation of agricultural holdings in the European Economic Community.<sup>1</sup> To increase the efficiency of this network, which was set up in 1965 under Regulation No 79/65/EEC,<sup>2</sup> certain new amendments were made to the existing rules with a view to improving the homogeneity and representativity of the accountancy data obtained at Community level.

Accordingly it was decided:

- to fix the maximum number of returning holdings at 45 000;

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<sup>1</sup> OJ L 210, 30.7.1981.

<sup>2</sup> OJ L 109, 23.6.1965.

- to set up a national committee for the data network in each Member State to be responsible for the selection of returning holdings;
- to authorize certain Member States with several divisions to set up a regional committee for each of the divisions under their jurisdiction;
- to require each Member State to appoint a liaison agency, whose duties are specified in the regulation;
- to update the list of divisions in each Member State.

## **I – Financing of the common agricultural policy**

### **FINANCIAL REGULATIONS**

507. On 9 November 1981 the Council adopted Regulation (EEC) No 3247/81 on the financing by the EAGGF Guarantee Section, of certain intervention measures, particularly those involving the buying-in, storage and sale of agricultural products by intervention agencies.<sup>1</sup>

In accordance with Article 4(3) of Council Regulation (EEC) No 1883/78 of 2 August 1978, laying down general rules for the financing of intervention by the EAGGF Guarantee Section,<sup>2</sup> as last amended by Regulation (EEC) No 1303/81,<sup>3</sup> this regulation brings together in a single instrument the rules and conditions governing the annual accounts for the second class of intervention operations, which were previously laid down in a series of individual financial regulations for each sector. In addition to certain new features, it also provides a legal basis for certain customs and practices which had been followed for some time but were covered only by memoranda.

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<sup>1</sup> OJ L 327, 14.11.1981.

<sup>2</sup> OJ L 216, 5.8.1978.

<sup>3</sup> OJ L 130, 16.5.1981.



## **J — Harmonization of provisions laid down by law, regulation and administrative action**

### **1. VETERINARY LEGISLATION**

508. On 1 January 1981 the Council derogated<sup>1</sup> from Directives 77/391/EEC and 78/52/EEC in order to allow Greece, in accordance with Annex II to the Act of Accession, to participate in Community measures to eradicate tuberculosis and brucellosis for the remaining period for these measures.

509. In addition, following the boycotting of veal by consumer organizations in certain Member States and certain instances of this product being held up at intra-Community borders, the Council devoted some of its time during the period under review to drawing up adequate rules on the prohibition of hormone preparations.

In the face of very divergent tendencies, supported by scientific considerations, initially the Council was able to take only a partial decision,<sup>2</sup> i.e. the immediate prohibition of the manufacture and use of stilbenes and thyrostatic substances, and the prohibition as from October 1982 of all other hormone preparations except for five substances on which the Council had requested the opinion of a scientific committee.

At the meeting of the Heads of Veterinary Services on 4 and 5 June 1981 in Rotterdam, whose recommendations were endorsed by the Council,<sup>3</sup> the emphasis was on consolidating existing legislation before drafting further Community standards.

Accordingly, on a proposal from the Commission and after obtaining the opinion of Parliament, the Council confined itself during the period under review to adopting the following implementing measures.

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<sup>1</sup> Directive 81/6/EEC of 1 January 1981: OJ L 14, 16.1.1981.

<sup>2</sup> Directive 81/602/EEC of 31 July 1981: OJ L 222, 7.8.1981.

<sup>3</sup> Resolution adopted by the Council on 27 July 1981, not published in the OJ.

By Directive 81/476/EEC and Decision 81/477/EEC of 24 June 1981,<sup>1</sup> it gave permanent status to the procedures of the Standing Veterinary Committee, while providing for the re-examination of these procedures before 1 July 1987.

By Directive 81/578/EEC of 21 July 1981,<sup>2</sup> it extended until 15 August 1982 the period of derogation enjoyed by certain Member States regarding the production for the domestic market of fresh poultrymeat described as 'drawn'.

In accordance with the basic directives on the control of swine fever, the Council decided<sup>3</sup> that liaison between the national laboratories working on swine fever would be conducted by the laboratory of the 'Institut für Virologie der tierärztlichen Hochschule Hannover', and granted<sup>4</sup> Italy and Greece a further year for submitting plans for the eradication of swine fever in order to receive Community aid.

In addition the Council established certain measures necessary for the implementation of Directive 77/489/EEC on the protection of animals during international transport.<sup>5</sup> These measures provide that during international transport the animals must be accompanied by a certificate guaranteeing that they have received the care and attention laid down in the directive.

## **2. PIG PRODUCTION**

### *Animal husbandry*

510. During the period under review the Council's subordinate bodies continued their work on the Commission proposal relating to animal husbandry standards for breeding animals of the porcine species. Substantial progress was made but it was not possible to reach final agreement by the end of 1981.

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<sup>1</sup> OJ L 186, 18.7.1981.

<sup>2</sup> OJ L 209, 29.7.1981.

<sup>3</sup> Decision 81/859/EEC of 19 October 1981: OJ L 319, 7.11.1981.

<sup>4</sup> Decision 82/18/EEC of 21 December 1981: OJ L 9, 14.1.1982.

<sup>5</sup> Directive 81/389/EEC of 12 May 1981: OJ L 150, 6.6.1981.

### 3. LEGISLATION OF FOODSTUFFS

#### (a) *General provisions*

##### (i) Amendments to existing rules

511. On 20 January 1981 the Council adopted a directive amending for the seventh time the Directive of 23 October 1962 on the approximation of the laws of the Member States concerning the colouring matters authorized for use in foodstuffs.<sup>1</sup>

In accordance with the Commission's proposal, the effect of this further amendment is to increase the list of diluents or solvents for colouring matters by adding carrageenan and gum arabic as solvents for the carotenoids (E 160) and the xanthophylls (E 161). It also removes the colouring matter yellow 2G for safety reasons.

On the other hand the Council did not manage to reach unanimity on the status of brilliant blue FcF, which the Commission proposed should be finally authorized.

On 16 March 1981 the Council adopted a directive amending for the 16th time Directive 64/54/EEC on the approximation of the laws of the Member States concerning the preservatives authorized for use in foodstuffs.<sup>2</sup> Under this new amendment, in accordance with the Commission's proposal, Member States may authorize the smoking of certain foodstuffs in smoke or liquid smoke solutions produced from wood or woody plants in the natural state. They may also maintain their national provisions authorizing the use under certain circumstances of formaldehyde in Grana Padano cheese. These two derogations are to be re-examined within three years by the Commission, which will propose any necessary amendments.

512. Lastly, on 23 November the Council adopted a directive amending for the third time Directive 70/357/EEC on the approximation of the laws of the Member States concerning the anti-oxidants authorized for use in foodstuffs.

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<sup>1</sup> Directive 81/20/EEC: OJ L 43, 14.2.1981.

<sup>2</sup> Directive 81/214/EEC: OJ L 101, 11.4.1981.

Under these new amendments the Member States may authorize within their territory the use in foodstuffs of ethylene diamine tetra-acetate of calcium until 31 December 1986, with the reservation that before this date the Commission will re-examine the question of this substance and propose any necessary amendments to the Council. The Council thus slightly amended the Commission's proposal, which provided for this authorization for an unlimited period but limited it to a small number of foodstuffs of minor commercial importance.

In addition 5,6-diacetyl-L-ascorbic acid (E 303), which is no longer used, is to be deleted from Part I of the Annex, as proposed by the Commission.

513. During the year under review the Commission also forwarded to the Council three new proposals for directives, namely:

- a directive amending for the 17th time Directive 64/54/EEC on preservatives;
- a directive amending for the first time the specific purity criteria for emulsifiers;
- a directive amending for the first time the specific purity criteria for substances having an anti-oxidant effect.

(ii) New directives

514. During the year under review the Council received two new proposals concerning general provisions.

515. On 13 April 1981 the Commission forwarded a proposal for a directive on the approximation of the laws of the Member States concerning claims made in the labelling, presentation and advertising of foodstuffs for sale to the ultimate consumer.

This proposal is based on Article 2 of the basic Directive 79/112/EEC relating to the labelling, presentation and advertising of foodstuffs, and its aim is to lay down a list, which would not be exhaustive, of the claims which should be prohibited or restricted to use under certain conditions.

516. The proposal forwarded by the Commission on 22 September 1981 concerns a decision on the general principles to be followed concerning the establishment of microbiological criteria applying to foodstuffs for human and animal consumption, including the conditions under which these are produced.

This proposal was forwarded pursuant to the Council Resolutions of 31 December 1973<sup>1</sup> and 22 July 1974,<sup>2</sup> which aimed at abolishing technical barriers to trade in foodstuffs for human consumption and in veterinary products and animal foodstuffs respectively. The object of the proposal is to coordinate measures concerning microbiological criteria for foodstuffs for human and animal consumption with the object of protecting consumers, in particular from the health point of view.

517. The work of examining these two new proposals will begin when Parliament and the Economic and Social Committee have given their opinions, which is expected to be in the near future.

518. Work has not yet begun on examining the proposal for a directive concerning flavourings authorized for use in foodstuffs, and the basic materials from which these are made, which was forwarded in the course of the previous year (on 28 May 1980), since Parliament has not yet given its opinion on this matter.

*(b) Specific or individual provisions*

*(i) Adaptation of existing regulations*

519. On 30 June 1981 the Council adopted a directive amending for the second time Directive 75/726/EEC<sup>3</sup> on the approximation of the laws of the Member States relating to fruit juices and certain similar products.<sup>4</sup>

In accordance with the Commission's proposal, the main object of this amendment was to adapt the previous provisions of the basic directive of 1975 to the new general rules on labelling which were laid down on 18 December 1978.<sup>5</sup>

<sup>1</sup> OJ C 117, 31.12.1973.

<sup>2</sup> OJ C 92, 6.8.1974.

<sup>3</sup> OJ L 311, 1.12.1975.

<sup>4</sup> Directive 81/487/EEC: OJ L 189, 11.7.1981.

<sup>5</sup> Directive 79/112/EEC: OJ L 33, 8.2.1979.

The proposal on which this new directive is based was forwarded in 1980. It also contained provisions on the acidification of fruit juices and nectars. The Council agreed to continue its examination of these provisions separately, since even at this stage there are still difficulties regarding the actual desirability of the acidification process.

(ii) New directives

520. On 29 January 1981 the Council received a new proposal for a directive concerning materials and articles made of regenerated cellulose film intended to come into contact with foodstuffs.

This is a proposal for a specific directive under the terms of Article 3 of the framework Directive 76/893/EEC on foodstuffs,<sup>1</sup> the main purpose of which is to establish a positive list, i.e. a catalogue of the only substances authorized for the manufacture of regenerated cellulose film.

The Council consulted Parliament and the Economic and Social Committee on this proposal.

521. The Council's subordinate bodies have also continued their examination of the following:

- the proposal for a specific directive relating to the overall limits on the migration of certain constituents of plastic materials and articles intended to come into contact with foodstuffs. Major difficulties remain on this question with regard to the basic principle of determining a single overall limit for migration, and the question arises of whether it would not be better initially to establish rules based on the determination of positive lists of the only substances authorized for the manufacture of plastic materials, together with criteria for their composition or specific limits;
- a proposal to harmonize the regulations of the Member States concerning caseins and caseinates used in the preparation of foodstuffs, the main point at issue being the desirability or otherwise of establishing microbiological criteria for these products.

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<sup>1</sup> OJ L 340, 9.12.1976.

#### **4. LEGISLATION ON ANIMAL FEEDINGSTUFFS**

522. In this sector the work of the Council's various subordinate bodies has been mainly concerned with examining the following three proposals:

- a proposal for a directive concerning certain products (bioproteins) used in animal feedingstuffs. There are still some difficulties regarding the procedure for authorizing the use of these substances and also the status to be given to some of them; the Council discussed these matters at its meeting on 15 December 1981;
- a proposal to amend the directive concerning additives, which is essentially aimed at adapting the basic directive to recent developments by tightening up certain definitions (in particular for pre-mixes) and certain labelling rules (to provide the purchaser with better information), and also harmonizing the procedures for authorizing and using additives; examination of this proposal revealed difficulties concerning this latter aspect in particular;
- a proposal to supplement the directive on undesirable substances in animal feedingstuffs by giving a list of pesticide residues; this raises difficulties regarding the basic principle of fixing mandatory maximum permitted levels for these residues.

#### **5. LEGISLATION ON PLANT HEALTH**

523. On 9 February 1981 the Council adopted Directive 81/36/EEC amending Annex II to Directive 76/895/EEC relating to the fixing of maximum levels for pesticide residues in and on fruit and vegetables.<sup>1</sup>

The aim of this amendment is to reduce the maximum authorized levels for residues of dimethoate and omethoate. It was adopted by the Council, acting by a qualified majority, in accordance with the procedure laid down in Article 8 of the basic

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<sup>1</sup> OJ L 46, 19.2.1981.

directive, since the Standing Committee on Plant Health had been unable to reach agreement by a qualified majority.

In addition the Council's various subordinate bodies continued their work of examining the following proposals:

- Proposal for a directive on the marketing of EEC type-approved plant protection products: the difficulties encountered concern the question of which EEC type-approval procedure to adopt.
- Proposals for directives:
  - (a) on the fixing of maximum levels for pesticide residues in and on cereals for human consumption.
  - (b) on the fixing of maximum levels for pesticide residues in and on foodstuffs of animal origin.

The main problem in this connection was the basic principle of laying down maximum levels to apply throughout the Community.

524. Lastly, on 12 November 1981 the Council received a new proposal to amend Annex II to Directive 76/895/EEC relating to the fixing of maximum levels for pesticide residues in and on fruit and vegetables. This proposal was made under the 'status quo' agreement of 28 May 1969, which means that the Council must act on this matter within five months.

## **6. LEGISLATION ON SEEDS AND SEEDLINGS**

525. Community legislation in this sphere has been in existence and working normally for several years.

However, in the light of experience gained in applying this legislation it proved necessary to make certain additions and amendments.



526. During the year under review the Council therefore adopted Decision 81/391/EEC on the equivalence of field inspections carried out in non-member countries on seed-producing crops<sup>1</sup> and also Decision 81/392/EEC amending the sixth Council Decision 80/818/EEC on the equivalence of seed produced in non-member countries.<sup>1</sup>

The aim of these two decisions, in accordance with the Commission's proposal, is to extend the equivalence of field inspections on seed-producing crops in certain non-member countries to species other than those previously laid down, and also to include Bulgaria in the list of countries enjoying equivalence for certain species.

527. The Council also adopted Directive 81/561/EEC amending Directives 66/402/EEC and 66/403/EEC on the marketing of cereal seeds and seed potatoes respectively.<sup>2</sup>

The aim of this directive, in accordance with the Commission's proposal, is to extend until 31 December 1982 the period of validity of the authorizations to market under certain conditions cereal seeds which have not undergone an official field inspection and, with regard to seed potatoes, to allow Member States to extend until 31 December 1982 the period of validity of decisions on equivalence where these were taken before 1 July 1975.

528. Lastly, on 16 November 1981 the Council adopted Decision 81/956/EEC<sup>3</sup> on the equivalence of seed potatoes produced in non-member countries, which extends for a further period of two years the validity of the equivalence of such potatoes harvested and officially controlled in Austria, Switzerland and Poland.

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<sup>1</sup> OJ L 150, 6.6.1981.

<sup>2</sup> OJ L 203, 23.7.1981.

<sup>3</sup> OJ L 351, 7.12.1981.

## **7. COORDINATION BETWEEN MEMBER STATES ON CERTAIN INTERNATIONAL MATTERS**

### *(a) Codex Alimentarius*

529. During the year under review a number of Codex Alimentarius standards (under the joint FAO/WHO programme) reached more advanced draft stages and in some cases the approval stage.

To the extent that these standards corresponded with work on harmonization which was in hand or had already been completed in the Community, the Member States and the representatives of the Commission coordinated their position in the various Codex Alimentarius committees and in particular at the 14th session of the Codex Alimentarius Commission, which was held in Geneva from 29 June to 10 July 1981.

### *(b) World Health Organization (WHO)*

530. The World Health Assembly, which is the highest organ of the WHO, was held in Geneva from 4 to 23 May 1981. It was asked to adopt in the form of a recommendation a 'Code of marketing for substitutes for mothers' milk'. Continuous and thorough coordination work had been done between the Member States and the Commission on this important matter, which in part falls within the competence of the Community. This work enabled the Community to submit to the Assembly a joint statement in favour of this code outlining the action the Community would take to regulate this essential sector of food for young infants in a way which would be compatible with the principles of the code.

## **8. PROTECTION OF BREEDING ANIMALS – POULTRY**

531. On 6 August 1981 the Council received a proposal for a Council directive establishing minimum standards for the protection of laying battery hens. This proposal was examined several times by the Council's subordinate bodies with regard to the technical aspects, as well as at ministerial level, and a final decision on this matter is expected in the course of 1982, in connection with the opinion of Parliament on this subject.

## **K – Fisheries policy (internal aspects)<sup>1</sup>**

532. During the first quarter of 1981 the Council again made considerable but unavailing efforts at a number of meetings to reach a compromise solution on the two main questions raised by the establishment of a common system for managing and conserving fisheries resources. These concern the fair allocation of fisheries resources (quotas) and the conclusions to be drawn from the principle of equal access to fishing grounds under the terms of the Treaty.

Unlike the previous year, the Council was also unable to fix the total allowable catches (TACs) for the main species for 1981. Divergences arose between those Member States which wished to keep strictly to the TACs proposed by the Commission on the basis of scientific opinions, particularly those of the International Council for the Exploration of the Sea, on trends in stocks of the various species, and those Member States which, in the immediate interests of the fishermen, argued in favour of higher TACs which they maintained would not result in the stocks being over-fished but only in slower replenishment of the stocks.

In view of this situation, at its meeting on 27 July 1981 the Commission made a declaration<sup>2</sup> in which, in the absence of an agreement on the proposals for the TACs and quotas, and in accordance with its rights and duties under Article 155 of the Treaty, the Commission declared its determination to use all the means in its power to ensure the respect by Member States of these proposals, which it considered in the present situation as being legally binding upon the Member States.

In spite of the objections which were raised to this declaration within the Council on legal and political grounds, it must be recorded that several Member States took national measures to ensure that the activities of their fishermen in 1981 remained within the limits proposed by the Commission.

Lastly, since there was little hope that the TACs and quotas for 1982 could be fixed in time, the Council confined itself to

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<sup>1</sup> See 28th Review, paragraph 518.

<sup>2</sup> OJ C 224, 3.9.1981.

following the practice applied in 1978 and 1979<sup>1</sup> and decided that, in the interests of conserving stocks, between 1 January and 31 March 1982 the Member States should conduct their fishing activities in accordance with the usual seasonal cycles, taking account of the TACs proposed for 1981.<sup>2</sup>

533. With regard to the actual conservation of fisheries resources, the Council repeatedly extended the period of validity of Regulation (EEC) No 2527/80,<sup>3</sup> in the last instance until 31 October 1981. This regulation concerns technical measures, such as mesh sizes, minimum sizes of fish etc., to which fishermen must adhere in the pursuit of their activities.<sup>4</sup>

Nevertheless, when it came to extending the application of this regulation beyond 1 November 1981 there were differences of opinion on the desirability of extending its validity with or without a time-limit. Since this question could only be resolved by the Council this regulation expired on 1 November 1981, although several Member States had enacted appropriate national measures in order to avoid any solution providing for continuity in the application of these measures.

534. Although the continuing disagreement on questions of access and allocation prevented the establishment of a common system for managing and conserving resources, nevertheless the Council was able to take a number of decisions connected with the review of the common organization of the market, the opening and allocation of tariff quotas for herring, fixing the prices of fishery products for 1982 and the restructuring of the inshore fishing industry.

On a proposal from the Commission, and after receiving a favourable opinion from Parliament, as part of an overall

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<sup>1</sup> See 26th Review, paragraph 536 and 27th Review, paragraph 460.

<sup>2</sup> Decision 81/1052/EEC of 29 December 1981: OJ L 379, 31.12.1981.

<sup>3</sup> OJ L 258, 1.10.1980.

<sup>4</sup> 24.2.1981; 655/81: OJ L 69, 14.8.1981; 936/81: OJ L 96, 8.4.1981; 1741/81; OJ L 172, 30.6.1981.

compromise solution also affecting the fisheries agreement with Canada,<sup>1</sup> the Council adopted the regulation<sup>2</sup> on the revision of the common organization of the market in fishery products, which had been in force since 1970. The main purpose of this revision was to take into account the situation created by the extension to 200 miles of the fishing limits of the Member States and non-member countries, as well as to improve the current functioning of the Community market.

Accordingly, the new organization of the market offers the possibility of temporarily increasing the amount of start-up aid in order to make it easier for producers' organizations to be set up in all Community regions.

In order to encourage producers' organizations to match their deliveries more accurately to market requirements, the financial compensation granted for products withdrawn from the market is increased, but is made degressive in proportion to the quantities withdrawn, disappearing altogether for quantities in excess of 20% of the quantities marketed annually.

In addition, in order to avoid as far as possible the destruction of fresh fish and with a view to stabilizing market prices, the new common organization of the market lays down a system of premiums for processing and storage (carry-over premiums). Furthermore, for sardines and anchovies produced in the Mediterranean there is to be a special transitional aid in order to help rationalize the market for these products on a lasting basis.

Lastly, the arrangements for trade with non-member countries were amended in order to avoid disturbance of the Community market by untimely imports on a massive scale.

This new organization of the market will enter into force not later than 1 June 1982.

Since the permanent unilateral suspension of customs duties on herring had been annulled under the new common organization of the market, the Council decided to open a tariff

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<sup>1</sup> See paragraph 369 of this Review.

<sup>2</sup> Regulation (EEC) No 3796/81: OJ L 379, 31.12.1981.

quota for herring for 1982 and 1983<sup>1</sup> in order to take account of the needs of the processing industries and the market. This quota was apportioned as follows:

|                         | from 16 June 1983<br>to 14 February 1984 | from 16 June 1982<br>to 14 February 1983 |
|-------------------------|--|--|
| Benelux                 | 5 130                                    | 4 500                                    |
| Denmark                 | 45 000                                   | 38 700                                   |
| Germany'                | 22 500                                   | 19 800                                   |
| France                  | 1 800                                    | 1 800                                    |
| United Kingdom          | 1 800                                    | 1 800                                    |
| Reserve to be allocated | 8 470                                    | 7 400                                    |
|                         | 84 700                                   | 74 000                                   |

For the new fishing year from 1 January to 31 December 1982 the Council increased the guide prices for fresh fishery products by amounts ranging from 0% (for mackerel) to 9% (for cod). The table below gives the price increases for the main products.<sup>2</sup>

| Species                                | 1981<br>fishing year | 1982<br>fishing year |
|--|----------------------|----------------------|
| Herring                                | 329                  | 336                  |
| Sardines                               |                      |                      |
| — Atlantic                             | 511                  | 521                  |
| — Mediterranean                        | 377                  | 392                  |
| Redfish                                | 660                  | 706                  |
| Cod                                    | 832                  | 907                  |
| Saithe                                 | 500                  | 540                  |
| Haddock                                | 662                  | 708                  |
| Whiting                                | 608                  | 651                  |
| Mackerel                               | 267                  | 267                  |
| Anchovies                              | 476                  | 485                  |
| Plaice'                                |                      |                      |
| — from 1 January 1982 to 30 April 1982 | 708                  | 708                  |
| — from 1 May 1982 to 31 December 1982  | 851                  | 877                  |
| Hake                                   | 1 858                | 2 042                |
| Shrimps                                | 1 246                | 1 296                |

<sup>1</sup> Regulation (EEC) No 3798/81: OJ L 379, 31.12.1981.

<sup>2</sup> Regulations (EEC) Nos 3621/81, 3622/81, 3623/81 and 3624/81: OJ L 363, 18.12.1981.

Since a long-term structural policy had still not been agreed the Council extended for 1981<sup>1</sup> the interim common measure applied since 1978 for restructuring the inshore fishing industry and developing aquaculture. Under this regulation the Guidance Section of the EAGGF can provide finance for restructuring projects up to an overall ceiling of 25 million ECU, compared with 20 million in 1980, 15 million in 1979 and 5 million in 1978. The Council included Greece in the list of beneficiaries as one of the regions eligible for Community finance for 50% of projects.<sup>1</sup>

535. On 20 January 1981 the Council adopted Regulation (EEC) No 348/81 on common rules for imports of whales or other cetacean products.<sup>2</sup> The purpose of adopting this regulation was to contribute to ensuring the survival of whales as a species and to maintain the balance of the marine ecology. It provides for a system of import licences for certain cetacean products. As from 1 January 1982 no licences will be issued for products to be used for commercial purposes.

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<sup>1</sup> Regulation (EEC) No 2992/81: OJ L 299, 20.10.1981.

<sup>2</sup> OJ L 39, 12.2.1981.





## CHAPTER VI

### **Administrative matters – Miscellaneous**

#### **A – Budgetary matters**

##### **1. 1981 BUDGET**

##### *(a) Amending budget No 1 to the general budget of the European Communities for 1981*

536. On 15 June 1981, the Commission forwarded to the Council the preliminary draft amending budget No 1 for the financial year 1981.

The purpose of this preliminary draft amending budget was:

- to trim the appropriations for the Guarantee Section of the EAGGF;
- to increase the payment appropriations for the structural funds, aid to the non-associated developing countries and food aid;
- to reduce the appropriations entered under the heading of the supplementary measures granted to the United Kingdom, to compensate for the increased advances decided on at the end of 1980.

Overall, the proposals put forward by the Commission in the preliminary draft amending budget No 1 gave a reduction in the 1981 budget of 337 136 000 ECU in commitment appropriations and 28 036 000 ECU in payment appropriations.

On 23 July 1981, the Council established the draft amending budget No 1 for the financial year 1981, agreeing to a reduction in the 1981 budget of 440 758 000 ECU in commitment appropriations and 197 658 000 ECU in payment appropriations. In addition, this draft amending budget No 1 re-allocated appropriations between compulsory expenditure, for which payment appropriations were reduced by 455 408 000 ECU, and non compulsory expenditure, for which payment appropriations were increased by 257 750 000 ECU, thus raising the rate of increase in non-compulsory expenditure to 13.80% and exceeding the maximum percentage increase, which had been fixed at 12.2%.

This draft amending budget was forwarded to Parliament on 7 August 1981.

At its sitting on 17 September 1981 Parliament approved the draft amending budget No 1 for the financial year 1981 on first reading and in consequence adopted this budget.

The President of the European Parliament took note that the amending budget No 1 of the European Communities for 1981 had been finally adopted.

The amending budget No 1 for the financial year 1981 was published in the *Official Journal of the European Communities*.<sup>1</sup>

(b) *Supplementary and amending budget No 2 to the general budget of the European Communities for 1981*

537. On 2 October 1981 the Commission forwarded to the Council the preliminary draft supplementary and amending

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<sup>1</sup> OJ L 305, 26.10.1981.

budget No 2 to the general budget of the European Communities for the financial year 1981.

The purpose of this preliminary draft supplementary and amending budget was:

- to adjust receipts to take into account the balance of own resources from VAT for the financial year 1980 and the substantial reduction in revenue from agriculture;
- to adjust expenditure to reduce the appropriations entered under the Guarantee Section of the EAGGF by 724 million ECU, finance the second tranche for 1981 of the social measures linked to the restructuring of the iron and steel industry by entering an appropriation of 62 million ECU to be transferred to the budget of the ECSC, and enter an appropriation of 40 million ECU for a special food aid project for the least-developed countries.

The proposed amendments gave an overall reduction in expenditure of 695 million ECU and an increase of 102 million ECU in non-compulsory expenditure in the form of non-differentiated appropriations.

On 19 October 1981 the Council established the draft supplementary and amending budget No 2 for the financial year 1981, on the basis of this preliminary draft supplementary and amending budget No 2.

This draft budget was forwarded to Parliament on 21 October 1981.

On first reading, on 19 November 1981, Parliament adopted three amendments to the draft supplementary and amending budget No 2/81.

At its meeting on 23 and 24 November 1981 the Council amended the draft supplementary and amending budget as transmitted by Parliament. By letter dated 2 December 1981 it forwarded the new draft to Parliament.

On second reading, on 21 December 1981, Parliament adopted the supplementary and amending budget No 2/81 after amending the draft forwarded by the Council.

The President of the European Parliament took note that supplementary and amending budget No 2 of the European Communities for the financial year 1981 had been finally adopted.

The supplementary and amending budget No 2 for the financial year 1981 was published in the *Official Journal of the European Communities*.<sup>1</sup>

## **2 1982 BUDGET**

### *(a) Establishment of the draft general budget of the European Communities for 1982*

538. By letter dated 15 June 1981 the Commission forwarded to the Council the preliminary draft general budget of the European Communities for 1982.

Knowing Parliament's point of view, on 27 July 1981 the Council established the draft general budget of the European Communities for 1982 after consulting the Commission, the Court of Justice and the Court of Auditors.

539. The payment appropriations entered in the draft general budget of the European Communities for the financial year 1982, as established on first reading by the Council, total 21 737 770 937 ECU. They comprise:

— Commission expenditure broken down as follows:

- operating appropriations, which include expenditure in the agriculture/fisheries, regional, social and research/energy/industry/transport sectors, refunds and reserves, and the development cooperation and non-member countries sector;

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<sup>1</sup> OJ L 371, 28.12.1981.

- appropriations for staff and operational expenditure;
- expenditure by the other institutions.

540. The draft general budget, accompanied by an explanatory memorandum, was forwarded to Parliament on 22 September 1981.

On 19 October 1981, the Council established the letter of amendment to the draft general budget of the European Communities for the financial year 1982, on the basis of the letter of amendment to the preliminary draft budget and the addendum which had been forwarded by the Commission.

The Commission's amendments to the amounts entered in the preliminary draft budget were the result of taking account of the most recent developments in the Community and international markets and of the monetary realignment of 4 October 1981.

The grand total of estimated expenditure entered in the draft budget for 1982 accordingly rose from 21 737 770 937 ECU to 21 758 551 216 ECU

The letter of amendment to the draft general budget of the European Communities for the financial year 1982 was forwarded to Parliament on 19 October 1981.

## Expenditure estimates in the draft budget for 198

|   | 1981 budget               |               |                        |               | Council dr                |
|---|---------------------------|---------------|------------------------|---------------|---------------------------|
|   | Commitment appropriations | %             | Payment appropriations | %             | Commitment appropriations |
|   | 1                         |               | 2                      |               | 3                         |
| <b>I. Commission</b>                                  |                           |               |                        |               |                           |
| <i>1. Operational appropriations</i>                  |                           |               |                        |               |                           |
| Agricultural markets guarantee                        | 11 580 000 000            | 57.94         | 11 580 000 000         | 62.82         | 13 919 300 000            |
| Agricultural structures                               | 707 014 000               | 3.54          | 531 762 000            | 2.88          | 780 718 000               |
| Fisheries   | 92 480 000                | 0.46          | 53 480 000             | 0.29          | 74 736 000                |
| Regional policy                                       | 2 668 756 262             | 13.35         | 1 947 956 262          | 10.57         | 3 454 912 000             |
| Social policy   | 1 074 208 000             | 5.37          | 732 758 000            | 3.98          | 1 053 816 000             |
| Research, energy, industry and transport              | 412 826 000               | 2.07          | 313 939 000            | 1.70          | 450 368 000               |
| Refunds and reserves                                  | 1 443 083 200             | 7.22          | 1 443 083 200          | 7.83          | 1 124 046 996             |
| Development cooperation and non-member countries      | 972 340 705               | 4.87          | 795 662 000            | 4.32          | 870 359 000               |
|   | <b>18 950 708 167</b>     | <b>94.82</b>  | <b>17 398 640 482</b>  | <b>94.39</b>  | <b>21 728 255 996</b>     |
| <i>2. Appropriations for staff and administration</i> | 682 717 050               | 3.42          | 682 717 050            | 3.70          | 719 832 650               |
| <b>Total Commission</b>                               | <b>19 633 425 217</b>     | <b>98.24</b>  | <b>18 081 357 512</b>  | <b>98.09</b>  | <b>22 448 088 646</b>     |
| <b>II. Other institutions</b>                         | 352 872 559               | 1.76          | 352 872 559            | 1.91          | 373 631 570               |
| <b>Grand total</b>                                    | <b>19 986 097 776</b>     | <b>100,00</b> | <b>18 434 030 071</b>  | <b>100,00</b> | <b>22 821 720 216</b>     |

<sup>1</sup> Taking account of the letter of amendment to the draft.

compared with appropriations in the 1981 budget

(ECU)

| — first reading <sup>1</sup> |                        |        | Variation            |        |                      |        |
|------------------------------|------------------------|--------|----------------------|--------|----------------------|--------|
| %                            | Payment appropriations | %      | Amount Col. 3/Col. 1 | %      | Amount Col. 4/Col. 2 | %      |
|                              | 4                      |        | 5                    |        | 6                    |        |
| 60.99                        | 13 919 300 000         | 63.95  | + 2 339 300 000      | +20.20 | + 2 339 300 000      | +20.20 |
| 3.42                         | 773 599 000            | 3.56   | + 73 704 000         | +10.42 | + 241 837 000        | +45.48 |
| 0.33                         | 87 611 000             | 0.40   | — 17 744 000         | —19.18 | + 34 131 000         | +63.82 |
| 15.14                        | 2 804 912 000          | 12.89  | + 786 155 738        | +29.46 | + 856 955 738        | +43.99 |
| 4.62                         | 791 366 000            | 3.63   | — 20 392 000         | — 1.90 | + 58 608 000         | + 8.00 |
| 1.97                         | 400 743 000            | 1.84   | + 37 542 000         | + 9.09 | + 86 804 000         | +27.85 |
| 4.93                         | 1 124 046 996          | 5.16   | — 319 036 204        | —22.11 | — 319 036 204        | —22.11 |
| 3.81                         | 763 509 000            | 3.50   | — 101 981 705        | —10.49 | — 32 153 000         | — 4.04 |
| 95.21                        | 20 665 086 996         | 94.97  | + 2 777 547 829      | +14.66 | + 3 286 446 534      | +18.77 |
| 3.15                         | 719 832 650            | 3.31   | + 37 115 600         | + 5.44 | + 37 115 600         | + 5.44 |
| 98.36                        | 21 364 919 648         | 98.28  | + 2 814 683 429      | +14.34 | + 3 303 582 134      | +16.27 |
| 1.84                         | 373 831 570            | 1.72   | + 20 959 011         | + 5.94 | + 20 959 011         | + 5.94 |
| 100.00                       | 21 758 551 218         | 100.00 | + 2 835 622 440      | +14.19 | + 3 324 521 145      | +18.03 |

The estimated operating appropriations are broken down among the institutions as follows:

| <i>(ECU)</i>                  |                |                      |
|-------------------------------|----------------|----------------------|
| Institutions and<br>bodies    | 1981<br>budget | Draft<br>1982 budget |
| European Parliament           | 199 400 879    | 209 229 150          |
| Council (own expenditure)     | 91 841 245     | 97 574 660           |
| Economic and Social Committee | 21 270 200     | 23 099 600           |
| Commission                    | 682 717 050    | 719 832 650          |
| Court of Justice              | 25 395 420     | 27 594 870           |
| Court of Auditors             | 14 764 815     | 16 133 290           |
| Total                         | 1 035 389 609  | 1 093 464 220        |

Staff authorized for each of the institutions under the draft budget for the financial year 1981 are as follows:

|                               | Permanent<br>posts | Temporary<br>posts |
|-------------------------------|--------------------|--------------------|
| Parliament                    | 2 618              | 313                |
| Council                       | 1 747              | 8                  |
| Economic and Social Committee | 378                | —                  |
| Commission                    |                    |                    |
| Administration                | 8 881              | 342                |
| Research and investment       | 2 582              | 165                |
| Publications Office           | 288                | —                  |
| Court of Justice              | 440                | 12                 |
| Court of Auditors             | 260                | 25                 |

At its budgetary session on 5 November, Parliament adopted amendments and proposed modifications to the draft budget of the European Communities for the financial year 1982. In a letter dated 9 November 1981 Parliament forwarded to the Council the draft general budget for the financial year 1982 thus amended, accompanied by proposals for modifications.

At its meeting on 23 and 24 November the Council acted on the draft budget forwarded by the Parliament.



Before taking decisions on this draft budget the Council held an exchange of views with a delegation from Parliament concerning in particular Parliament's priorities as expressed in the budget debate, as well as the general problems raised by this draft.

The Council then took decisions on each of Parliament's amendments and proposed modifications.

With regard to non-compulsory expenditure for 1982, the Council agreed to follow with Parliament the procedure laid down in the fifth subparagraph of Article 203(9) and decided for its part that the new rate applicable to payment appropriations should be increased to 22.76%.

With regard to compulsory expenditure, a number of Parliament's proposed modifications were accepted by the Council, for example the proposals to reduce by 33 million ECU the appropriations for skimmed-milk powder to be used to feed calves and to transfer appropriations from the Guarantee Section of the EAGGF to Chapter 100 as reserves.

With regard to the classification of expenditure, the Council reaffirmed its conviction that the classification of expenditure which it had adopted was fully justified by the Treaty. However, it expressed concern at the divergence on this matter between Parliament, the Commission and itself, and recorded its desire that for the future the three parties should endeavour to reach a solution, although it still considered that for practical reasons the 1982 budget should be adopted on the basis of the existing classification.

The Parliament was informed of the outcome of the Council's discussions in a letter dated 2 December 1981.

### **3. OTHER BUDGETARY MATTERS**

#### *(a) Transfers of appropriations between chapters within the budget estimates of the institutions for 1981*

541. The Council approved various requests for transfers of appropriations between chapters relating to compulsory expenditure forwarded by the Commission in accordance with the second subparagraph of Article 21(2) of the Financial Regulation.

The Council was consulted by Parliament on several other requests for transfers relating to non-compulsory expenditure under the third subparagraph of Article 21(2) of the Financial Regulation.

*(b) Carry-over of appropriations from the financial year 1980 to the financial year 1981*

542. At its meeting on 18 and 19 May 1981 the Council decided not to take a contrary decision on the list of appropriations which the Commission had requested to be transferred from the financial year 1980 to the financial year 1981 in respect of the Guidance Section of the EAGGF. This list was established under the transitional arrangements provided for in Article 108 (3) (b) of the Financial Regulation.

At its meeting on 4 June 1981 the Council decided not to take a contrary decision on the requests for the 'non-automatic' carry-over of appropriations from the financial year 1980 to the financial year 1981 presented by the Court of Justice under the provisions of Article 6(3) of the Financial Regulation.

With regard to the requests for the 'non-automatic' carry-over of appropriations from the financial year 1980 to the financial year 1981 presented by the Court of Auditors in accordance with the provisions of Article 6(3) of the Financial Regulation, at its meeting on 23 and 24 June 1981 the Council decided as follows:

- it took a contrary decision with the effect of reducing to 50 000 ECU the amount of the 'non-automatic' transfer under the heading of staff;
- it decided against a contrary decision on the item concerning expenditure on publications and information.

In addition, on 10 June 1981 the Commission addressed to the Council for its information, in accordance with Article 6(7) of the Financial Regulation,<sup>1</sup> the list of appropriations carried over

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<sup>1</sup> Article 6(7) of the Financial Regulation reads: 'The European Parliament and the Council shall be provided, for their information, before 1 April, with a list of the automatic carry-overs'.

automatically from the financial year 1980 to the financial year 1981.

*(c) Discharge given to the Commission in respect of the implementation of the 1979 budget*

543. At its meeting on 16 and 17 March 1981 the Council recommended Parliament to give a discharge to the Commission in respect of the implementation of the budget and the supplementary and amending budgets of the European Communities for the financial year 1979.

This recommendation was forwarded to Parliament in a letter dated 18 March 1981.

## **B – Staff Regulations**

### **1. MATTERS CONCERNING SALARIES**

544. Following the annual review of salary levels for the financial year 1980, at its meeting on 20 January 1981 the Council adopted Regulation No 187/81<sup>1</sup> adjusting the salaries and pensions of officials and other servants of the European Communities.

By its decision, which takes into consideration the deterioration in the general economic situation in the Community during the reference period, the Council maintained the purchasing power of the salaries of the staff with the lowest salaries.

The adoption of the regulation adjusting salaries was accompanied by a declaration in the minutes concerning the planned revision of the method for adjusting salaries. In this context the Council stressed that this revised method would in particular exclude any automatic indexing and would provide for the principle of harmonization with the salaries of national civil servants.

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<sup>1</sup> OJ L 21, 24.1.1981.

545. By Regulation No 1974/81 of 13 July 1981,<sup>1</sup> taking account of the trends in the cost of living recorded in the various countries of employment in the second half of 1980, the Council adopted the weightings applicable with effect from 1 January 1981 to the salaries and pensions of officials and other servants of the Communities. As a precaution the Council withheld in accordance with the Commission's proposal, a flat-rate amount of 1% of this interim adjustment in order to allow for a downward adjustment at the time of the final salary review at the end of the year if the purchasing power factor of the salaries of national officials had decreased over the reference period as a whole (1 July 1980 to 30 June 1981).

At its meeting on 19 October 1981 the Council also resolved the problem of officials employed in countries with high inflation, by fixing a date prior to 1 January 1981 for the applicability of the weightings for these countries.<sup>2</sup>

546. In accordance with its Resolution of 23 June 1981 concerning the salaries of officials, at its meeting on 15 December 1981 the Council adopted the following acts:

- a decision amending the method of adjusting the remuneration of officials and other servants of the Communities;<sup>3</sup>
- a regulation amending the Staff Regulations of officials of the European Communities and the conditions of employment of other servants of those Communities (instituting an exceptional levy).<sup>3</sup>

The main features of these two instruments may be summarized as follows:

(a) *Method of adjusting remunerations*

547. This method replaces the method decided on by the Council on 29 June 1976 and is valid for 10 years from 1 July 1981.

<sup>1</sup> OJ L 193, 16.7.1981.

<sup>2</sup> OJ L 302, 23.10.1981.

<sup>3</sup> OJ L 386, 31.12.1981.

Like the preceding method, it is based on the principle of parallel development.

For the annual review of the level of remunerations (Article 65(1)) it provides for the following factors to be taken into consideration:

- the joint cost-of-living indexes;
- the specific indicator of the change in the purchasing power of the salaries of national officials;
- the economic and social situation, in the light of objective data to be supplied by the Commission;
- recruitment needs.

During the first five years, the particular difficulties of the economic and social situation are taken into consideration by introducing an exceptional levy which will affect the higher grades more severely.

For the interim adjustments of remunerations (Article 65(2) of the Staff Regulations) account is taken of a sensitivity threshold and a forecast of changes in the purchasing power of public service salaries during the current annual reference period.

(b) *Exceptional levy*

548. This is introduced for a period expiring on 1 July 1991.

Its rate increases by one fifth each year, rising from 2.54% during the first year to 12.70% during the fifth year. Unless the Council takes a contrary decision, this rate of 12.70% will continue to apply during subsequent years.

It is applicable, for each grade and step, to the basic salary after deduction of:

- contributions to the social security and pension schemes;
- the tax payable by an unmarried official of the same grade and step;
- an amount equal to the basic salary of an official in grade D4, step 1.

Its application to pensioners is suspended for the first five years.

It is deducted monthly at source and the proceeds entered as revenue in the general budget of the Communities.

## **2. MATTERS CONCERNING RELATIONS BETWEEN THE COUNCIL AND STAFF**

549. By a decision adopted at its 713th meeting on 22 and 23 June 1981 the Council, having taken note of the views expressed by the staff representatives, instituted a conciliation procedure which replaces the previous dialogue procedure and affords the staff representatives more opportunities to put forward their point of view.

## **3. OTHER MATTERS**

### *(a) Amendment of the daily subsistence allowance for officials on mission*

550. By Regulation No 2780/81 of 22 September 1981<sup>1</sup> the Council amended the daily subsistence allowance rates for officials on mission, taking into account the results of a survey carried out in June 1980 on hotel and restaurant prices in the main locations concerned.

### *(b) Proposed revision of the Staff Regulations*

551. Throughout 1981 the Council continued its examination of two proposals for revision of the Staff Regulations concerning:

- social measures and measures concerning families;
- the officials' pension scheme and social security for temporary staff.

It was not possible to complete this work in 1981.

<sup>1</sup> OJ L 271, 26.9.1981.

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 $\frac{1}{2}$  | 146 $\frac{1}{2}$                       | 744 $\frac{1}{2}$              |
| 1964 | 102 $\frac{1}{2}$ | 229 $\frac{1}{2}$                       | 1 002 $\frac{1}{2}$            |
| 1965 | 35                | 105 $\frac{1}{2}$                       | 760 $\frac{1}{2}$              |
| 1966 | 70 $\frac{1}{2}$  | 112 $\frac{1}{2}$                       | 952 $\frac{1}{2}$              |
| 1967 | 75 $\frac{1}{2}$  | 134                                     | 1 233                          |
| 1968 | 61                | 132                                     | 1 253                          |
| 1969 | 69                | 129                                     | 1 412 $\frac{1}{2}$            |
| 1970 | 81                | 154                                     | 1 403                          |
| 1971 | 75 $\frac{1}{2}$  | 127 $\frac{1}{2}$                       | 1 439                          |
| 1972 | 73                | 159                                     | 2 135                          |
| 1973 | 79 $\frac{1}{2}$  | 148                                     | 1 820                          |
| 1974 | 66                | 114 $\frac{1}{2}$                       | 1 999 $\frac{1}{2}$            |
| 1975 | 67 $\frac{1}{2}$  | 118                                     | 2 079 $\frac{1}{2}$            |
| 1976 | 65 $\frac{1}{2}$  | 108 $\frac{1}{2}$                       | 2 130                          |
| 1977 | 71                | 122                                     | 2 108 $\frac{1}{2}$            |
| 1978 | 76 $\frac{1}{2}$  | 104 $\frac{1}{2}$                       | 2 090                          |
| 1979 | 59                | 107 $\frac{1}{2}$                       | 2 000                          |
| 1980 | 83                | 106 $\frac{1}{2}$                       | 2 078 $\frac{1}{2}$            |
| 1981 | 83                | 110                                     | 1 976                          |

TABLE 2

**Interim Committee for the Community Patent**

| Period | Plenary | Groups |
|--------|---------|--------|
| 1979   | 1       | 11     |
| 1980   | 2       | 4      |
| 1981   | —       | 2      |



## List of abbreviations

### — A —

ACP

African, Caribbean and Pacific States

ASOR

Agreement on the international carriage of passengers by road by means of occasional coach and bus services

### — C —

CAD

Computer-aided design

CAP

Common agricultural policy

CID

Centre for Industrial Development

CIUTS

Collective investment undertaking for transferable securities

CMEA

Committee for Mutual Economic Assistance

Coreper

Permanent Representatives Committee

COST

European Cooperation in the Field of Scientific and Technical Research

CREST

Scientific and Technical Research Committee

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

ECSC  
European Coal and Steel  
Community

EDF  
European Development Fund

EEC  
European Economic Community

EFTA  
European Free Trade Association

EIB  
European Investment Bank

EMS  
European Monetary System

ERDF  
European Regional Development  
Fund

ETR  
European Agreement concerning  
the work of crews of vehicles  
engaged in international road  
transport

— G —

GATT  
General Agreement on Tariffs and  
Trade

GCC  
Gulf Cooperation Council

GDP  
Gross domestic product

GNP  
Gross national product

GRULA  
Latin-American Group

GSP  
Generalized system of preferences

— I —

IAEA  
International Atomic Energy Agency

ICAO  
International Civil Aviation Or-  
ganization

ICCAT  
International Commission for the  
Conservation of Atlantic Tuna

ICES  
International Council for the  
Exploration of the Sea

ICSEAF  
International Commission for  
South-East Atlantic Fisheries

ILO  
International Labour Organization

IMCO  
Intergovernmental Maritime Con-  
sultative Organization

LDCs

Least-developed countries

— M —

MFA

Multifibre Arrangement

— N —

NAFO

North-West Atlantic Fisheries Organization

NCI

New Community instrument

NEAFC

North-East Atlantic Fisheries Commission

NGO

Non-governmental organizations

NSAP

New substantial action programme

— O —

OCTs

Overseas Countries and Territories

OECD

Organization for Economic Cooperation and Development

— T —

TAC

Total allowable catch

TIR

International road transport of goods

UNCITRAL

United Nations Commission on International Trade Law

UNCSTD

United Nations Conference on Science and Technology for Development

UNCTAD

United Nations Conference on Trade and Development

UNEP

United Nations Environment Programme

UNO

United Nations Organization

USSR

Union of Soviet Socialist Republics

— V —

VAT

Value-added tax

— W —

WHO

World Health Organization



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European Communities — Council

**Twenty-ninth review of the Council's work  
1 January - 31 December 1981**

Luxembourg: Office for Official Publications of the European Communities

1983 — 280 pp. — 14.8 x 21.0 cm

DA, DE, GR, EN, FR, IT, NL

ISBN 92-824-0098-0

Catalogue number: BX-35-82-425-EN-C

Price (excluding VAT) in Luxembourg

ECU 6.66 — BFR 300 — IRL 4.60 — UKL 3.70 — USD 6.50

The annual review of the work of the Council of the European Communities examines the different subjects which fell within the Council's scope during the year concerned.



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Rue de Louvain 40-42 — Leuvensestraat 40-42  
1000 Bruxelles — 1000 Brussel  
Tel 512 00 26

*Sous-dépôts — Agentischnappen*  
Librairie européenne — Europese Boekhandel  
Rue de la Loi 244 — Wetstraat 244  
1040 Bruxelles — 1040 Brussel

**CREDOC**

Rue de la Montagne 34 · Bte 11  
Bergstraat 34 · Bus 11  
1000 Bruxelles — 1000 Brussel

**Danmark**

*Schultz Forlag*

Montergade 21  
1116 København K  
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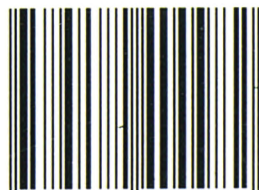
ECU 6.66    BFR 300    IRL 4.60 – UKL 3.70    USD 6.50



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ISBN 92-824-0098-0



9 789282 400982