

General Secretariat of the Council
of the European Communities

THIRTY-THIRD REVIEW OF THE COUNCIL'S WORK

1 JANUARY – 31 DECEMBER 1985



General Secretariat of the Council
of the European Communities

THIRTY-THIRD REVIEW OF THE COUNCIL'S WORK

1 JANUARY – 31 DECEMBER 1985

This publication is also available in:

DA ISBN 92-824-0381-5

DE ISBN 92-824-0382-3

GR ISBN 92-824-0383-1

FR ISBN 92-824-0373-4

IT ISBN 92-824-0385-8

NL ISBN 92-824-0386-6

Cataloguing data can be found at the end of this publication

Office for Official Publications of the European Communities, 1987

ISBN 92-824-0384-X

Catalogue number: BX-47-86-317-EN-C

© ECSC-EEC-EAEC, Brussels ● Luxembourg, 1986

Printed in Greece

Contents

INTRODUCTION	7
CHAPTER I — Work of the institutions	13
A — Council	13
B — Parliamentary affairs	15
C — Institutional affairs	28
D — Court of Justice	29
E — Economic and Social Committee	30
F — Conventions	30
CHAPTER II — Freedom of movement and common rules	33
A — Free movement of goods — Customs union — Rules of competition — Industrial policy and approximation of legislation — Iron and steel industry	33
B — Right of establishment and freedom to provide services	41
C — Intellectual property	47
D — Harmonization of legislation in the field of civil and commercial law	50
CHAPTER III — Economic and social policy	53
A — Economic, financial and fiscal questions and export credits	53
B — Social policy	60
C — Regional policy	66
D — Development of a Community energy policy	68
E — Transport	78
F — Research	85

G — Environment	89
H — Other matters	95

CHAPTER IV — External relations and relations with the associated States	101
A — Enlargement of the Community	101
B — Commercial policy	105
C — Relations with the industrialized countries and the State-trading countries	109
D — North-South Dialogue	116
E — Development cooperation	120
F — Relations with the ACP States and the overseas countries and territories	129
G — Mediterranean — Euro-Arab Dialogue — Gulf States — Yemen	140
H — Latin America — Asia	155

CHAPTER V — Common fisheries policy	159
A — Community system for the management and conservation of resources	159
B — Common organization of the markets in fishery products	162
C — Structural measures	165
D — Relations between the Community and certain non-member countries with regard to fisheries	166
E — International organizations	169

CHAPTER VI — Common agricultural policy	171
A — Overall form of the common agricultural policy	171
B — Management of the common agricultural policy	181
C — Coordination of the position of the Member States with regard to international matters	195
D — Harmonization of legislation in the food, plant health, veterinary and animal husbandry sectors	196
E — Structural policy	202

CHAPTER VII — Administrative matters	207
A — Budgetary matters	207
B — Other budgetary matters	224
C — Staff regulations	225
Tables	229
Abbreviations	233
Index	237

Introduction

The highlights of 1985 were firstly the completion of the negotiations with Spain and Portugal, followed by the ceremonial signing of the Accession Treaty on 12 June in Lisbon and then in Madrid, and secondly the revision of the Treaties establishing the European Communities. The Intergovernmental Conference called for this purpose held six sessions between September and December, attended by the Ministers for Foreign Affairs and the representatives of Spain and Portugal, and the resulting revision of the Treaties gave tangible form to the wishes of the Heads of State or Government expressed in the 'Solemn Declaration on European union', signed in Stuttgart in 1983.

The amendments to the Treaty of Rome should create more favourable conditions for the advance of the Community, by extending voting by qualified majority, by the new procedure for cooperation with the European Parliament, by the completion of the internal market by 31 December 1992, and by institutionalizing cooperation on foreign policy matters.

Nineteen hundred and eighty five may therefore be considered as an important landmark in the building of Europe.

During the year the Community's economy improved in a number of fields. The expansion of economic activity, which began two years previously, continued and substantial progress was made towards a degree of price stability. Efforts to absorb budgetary and balance of payments deficits continued on a general scale. However, this progress had little effect on unemployment, and women and school-leavers continued to be the most affected. Unemployment, particularly long-term unemployment, is still one of the Council's greatest worries. The Council has emphasized the need for a cooperation strategy shared by the Community, the governments of the Member States and the social partners, to generate growth and hence the creation of jobs in a large internal market.

In the interests of budgetary balance the Council adopted a Decision replacing that of 21 April 1970 which set up the system of own resources. The effect of this new Decision was to increase the maximum rate of mobilization of VAT own resources from 1 to 1.4 %. Also with a view to removing imbalances, it set up a system for correcting the financial contribution of the United Kingdom.

In order to strengthen the European Monetary System and the role of the ECU the Council adopted provisions authorizing the European Monetary Cooperation Fund to issue ECUs against deposits of monetary reserves made by the central banks of non-member countries and international monetary institutions.

This objective may be discerned in a good many of the Council's activities. The policy already initiated of freedom of movement for a number of trades and professions was carried further in 1985 with Decisions on the right of establishment of architects and pharmacists. The gradual abolition of checks at common borders agreed by the Federal Republic of Germany and France as a contribution to the free movement of Community citizens is also a step towards a people's Europe.

In addition, in 1985 the Council agreed on the policy guidelines for implementing a common transport policy in conformity with the judgment of the Court of Justice in Case 13/83 and the conclusions of the Milan European Council.

These guidelines provide for the setting up by 1992 of a free market, with no quantity restrictions, and the elimination of distortions in competition over the same period. The Council's work will also take account of the general programme on transport adopted at the same time. In addition to the organization of the market, this general programme provides for the creation of Community-wide transport infrastructures, and measures to facilitate border crossing and transit operations, and to ensure the safety of intra-Community transport.

In this connection the Council further simplified the procedures for trade between Member States by approving the introduction of a single document for recording the despatch, transit and receipt of goods.

The Council discussed the situation in the petroleum refining industry and concluded that there was a dual need firstly to continue the process of rationalization and modernization, and secondly to encourage an equitable allocation between the main industrialized countries with a market economy of the refined products imported from a number of oil-producing countries which now have their own refining industries. The Council again stressed the importance it attaches to demonstration projects in the field of energy, and new regulations were adopted to provide continued financial support for these projects.

The restructuring required in the steel industry after 1985 was approved by the Council in October 1985. The new Community system should enable the industry to adjust in stages to normal market forces, without forgetting the need to create new jobs in this sector too.

In the sphere of research, which is so essential to the future of the Communities, the Council adopted eight multiannual research and development programmes, covering a wide range of key sectors for the first framework programme (1984-87) for Community research, development and demonstration projects.

Under the COST scheme (European cooperation in the field of scientific and technical research), the Council approved several agreements on joint research with non-member countries. The Council also pursued its policy of opening up scientific and technical research cooperation towards EFTA countries by authorizing the Commission to negotiate framework agreements with the Scandinavian countries and Switzerland. The conclusion of two of these agreements was approved in November 1985.

The Council also encouraged various measures to give a European dimension to education and cultural activities, including cooperation with non-member countries on the production of audiovisual material.

The Council adopted important legislation on environmental protection, in particular a Directive on evaluating the impact on the environment of certain government and private schemes, and another on the lead content of petrol.

A major advance was made in the area of consumer protection by the approximation of the Member States' laws, regulations and administrative provisions regarding liability for defective goods, which enables claimants to take specific action against the manufacturer of a defective product. This marks the transition from a system of liability based on negligence to one in which responsibility lies with the manufacturer, irrespective of the question of blame.

The Council also adopted a Directive to protect consumers in the case of contracts concluded away from business premises (doorstep selling).

The Council's wish to restore a better balance between supply and demand for agricultural products was reflected in its agreement in May on prices and related measures for the 1985/86 marketing year for products other than cereals and colza, on which precautionary measures were taken by the Commission. The average price increases for the 1985/86 marketing year will be 1.8% for the Community in terms of national currencies.

The Council gave further attention to the problem of over-production in the vineyards and the need to reduce production by adapting the common organization of the market, taking account of Greece's special problems. In the dairy sector, the reduction in quotas adopted in 1984 will come into effect in the new marketing year. The Council adopted a series of Directives on veterinary and health inspection matters, and reached agreement in principle in December on

the general outline of the new arrangements for sugar. Community legislation on agriculture was duly amended to allow for the accession of Spain and Portugal.

On the level of structural policy, the Council adopted a new joint measure to be implemented by the Member States to improve the efficiency of agricultural structures. The measure comprises investment aid and assistance for young farmers.

The common fisheries policy, in particular the system of total allowable catches and quotas, was applied for the second year, thus ensuring a balanced use of the sea's resources.

On a proposal from the Commission, the Council adjusted the common fisheries policy to the new circumstances arising from the change in the status of Greenland with effect from 1 February 1985 and the proposed accession to the Community of Spain and Portugal on 1 January 1986.

Following the agreement reached by the European Council, the Council of Ministers adopted the Regulation on the integrated Mediterranean programmes, which institutes a special Community scheme in favour of the southern regions of the Community of Ten. The aim is to improve the social and economic structures of these regions, especially in Greece, to enable them to adapt as smoothly as possible to the new situation created by the enlargement of the Community.

In parallel with the major decisions on the accession of Spain and Portugal, the Council also set out in its Resolution of 30 March 1985 its overall concept of Community Mediterranean policy. In November the Council laid down the negotiating guidelines for amending the existing agreements with the Mediterranean countries.

In its external relations the Community is always guided by the need, in the interests of general prosperity, for multilateral free trade and cooperation with the developing countries.

To combat the critical situation and famine in several African countries, the Milan European Council adopted a global and coordinated future strategy, for both the short and the long term, for action against drought and desertification. It approved the Commission's plan for rehabilitation and revival, which is aimed at strengthening the resources of the countries concerned to deal with disasters and famine in the future, by reviving agricultural production and increasing self-sufficiency in food supplies.

In the Community's relations with the ACP States, 1985 was a year of transition between the completion of negotiations and the entry into force of the Third

Lomé Convention, and saw the advance implementation of the new provisions in several spheres of cooperation, including institutional matters, and preparatory work for the Sixth EDF. The Contracting Parties thereby confirmed the privileged relationship existing between them, based on mutual interests and the specific nature of the cooperation between them.

Again in the interests of freedom of trade, the Council stated that the Community was prepared to take part in a new round of trade negotiations (GATT) and to contribute to the international consensus required to initiate these negotiations. The Council also endeavoured to resolve the problems caused by the protectionist tendencies of the United States and the trade deficit with Japan. To promote relations with the People's Republic of China and Pakistan, new trade and economic cooperation agreements were signed in May and July respectively.

A cooperation agreement between the Community and a number of Central American countries was signed in November, further confirming the Community's concern to support democracy and play an active part in world affairs, both of which aims were strengthened by the accession of Spain and Portugal.

Lastly, it should be mentioned that the Council held 73 meetings in 1985, in the course of which it adopted 447 Regulations, 109 Decisions and 59 Directives.



As in preceding years this Review has been prepared by the General Secretariat of the Council and is intended as a work of reference for public use.

Chapter I: Work of the institutions

A — COUNCIL

1. In the first half of 1985 the Presidency of the Council was held by the Republic of Italy, and in the second by the Grand Duchy of Luxembourg.

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

Mr R. Altissimo	Minister for Industry
Mr G. Andreotti	Minister for Foreign Affairs
Mr A. Biondi	Minister for Ecology
Mr G. Carta	Minister for the Merchant Navy
Mr C. Degan	Minister for Health
Mr G. de Michelis	Minister for Labour
Mrs F. Falcucci	Minister for Education
Mr M. Fioret	State Secretary at the Ministry of Foreign Affairs
Mr F. Forte	Minister for Community Policy
Mr C. Fracanzani	State Secretary at the Treasury
Mr G. Gorla	Minister for the Treasury
Mr L. Granelli	Minister for Scientific Research
Mr A. Gullotti	Minister for Culture
Mr F.M. Pandolfi	Minister for Agriculture

Mr N.M. Sanese	State Secretary at the Ministry of Industry
Mr C. Signorile	Minister for Transport

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

Mr F. Boden	Minister for Education
Mr M. Fischbach	Minister for Agriculture
Mr R. Goebbels	State Secretary for Foreign Affairs
Mr J.C. Juncker	Minister-Delegate at the Department of Finance with responsibility for the Budget Minister for Labour
Mr R. Krieps	Minister for Cultural Affairs Minister for the Environment
Mr J. Lahure	State Secretary for Economic Affairs
Mr J. Poos	Minister for Foreign Affairs Minister for Economic Affairs
Mr J. Santer	Minister for Finance
Mr M. Schlechter	Minister for Energy Minister for Transport
Mr R. Steichen	State Secretary for Agriculture and Viticulture

The 73 meetings held during 1985 were devoted to the following topics:

- 14 Foreign affairs
- 14 Agriculture
- 7 Economic and financial problems
- 3 Fisheries
- 5 Budget
- 2 Research
- 3 Transport
- 3 Environment
- 2 Social affairs
- 6 Industry in general, the iron and steel industry and telecommunications
- 1 Consumer protection
- 2 Development cooperation
- 3 Energy
- 5 Internal market and consumer protection
- 2 Cultural affairs
- 1 Education

B — PARLIAMENTARY AFFAIRS

Statements to the European Parliament on the Presidency's programmes

PROGRAMME OF THE ITALIAN PRESIDENCY

2. On 16 January 1985, Mr Andreotti, Italian Minister for Foreign Affairs and President-in-Office of the Council, made a statement to the European Parliament on the programme of the Italian Presidency.

Mr Andreotti stressed the need for a revival of the European Community institutions, stating that institutional reform was still a priority and that the Presidency would spare no effort to secure agreement, before the end of its mandate, on the date for an Intergovernmental Conference to negotiate the terms of a new Treaty.

He then listed the main fields in which the Council should concentrate its activities in the months to come, such as resolving the dispute over the Budget and the problems linked with enlargement, particularly concerning Mediterranean products, reinforcement of the European Monetary System, the creation of a basis for a genuine internal market and the broadening of the Community's technological base.

PROGRAMME OF THE LUXEMBOURG PRESIDENCY

3. On 10 July 1985 Mr Jacques Poos, Luxembourg Minister for Foreign Affairs and President-in-Office of the Council, made a statement to the European Parliament on the programme of the Luxembourg Presidency.

Describing the main aims which the Council's activities should pursue during the six-month period of the Luxembourg Presidency, he stated that the real priority was still to reduce unemployment. This problem could only be overcome by a revival of the Community's economy, which would encourage more dynamic growth and hence an increase in jobs. He stressed the related need for further progress towards the creation of a single Community-wide market, convergence of economic policies and cooperation on technology.

To consolidate the 'acquis communautaire', the Presidency would particularly favour further action on social policy, the steel industry, the energy and transport policies, environment and consumer protection, and continued reappraisal of the common agricultural policy.

Review of the Presidency

STATEMENT REVIEWING THE ITALIAN PRESIDENCY

4. In his statement to the European Parliament on the main events during the six-month period of the Italian Presidency, Mr Andreotti expressed particular pleasure at the fact that the difficult accession negotiations with Spain and Portugal had been completed.

Clearly, he said, the enlargement of the Community and the stepping up of Community action were essentially linked, and it was all the more vital to achieve institutional reform.

In the work towards the eventual introduction of a single European market, he said that although the results achieved had unfortunately not matched expectations, considerable progress had nevertheless been made, in that the Council had adopted a new approach on technical harmonization and standards.

In the field of advanced technologies, he mentioned the remarkable progress made towards improved cooperation in the telecommunications sector. Similarly, he welcomed the initiative to set up the Eureka project.

Lastly, Mr Andreotti expressed his pleasure at the encouraging development of the Community environmental policy, and the moves to combat pollution caused by motor vehicles.

STATEMENT REVIEWING THE LUXEMBOURG PRESIDENCY

5. On 11 December Mr Poos presented his statement on the Luxembourg Presidency. Over and above the work leading to the adoption of the Single European Act, he drew attention to the progress made in implementing a policy of major Community projects funded from new sources.

Among the steps taken towards the completion of a single internal market, Mr Poos stressed the importance of the Directives adopted by the Council on freedom of establishment for architects and pharmacists and those concerning undertakings managing collective investments in transferable securities. Significant progress had also been achieved in the operation of the customs union and the removal of technical barriers.

He reported that in the transport sector the Council had adopted an outline programme covering infrastructure, the simplification of formalities at border crossings and safety in Community transport systems.

Lastly, Mr Poos made particular mention of the Council Decision aiming at complementarity of Community and national projects in the crucial field of research and technology.

Statements on the work of the European Council

EUROPEAN COUNCIL IN BRUSSELS

6. On 17 April 1985 Mr Craxi, Prime Minister of the Republic of Italy and President-in-Office of the European Council, presented to Parliament the conclusions reached at the European Council held in Brussels on 29 and 30 March 1985.

Referring to the economic and social situation, he outlined the main conclusions arising from the European Council's lengthy discussion on ways of reducing unemployment, and set out the guidelines for job-creating economic growth in the Community.

He particularly mentioned the fact that, in the social field, the European Council had instructed the Commission to put forward proposals as soon as possible aimed at adapting working conditions to the new phase of economic and technological development, bearing in mind the possibility of using the Social Fund to promote innovatory model schemes for job creation.

On the subject of the European Monetary System, he was pleased to report that practical measures had been defined to strengthen the role of the ECU. As part of Community environment policy, the European Council had decided to designate 1987 'European Environment Year'.

Mr Craxi reported that the Heads of State or Government had expressed great interest in the ideas on European Union contained in the report by Parliament's Committee on Institutional Affairs.

EUROPEAN COUNCIL IN MILAN

7. On 9 July 1985 Mr Santer, Prime Minister of Luxembourg, reported to Parliament on the European Council held in Milan on 28 and 29 June. He said that the Heads of State or Government were still committed to the completion of the internal market and were determined that the deadline of 1992 should be adhered to.

In preparation the Intergovernmental Conference on amending the Treaties, discussion in the European Council had centred on the following topics:

- (i) improved decision-making procedures in the Council;
- (ii) an enhanced role for Parliament;
- (iii) the Commission's executive responsibilities;
- (iv) the extension of Community activities into new areas;
- (v) strengthening of European political cooperation.

The Heads of State or Government all agreed that the operating rules and methods of the European institutions must be improved.

EUROPEAN COUNCIL IN LUXEMBOURG

8. On 11 December 1985 Mr Jacques Santer, in his capacity as President-in-Office of the European Council, reported to the European Parliament on the results of the European Council's discussions on amending the Treaties held in Luxembourg on 2 and 3 December 1985.

As far as amending the Treaty of Rome was concerned, he said that the texts recently adopted by the European Council should be seen more as an extension of the existing Treaties; at the same time, he emphasized the considerable importance of the chapter devoted to the internal market. This would necessitate the adoption by the Council of a large number of new Regulations, Directives and Decisions, most of which could be adopted by qualified majority after the conclusion of the new cooperation procedure with Parliament. In effect this would increase the powers of the European Parliament.

Mr Santer then gave an account of the results obtained and the innovations incorporated on the other subjects covered by the texts, namely:

- (i) recognition of the monetary role of the Community;
- (ii) the need for internal and external solidarity of a Community with common methods and resources;
- (iii) creation of a frame of reference for research and technological development policy;
- (iv) the laying down of outline rules to coordinate Community and national projects on the environment;
- (v) the strengthening of certain provisions in the social field.

Other debates

ITALIAN PRESIDENCY

Integrated Mediterranean programmes

9. On 13 February 1985 Mr Forte, Italian Minister for Community Policy and President-in-Office of the Council, speaking in a debate on the implementation of the IMPs, announced an increase in real terms in the resources allocated to the structural funds used to finance the IMPs.

Common agricultural policy

10. On 13 March 1985 Mr Pandolfi, Italian Minister for Agriculture and President-in-Office of the Council, speaking in a debate on the prices for the 1985/86 marketing year, stated that the Council was still committed to its policy of dismantling the monetary compensatory amounts by adopting related measures for the common organization of the markets and the identification of new outlets for agricultural products in industrial uses.

Social policy

11. On 13 March and 10 June 1985 Mr de Michelis, Italian Minister for Labour and President-in-Office of the Council (social affairs), took part in the European Parliament's debates on the problems relating to a multiannual European employment plan in connection with the introduction of new technology and certain other matters in the social field.

Budget 1985

12. On 11 June 1985 Mr Fracanzani, State Secretary at the Treasury of the Republic of Italy and President-in-Office of the Council, took part in Parliament's final sitting devoted to the adoption of the 1985 budget.

LUXEMBOURG PRESIDENCY

Transport policy

13. On 10 September 1985 Mr Schlechter, Luxembourg Minister for Transport and President-in-Office of the Council, speaking in a debate on the

common transport policy, stated that in view of the judgment of the Court of Justice it was urgently necessary to establish a common policy in this sector.

South Africa

14. On 11 September 1985, in the lengthy debate on the situation in South Africa, Mr Poos, Luxembourg Minister for Foreign Affairs and President-in-Office of the Council, informed Parliament of the measures adopted by the Ten – together with Spain and Portugal – with regard to South Africa.

North-South Dialogue

15. On the same day Mr Poos, in the debate on the resumption of the North-South dialogue, spoke about the Community's efforts in the IMF to secure increased resources for developing countries.

New technologies

16. On 7 and 8 October 1985 Mr Boden, Luxembourg Minister for Education and President-in-Office of the Council, took part in the European Parliament's long debate on the introduction of new technologies and their social impact.

Relations between the Community and Eastern European countries

17. On 23 October 1985 Mr Goebbels, Luxembourg State Secretary for Foreign Affairs, stated in the debate on this subject, that the ministers would shortly be discussing the action to be taken on the letter from the Secretary-General of the CMEA (Comecon) on mutual recognition of the two economic entities.

Budget 1986

18. During the sitting on 9 October Mr Juncker, Luxembourg Minister for Labour and President-in-Office of the Council, presented the broad outlines of the draft budget as established by the Council at first reading. During the sitting

on 12 November 1985 he spoke in the second debate on the budget. On 10 December, reporting on the special meeting held by the Council in Strasbourg, he stressed that the Council had taken an important step towards meeting the Parliament's wishes. On 12 December, before the voting on the draft general budget for the financial year 1986 as amended by the Council, he spoke of the efforts made by himself and the Council to reach agreement with Parliament for this financial year.

He spoke again after the voting, to clarify the Council's position.

Participation in the work of committees and other Parliamentary bodies

PARLIAMENTARY COMMITTEES

The following Presidents-in-Office attended meetings of the Committees of the European Parliament in 1985:

19. *Italian Presidency*

Committee	President-in-Office	Date and place
Political Affairs	GIULIO ANDREOTTI Minister for Foreign Affairs	17 April, Strasbourg
Subcommittee on Security and Disarmament	ANTONIO CIARRA-PICO Italian Ambassador in Stockholm	23 May, Rome
Agriculture, Fisheries and Food	FILIPO MARIA PANDOLFI Minister for Agriculture	24 May, Rome
Subcommittee on Fisheries	GIANNARIO CARTA Minister for the Merchant Navy	24 January, Berlin
Committee on Agriculture, Fisheries and Food, Working Party on Milk Quotas	DR PIETRO LUDOVICO POSSAGNO	18 June, Brussels
Legal Affairs and Citizens' Rights	LUIGI SCALFARO Minister for the Interior	19 March, Brussels
Economic and Monetary Affairs and Industrial Policy	<i>Industry</i> GLELIO DARIDA Minister for State Participation	20 March, Brussels
	<i>Monetary affairs</i> GIOVANNI GORIA Minister for the Treasury	21 May, Rome
	<i>Internal market</i> FRANCESCO FORTE Minister for Community Policy	22 May, Rome
Social Affairs and Employment	GIANNI DE MICHELIS Minister for Labour	22 May, Rome
Transport	CLAUDIO SIGNORILE Minister for Transport	22 February, Brussels
External Economic Relations	MARIO FIORET State Secretary at the Ministry of Foreign Affairs	30 January, Brussels
Women's Rights	MR CONTI-PERSINI State Secretary at the Ministry of Labour	19 June, Brussels
		23 January, Brussels
		25 February, Brussels

Quarterly meetings on European political cooperation

Environment, Public Health and Consumer Protection	<i>Health</i> COSTANTE DEGAN Minister for Health	27 February, Brussels
	<i>Environment</i> ALFREDO BIONDI Minister for Ecology	21 March, Brussels
	<i>Consumer protection</i> MR SANESE State Secretary at the Ministry of Industry	23 April, Brussels
Energy, Research and Technology	<i>Energy</i> RENATO ALTISSIMO Minister for Industry	29 January, Brussels
	<i>Research</i> LUIGI GRANELLI Minister for Scientific Research	22 March, Brussels
Regional Policy and Regional Planning	FRANCESCO FORTE Minister for Community Policy	21 February, Brussels
Development and Cooperation	MARIO FIORET State Secretary at the Ministry of Foreign Affairs	27 February, Brussels
Youth, Culture, Education, Information and Sport	<i>Education</i> FRANCA FALCUCCI Minister for Education	26 February, Brussels 24 June, Venice
	<i>Culture</i> ANTONIO GULLOTTI Minister for Culture	26 February, Brussels
Committee of Inquiry into the Rise of Fascism and Racism in Europe	LUIGI SCALFARO Minister for the Interior (attending in his capacity as an expert on terrorism)	20 March, Brussels
Joint Committee of the ACP-EEC Consultative Assembly	MARIO FIORET State Secretary at the Ministry of Foreign Affairs	28 to 31 January, Bujumbura (Burundi)
7th EEC/Latin American Interparliamentary Conference	SUSANNA AGNELLI State Secretary at the Ministry of Foreign Affairs	16 June, Brasilia

20. Luxembourg Presidency

Committee	President-in-Office	Date and place
Transport	MARCEL SCHLECHTER Minister for Transport	18 July, Brussels
Legal Affairs and Citizens' Rights	ROBERT KRIEPS Minister for Justice	18 September, Brussels
Social Affairs and Employment	JEAN-CLAUDE JUNCKER Minister for Labour	19 September, Brussels
Environment, Public Health and Consumer Protection	ROBERT KRIEPS Minister for the Environment	19 September, Brussels
Youth, Culture, Education, Consumer Protection	ROBERT KRIEPS Minister for Culture	18 September, Brussels
Subcommittee on Fisheries	RENÉ STEICHEN State Secretary for Agriculture and Viticulture	15 October, Brussels
Women's Rights	JEAN-CLAUDE JUNCKER Minister for Labour	14 October, Brussels
Joint Committee of the ACP-EEC Consultative Assembly	ROBERT GOEBBELS State Secretary for Foreign Affairs, Foreign Trade and Cooperation	25 September, Inverness
Political Affairs	JACQUES POOS Deputy Prime Minister, Minister for Foreign Affairs	1st meeting: 30 October, Luxembourg 2nd meeting: 11 December, Strasbourg
Economic and Monetary Affairs	JACQUES POOS	31 October, Brussels

and Industrial Policy	Minister for Economic Affairs and the Middle Classes	
External Economic Relations	JOHNNY LAHURE State Secretary for Economic Affairs	30 October, Lisbon
Environment, Public Health and Consumer Protection	BENNY BERG Minister for Social Security and Minister for Health	29 October, Brussels
Youth, Culture, Education, Consumer Protection	FERNAND BODEN Minister for Education	30 October, Brussels
Transport	MARCEL SCHLECHTER Minister for Transport	28 October, Brussels
Agriculture, Fisheries and Food	MARC FISCHBACH Minister for Agriculture	28 November, Brussels
Economic and Monetary Affairs and Industrial Policy	<i>Internal Market</i> ROBERT GOEBBELS State Secretary for Foreign Affairs	18 December, Brussels
Regional Policy and Regional Planning	JOHNNY LAHURE State Secretary for Economic Affairs	22 November, Brussels
Environment, Public Health and Consumer Protection	JOHNNY LAHURE State Secretary for Economic Affairs	25 November, Brussels
Development and Cooperation	ROBERT GOEBBELS State Secretary at the Ministry of Foreign Affairs, Foreign Trade and Cooperation	18 December, Brussels
Agriculture, Fisheries and Food, Working Party on Milk Quotas	MR KIPGEN Chairman of the Working Party on Dairy Products	17 December, Brussels

Joint association bodies

21. Mr Fioret, State Secretary at the Italian Ministry of Foreign Affairs, represented the Council at the meeting of the Joint Committee of the ACP-CEE Consultative Assembly in Bujumbura (Burundi) from 28 to 31 January 1985.

Mr Goebbels, in his capacity as Luxembourg State Secretary for Foreign Affairs, represented the Council at the inaugural meeting of the ACP-CEE Joint Assembly in Inverness from 23 to 27 September 1985.

Parliamentary delegations

22. From 7 to 9 January 1985 Mr Fioret, State Secretary at the Italian Ministry of Foreign Affairs, represented the Council at the 24th meeting of the Delegations of the European Parliament and the United States Congress in Brussels.

Mrs Agnelli, State Secretary at the Italian Ministry of Foreign Affairs, represented the Council at the 7th meeting of the Delegations of the European Parliament and the Latin-American Parliament in Brasilia from 16 to 20 June 1985.

Mr Forte, Italian Minister for Community Affairs, represented the Council at the 3rd meeting of the Delegations of the European Parliament and the Norwegian Parliament organized as part of the interparliamentary relations between the EEC and the Nordic countries.

Mr Jacques Poos, Luxembourg Minister for Foreign Affairs, represented the Council at the 5th meeting of the Delegations of the European Parliament and Asean in Luxembourg on 10 July 1985.

Mr Joseph Weyland, Ambassador, Permanent Representative of Luxembourg to the European Communities, represented the Council at the 7th meeting of the Delegations of the European Parliament and the Japanese Parliament in Brussels on 26 October 1985.

Mr Robert Goebbels, Luxembourg State Secretary for Foreign Affairs, represented the Council at the 5th meeting of the Delegations of the European Parliament and the Chinese Parliament in Strasbourg on 9 October 1985.

Mr Jacques Poos represented the Council at the meeting of the Delegations of the European Parliament and the Israeli Knesset in Strasbourg on 11 December 1985.

Conciliation

23. On 25 March 1985 the Conciliation Committee met to discuss a draft Council Regulation relating to the wine market. At the end of this meeting Parliament, the Commission and the Council adopted a Joint Declaration on the revision of the Regulations governing the organization of this market.

On 23 July 1985 the Conciliation Committee was convened to discuss the problems relating to the integrated Mediterranean programmes. At the end of this meeting Parliament, the Commission and the Council took note that the conciliation procedure had been completed.

Parliamentary questions

24. In 1985 the Council replied to 293 questions raised at Question Time, and to 238 written questions and 40 oral questions with or without debate.

Luns/Westerterp procedures

25. On 23 January 1985, Mr Fioret, State Secretary at the Italian Ministry of Foreign Affairs and President-in-Office of the Council, attended the meeting in Brussels of the European Parliament's Committee on External Economic Relations, the main subject of which was the Commission's communication on Parliament's role of in the drafting and conclusion of international agreements and Accession Treaties.

Mr Lahure, Luxembourg State Secretary for Economic Affairs, represented the Council at the procedure for briefing the Committee on External Relations, in Lisbon on 30 October 1985, prior to the signing of a cooperation agreement with the countries of Central America.

On 13 November 1985 Mr Goebbels, Luxembourg State Secretary for Foreign Affairs, attended the joint meeting of the Committee on External Economic Relations, the Political Affairs Committee and the Committee on Budgets, which discussed a proposal for a Council Regulation on the conclusion of a Financial Protocol between the Community and the Republic of Malta.

C — INSTITUTIONAL AFFAIRS

Special rights of citizens

RIGHT OF ABODE

26. The Council intensified its examination of the proposal for a Directive on the right of abode of nationals of the Member States on the territory of another Member State.

EASING OF FRONTIER CHECKS

27. The Council continued its examination of the proposal for a Directive on the easing of checks and formalities for citizens of the Member States crossing Community frontiers.

SIGNS AT THE EXTERNAL AND INTERNAL FRONTIERS OF THE COMMUNITY

28. The Council started its examination of a draft resolution of the Council and the Representatives of the Governments of the Member States of the European Communities, meeting within the Council, on the erection of suitable signs at the external and internal frontiers of the Community.

EUROPEAN PASSPORT

29. The Council examined a draft resolution on the introduction of a uniform passport supplementing the Resolutions of 23 June 1981 and 30 June 1982, adopted by the Representatives of the Governments of the Member States of the European Communities meeting within the Council. This resolution was drafted to take account of the accession of Spain and Portugal to the Community.

Greenland

30. The Treaty amending, with regard to Greenland, the Treaties establishing the European Communities, which was signed in Brussels on 13 March 1984,¹ entered into force on 1 February 1985.

¹ OJ L 29, 1.2.1985.

D — COURT OF JUSTICE

Matters concerning the operation of the Court

31. The following changes were made during 1985 to the composition of the Court:

1. The terms of office of the Judges Mr Due, Mr Joliet, Mr Kakouris, Mr O'Higgins and Mr Pescatore expired on 6 October 1985; Mr Due, Mr Joliet, Mr Kakouris and Mr O'Higgins were appointed Judges for a further period from 7 October 1985 to 6 October 1991 (Decision of the Conference of the Representatives of the Governments of the Member States of 19 June 1985).

Mr Schockweiler was appointed Judge for the same period (Decision of the Conference of the Representatives of the Governments of the Member States of 16 July 1985).

2. The terms of office of the Advocates-General Mr Lenz, Sir Gordon Slynn and Mr VerLoren van Themaat expired on 6 October 1985; Mr Lenz and Sir Gordon Slynn were appointed Advocates-General for a further period from 7 October 1985 to 6 October 1991 (Decision of the Conference of the Representatives of the Governments of the Member States of 19 June 1985).

Mr Mischo was appointed Advocate-General for the period from 1 January 1986 to 6 October 1991 (Decision of the Conference of the Representatives of the Governments of the Member States of 16 July 1985).

Cases brought before the Court

32. During 1985 the Council appeared before the Court in 25 cases.

In 12 cases, private firms established in the Community or in a non-Community country brought proceedings against the Council under Article 173 of the EEC Treaty.

In addition, one private company established in a non-Community country brought proceedings against both the Council and the Commission under Article 215 of the EEC Treaty.

In five cases officials brought proceedings against the Council. In one of these the proceedings were brought against both the Council and the Commission, and in one other against both the Council and the Economic and Social Committee.

The Council was involved in seven cases relating to requests for a preliminary ruling within the meaning of Article 177 of the EEC Treaty, four of these being joined cases.

E — ECONOMIC AND SOCIAL COMMITTEE

33. During 1985 the President-in-Office of the Council twice attended plenary sessions of the Committee.

Mr de Michelis, Italian Minister for Labour, made a speech during the plenary session of 29 May 1985.

Mr Goebbels, Luxembourg State Secretary for Foreign Affairs, Foreign Trade and Cooperation, and the Middle Classes, attended the plenary session of the Committee on 19 December 1985.

At this meeting he reported on the conclusions of the European Council held in Luxembourg on 2 and 3 December 1985, which were finalized by the Council on 17 and 18 December 1985.

In addition, the Committee forwarded to the Council for its approval an amendment to the Rules of Procedure of the Economic and Social Committee, which included adaptations of the current rules to allow for the accession of Spain and Portugal to the European Communities in 1986.

F — CONVENTIONS

Negotiations for a Convention parallel to the Convention of 27 September 1968 on jurisdiction and the enforcement of judgments in civil and commercial matters (Brussels Convention)

34. On 5 December 1984 the Representatives of the Governments of the Member States, meeting as the Permanent Representatives Committee, agreed to set up an *ad hoc* Group of Experts with powers to continue work on the possibility of a parallel Convention between the Member States of the Community and the Member States of EFTA.

Following scrutiny of the draft parallel Convention put forward by the Swiss authorities, and preliminary contacts with all the Member States of EFTA, the Group submitted a report to the Representatives of the Governments of the

Member States with proposals on the opening of negotiations and the procedure to be followed. On 29 May 1985 the Representatives of the Governments of the Member States, meeting as the Permanent Representatives Committee, agreed to open negotiations. These began in October 1985 and are taking place in the *ad hoc* Group of Experts, which has been enlarged to include the government experts appointed by the Member States of EFTA.

Law of the Sea

35. On 7 December 1984 the Community signed the United Nations Convention on the Law of the Sea, which made it a voting member of the Preparatory Commission for the International Sea-Bed Authority and the International Tribunal for the Law of the Sea.

The Community took part as a member in the third meeting of the Preparatory Commission, which was held in two parts, in Kingston from 11 March to 4 April and in Geneva from 12 August to 4 September 1985.

The Community was represented on all the Special Committees, and made certain contributions to the work, particularly in connection with the Community's status in the subordinate bodies of the Authority and the Tribunal.

Chapter II: Freedom of movement and common rules

A — FREE MOVEMENT OF GOODS — CUSTOMS UNION — RULES OF COMPETITION — INDUSTRIAL POLICY AND APPROXIMATION OF LEGISLATION — IRON AND STEEL INDUSTRY

Customs union and industrial affairs

36. During 1985 the Council continued its efforts to reinforce the internal market of the Community. In this connection it should be noted that the Council held four meetings, on 11 February, 7 May, 7 October and 12 December.

At its meeting, on 7 October the Council discussed the implementation of the programme set out in the White Paper on the completion of the internal market, an initiative of great importance and high priority proposed by the Commission in June 1985, which aims at the complete and effective achievement of the conditions for a single Community-wide market by removing the Community's physical, technical, and tax frontiers by 1992 at the latest. The Council stressed the importance of adhering to the proposed timetable from the initial stage of implementation of the White Paper, and agreed to examine the progress of the work at regular intervals.

On 12 December 1985 the Council took note of the action programme drawn up by the Luxembourg Presidency, together with the future Netherlands and British Presidencies, for the work to be carried out in 1986 in accordance with the timetable given in the White Paper.

CUSTOMS UNION

Common Customs Tariff

37. In 1985 the Council adopted three Regulations amending the Common Customs Tariff, 10 Regulations temporarily suspending the autonomous duties

of this tariff and 34 Regulations opening or increasing Community quotas for certain products.

Harmonization of customs legislation

38. The year under review was a particularly fruitful one for the harmonization of customs legislation, particularly as regards intra-Community trade.

On 18 February 1985 the Council adopted two Regulations designed to simplify intra-Community trade formalities by introducing an important reform known as the 'single administrative document'. The first Regulation, simplifying formalities in trade in goods within the Community,¹ lays down the procedure for the use of the single administrative document. The second, introducing a specimen declaration form to be used in trade in goods within the Community,¹ institutes the actual document.

Two subsequent Regulations were adopted on 8 July 1985, one introducing Community export and import declaration forms² and the other amending Regulation (EEC) No 222/77 on Community transit.² Their purpose is to align the existing forms with the single administrative document in order to standardize the documents produced conventionally on paper and those produced by computerized systems.

Lastly, on 22 October 1985 the Council adopted a Regulation laying down certain measures for the standardization and simplification of statistics of trade between Member States,³ which supplements this series of Regulations aimed at strengthening the Community's internal market.

39. At the same time, the Council gave its full attention to the requirements for the operation of the Customs Union.

On 23 April 1985 it adopted a Regulation amending Regulation 1224/80 on the valuation of goods for customs purposes.⁴

On 13 June 1985 the Council adopted a Regulation amending Regulation 3599/82 on temporary importation arrangements as regards the date of its im-

¹ OJ L 79, 21.3.1985.

² OJ L 179, 11.7.1985.

³ OJ L 285, 25.10.1985.

⁴ OJ L 112, 25.4.1985.

plementation.¹ The Council aligned the date for implementing this system with that for the parallel system for VAT, thus introducing a major series of harmonized measures all applicable as from the same date, i.e. 1 January 1986.

An important stage was reached with the adoption, on 16 July 1985, of the Council Regulation on inward processing arrangements.² This Regulation, which replaces Directive 69/73/EEC, will ensure greater uniformity in the implementation of these arrangements, which are of considerable economic importance.

On 25 July 1985 the Council adopted a Regulation amending Regulation 2763/83 on arrangements for processing under customs control.³

On 12 December 1985 the Council adopted a Regulation defining the conditions under which a person may be permitted to make a customs declaration,⁴ so as to allow Community economic operators to complete customs formalities as efficiently as possible.

On the same day the Council also adopted a Regulation on the classification of goods in sub-heading 27.03 A of the Common Customs Tariff.⁵

Lastly, on 20 December 1985 the Council adopted a Regulation amending Regulation No 918/83 setting up a Community system of relief from customs duty.⁶ The main purpose of this Regulation is to increase from 35 to 45 ECU the duty-free allowance for imports of small consignments of no commercial value sent from a non-member country by a private individual to another private individual within the customs territory of the Community.

International customs conventions

40. In the year under review there was also considerable activity at international level in the customs field.

In January 1985 the Council approved the signing, subject to acceptance, of the International Convention on the Harmonized Commodity Description and Coding System; this was signed in June 1985 on behalf of the Community and

¹ OJ L 155, 14.6.1985.

² OJ L 188, 20.7.1985.

³ OJ L 198, 30.7.1985.

⁴ OJ L 350, 27.12.1985.

⁵ OJ L 338, 17.12.1985.

⁶ OJ L 370, 31.12.1985.

all the Member States. Subsequently the Council adopted a series of Decisions accepting various international instruments. These were:

- (i) the Decision of 7 March 1985 accepting, on behalf of the Community, the recommendation of the Customs Cooperation Council concerning action against customs fraud relating to containers;¹
- (ii) the Decision of 7 March 1985 accepting, on behalf of the Community, three Annexes to the International Convention on the Simplification and Harmonization of Customs Procedures (Kyoto Convention of the Customs Cooperation Council).² These annexes, B.1, C.1 and F.6, concern respectively clearance for home use, outright exportation and the repayment of import duties and taxes;
- (iii) the Decision of 22 April 1985 accepting, on behalf of the Community, the recommendation of the Customs Cooperation Council concerning the establishment of links between customs transit systems and of the resolution of the Inland Transport Committee of the Economic Commission for Europe concerning the same subject.³

Lastly, on 30 April 1985 the Council decided to authorize the Commission to take part in the negotiations for amending the 1972 Customs Convention with regard to containers.

FREE MOVEMENT OF GOODS

Elimination of technical barriers to trade

41. Following the adoption towards the end of 1984 of a considerable number of Directives in this field, in 1985 the Council's subordinate bodies continued their work on the proposals for Directives which were still outstanding. To date the number of harmonization Directives adopted by the Council amounts to 182. In addition, towards the end of the year a further seven draft Directives were taken to the stage of submission to Coreper but are still held up because of reservations on the part of one or two delegations.

¹ OJ L 73, 14.3.1985.

² OJ L 87, 27.3.1985.

³ OJ L 112, 25.4.1985.

42. On 7 May 1985 the Council adopted a Resolution¹ on a new approach to technical harmonization and standards with regard to technical barriers to trade. This approach arose from the realization that the methods and procedures followed so far, despite the good results achieved, are no longer commensurate with the magnitude of the task facing the Community in the future.

The Council recognized that this was essential to the creation of a genuine internal market and that substantial progress needed to be made within a short time, and with its Resolution it introduced a new method whereby Directives, instead of containing extremely complex technical provisions set out in minute detail, will in future merely, lay down basic rules leaving it to specialized bodies to finalize European technical standards.

Naturally, this Resolution sets out a number of guidelines and principles to be adhered to in the future when the new type of Directive is being drafted.

Dangerous substances

43. In the general efforts directed at aligning restrictions on the marketing and use of dangerous substances and preparations (Directive 76/769/EEC), the Council took two more important steps in 1985 towards better protection of health and of the environment against the possible dangers of two groups of products, PCBs/PCTs and asbestos.

On 1 October 1985 the Council adopted Directive 85/467/EEC amending for the sixth time (PCBs/PCTS) Directive 76/769/EEC,² in which the Council practically eliminates certain exceptions which were permitted under its 1976 Directive. Hence the following prohibitions will enter into force on or before 1 July 1986:

- (i) the marketing of electrical equipment containing PCBs/PCTs (certain transformers and condensers) and of fluids for heating and mining plant containing PCBs or PCTs;
- (ii) the marketing of preparations and mixtures including used oils with a PCB/PCT content exceeding 0.1% by weight;
- (iii) the marketing of second-hand plant and equipment containing PCBs and PCTs.

¹ OJ C 136, 4.6.1985.

² OJ L 269, 11.10.1985.

On 20 December 1985 the Council adopted Directive 85/610/EEC amending for the seventh time (asbestos) Directive 76/769/EEC.¹ This extends the prohibitions on products containing asbestos fibres beyond the range of the first measures taken in this field on 19 September 1983 (Directive 83/478/EEC). Accordingly, as from 1 January 1988 the marketing and use of products containing asbestos fibres will be prohibited for six types of products or uses, including toys, materials applied by spraying, finished products retailed to the public in powder form, and paints and varnishes. The Council will, of course, continue its work to counter the hazards of other products containing asbestos.

Detergents

44. On 12 December 1985 the Council authorized the Commission to conduct negotiations in the Council of Europe to enable the Community to become a Contracting Party to the European Agreement on the Restriction of the Use of Certain Detergents in Washing and Cleaning Products, and to the Protocol amending this Agreement. The Council's intention was to associate the Community as such with a European cooperation scheme aimed at creating a European market in the products concerned and protecting health and the environment.

SECTORAL ACTIVITIES

Information system (Caddia)

45. On 26 March 1985 the Council adopted a Decision² concerning the coordination of the activities of the Member States and the Commission related to the implementation of a long-term programme for the use of telematics for Community information systems concerned with imports/exports and the management and financial control of agricultural market organizations (Caddia).

Steel industry

46. The system of production quotas set up in 1980 in accordance with Article 58 of the ECSC Treaty, and the aid code for the steel industry adopted in

¹ OJ L 375, 31.12.1985.

² OJ L 96, 3.4.1985.

1981, were both due to expire at the end of 1985, and the Council accordingly gave particular attention to the situation in the steel sector during the year.

On 25 July 1985 the Council, on the basis of a communication from the Commission, held an initial detailed exchange of views on Community steel policy after 1985, discussing both the organization of the steel market and the rules for financial aid and support from the Member States.

At the end of this exchange of views the Council reached a consensus on the need for a transitional period of not more than three years, since the process of restructuring was still in progress, at the same time acknowledging the need to return as swiftly as possible, in an orderly manner, to a market allowing free competition.

The Council's discussions continued on 17 October, and then on 29 October 1985 it gave its assent¹ to the introduction of a new system of production quotas and also to new Community rules on aid to the steel industry after 31 December 1985.

This new system of production quotas will remain in force until 31 December 1987. It no longer covers categories Id (coated sheets) and V (reinforcing bars), to which quotas will no longer apply, and it provides for the possibility of the progressive liberalization of other categories of products as from 1 January 1987.

The new aid code, which will remain in force until 31 December 1988, authorizes aid only for research and development, protection of the environment and, in certain cases, for closures.

47. The Council gave its assent² to an amendment to the Decision on the system of monitoring and production quotas, to increase the quota of the sole steel producer in Denmark.

In connection with the anti-crisis measures, the Council gave its opinion on 26 March 1985 on an increase, effective from 1 April 1985, in the minimum prices for certain steel products.

Also on 26 March, the Council gave its assent³ to a fourth amendment to Decision No 3717/83/ECSC introducing a production certificate and an accompany-

¹ OJ C 298, 21.11.1985.

² OJ C 199, 7.8.1985.

³ OJ C 88, 10.4.1985.

ing document for deliveries of certain steel products; the amendment updated Annexes I, III and IV to the Decision.

On the subject of restructuring and the current aid code, on 26 March 1985 the Council concluded the discussions begun on 22 November 1984 on a proposal from the Commission to extend certain deadlines stipulated in the code.

The Council insisted that 31 December 1985 should be the final date for the payment of any aid, and confirmed that no aid would be permitted after this date, but gave its assent to the extension until 31 December 1985 of the final date for the payment of operating aid already approved and an extension until 31 May 1985 of the deadline for the modification of certain additional aid.

On the subject of the scrap market, the Council held a wide-ranging exchange of views on 26 March 1985 on the Commission's proposal aimed at ensuring greater market stability and adequate supplies, comprising tax measures to encourage higher stock levels of scrap, and a system of monitoring supply and demand. At the end of the discussion it asked the Commission to review certain aspects of its proposal in the light of the delegations' comments.

48. Lastly, during the year the Council gave its assent to the following measures:

under Article 54(2) of the ECSC Treaty

- (a) for the granting of global loans to:
 - (i) Westfalenbank AG, Bochum,
 - (ii) Industriekreditbank AG, Deutsche Industriebank, Düsseldorf,
 - (iii) Commerzbank AG, Düsseldorf,
 - (iv) Saarländische Investitionskreditbank AG, Saarbrücken,
 - (v) Westdeutsche Genossenschafts-Zentralbank, Münster,
 - (vi) Société Générale de Banque,
 - (vii) Dresdner Bank AG¹

- (b) for the granting of loans to beneficiaries other than undertakings for the financing of housing for persons employed in the industries of the European Coal and Steel Community.²

¹ OJ C 49, 21.2.1985.

² OJ C 75, 21.3.1985.

- (c) for the granting of a global loan to the Istituto Mobiliare Italiano (IMI) for the financing of investment programmes which contribute to facilitating the marketing of Community steel,¹
- (d) for the financing of the programme for restructuring and modernizing the wire-drawing plant and facilities for the manufacture of products from drawn wire (nails, fully galvanized wire, etc.) at the Marnaval, Commercy and Périgueux works of the firm of Tréfilunion, Paris.²

under Article 55(2) (c) of the ECSC Treaty

- (a) for obtaining aid for the implementation and execution of a steel pilot and demonstration project programme,³
- (b) for obtaining financial aid for the implementation and execution of an iron and steel research programme,⁴
- (c) on the establishment of a fifth ECSC research programme on the technical control of nuisances and pollution at the place of work and in the environment of iron and steel works,⁵
- (d) for obtaining financial aid for the implementation and execution of an iron and steel pilot/demonstration project programme.¹

B — RIGHT OF ESTABLISHMENT AND FREEDOM TO PROVIDE SERVICES

Financial institutions

DIRECTIVES ADOPTED

Undertaking for collective investment in transferable securities (Ucits)

49. At its 1057th meeting on 20 December 1985, the Council adopted Directive 85/611/EEC,⁶ the purpose of which is to coordinate national laws govern-

¹ OJ C 281, 2.11.1985.

² OJ C 320, 12.12.1985.

³ OJ C 88, 10.4.1985.

⁴ OJ C 138, 6.6.1985.

⁵ OJ C 194, 2.8.1985.

⁶ OJ L 375, 31.12.1985.

ing some Ucits with a view to facilitating movements of capital within the Community. Coordination of regulations on the approval, structure and investment policies of Ucits and on the information which they must publish is intended to give investors a meaningful degree of protection throughout the Community and to make competition between Ucits more equable. Financial markets will gain an effective instrument at European level for promoting venture capital, which will give a considerable boost to investment and innovation.

At the same meeting the Council adopted Directive 85/583/EEC removing restrictions on capital movements (units of Ucits).¹

Credit institutions

50. On 8 July 1985 the Council adopted Directive 85/345/EEC² amending Directive 77/780/EEC³ on credit institutions so as to authorize the Hellenic Republic to apply the criterion of economic need until 15 June 1989 and if appropriate, on a proposal from the Commission, until 15 December 1992 at the latest.

CURRENT WORK

Banks' accounts

51. The Council's subordinate bodies made considerable progress on this proposal for a Directive, which is intended to supplement the 4th⁴ and 7th⁵ Directives on company law, concerning respectively the annual and the consolidated accounts of companies and groups of undertakings. The second aspect is being examined on the basis of the Commission's second amended proposal on the matter.

Liberal and craft professions

DIRECTIVES ADOPTED

Architects

52. On 10 June 1985 the Council adopted a Directive (85/384/EEC)⁶ to ensure effective exercise of the right of establishment and freedom to provide services by architects throughout the Community.

¹ OJ L 372, 31.12.1985.

² OJ L 183, 16.7.1985.

³ OJ L 322, 17.12.1977.

⁴ OJ L 222, 14.8.1978.

⁵ OJ L 193, 18.7.1983 and OJ L 211, 3.8.1983 (English edition only).

⁶ OJ L 223, 21.8.1985.

The Directive stipulates a minimum length of studies of four years, which may be supplemented by a period of professional experience in a Member State in cases where the host Member State makes this a precondition of professional activity as an employed or self-employed architect.

For the graduates of 'Fachhochschulen' in the Federal Republic of Germany who have completed 3 years of study, a period of satisfactory and certified professional experience is stipulated as a necessary and sufficient pre-condition for establishment in another country.

At the same meeting the Council adopted a Decision (85/385/EEC)¹ setting up an Advisory Committee on Education and Training in the Field of Architecture and a Recommendation (85/386/EEC)¹ concerning holders of a diploma in architecture awarded in a third country.

Pharmacists

53. On 16 September 1985 the Council adopted a series of measures to ensure effective exercise of the right of establishment and freedom to provide services of pharmacists, both employed and self-employed, throughout the Community.²

These measures include a Directive (85/433/EEC) on the mutual recognition of diplomas in pharmacy and a Directive (85/432/EEC) on the coordination of national provisions in respect of engagement in professional activities in the field of pharmacy.

The Directive on mutual recognition of diplomas takes account of the fact that certain Member States, under their national policy in the area of public health, impose restriction on the number of new pharmacies which may be set up, and it permits the Member States to limit the effect of mutual recognition to the taking over of pharmacies established for more than three years.

A review clause will permit the Council, on a proposal from the Commission, to extend the effect of these provisions five years after the implementation of the Directive.

At the same meeting the Council adopted a Decision (85/434/EEC) setting up an Advisory Committee on Education and Training in the Field of Pharmacy and also a Recommendation (85/435/EEC) concerning Luxembourg nationals holding a diploma in the field of pharmacy awarded in a third country.

¹ OJ L 223, 21.8.1985.

² OJ L 253, 24.9.1985.

With the implementation of the right of establishment for pharmacists, freedom of movement has been achieved in the last major medical profession, following the Decisions already adopted on doctors, nurses, midwives, veterinary surgeons and dentists.

WORK IN PROGRESS

System for the general recognition of higher education diplomas

54. The Council's subordinate bodies started their examination of this proposal for a Directive which would implement the guidelines set out in the report of the Committee on a People's Europe and adopted by the European Council of 29 and 30 March 1985.

The general system is based on the comparability of training and mutual confidence, and makes no provision for the coordination of the training systems or the conditions for employed or self-employed activity in the professions in question. Any disparities may be rectified either, as regards the length of studies, by an additional period of professional experience or, as regards the conditions for engaging in professional activities, by a training period in the host country.

General practitioners

55. The Council's subordinate bodies started their examination of the proposal for a Directive on a Community-level system of training specifically for general practitioners, which would become a condition as from 1 January 1995 for practicing general medicine under social security schemes. If necessary the Commission will forward additional proposals, by 1 January 1997, regarding appropriate training of every general practitioner which will meet the specific requirements of general practice.

Commercial operators

56. The Council continued its efforts to extricate the proposal from the present impasse, which is due to a general reservation maintained by one Member State. These efforts will continue in 1986.

Insurance

WORK IN PROGRESS

Second Directive on insurance other than life assurance – provision of services

57. An *ad hoc* Group endeavoured to reach an agreement on texts on the basis of the majority views expressed in the Council at the end of 1984. The Group decided that the negotiations could not be successfully concluded since certain fundamental issues relating to the provision of services were still due to come before the Court of Justice (Cases 220/83, 252/83, 205/84, 206/84), and consequently agreed that work on this proposal for a Directive would be resumed in the light of these judgments when they were handed down.

Insurance contracts

58. The Council's subordinate bodies continued their work on this proposal for a Directive aimed at harmonizing the law on insurance contracts, which constitutes a particularly useful supporting measure for full freedom to provide services, especially for coverage of 'minor risks'.

Insurance other than life assurance – draft agreement with the Swiss Confederation

59. The aim of this agreement is to give Swiss companies the right of establishment in Community countries and Community companies the right of establishment in Switzerland under the same conditions as companies which have their headquarters in the Community and Switzerland respectively. These conditions are laid down in the first Directive on insurance other than life assurance, which under this Agreement would also become applicable in the Swiss Confederation.

The Permanent Representatives Committee agreed that this draft agreement should be examined both for conformity with the Commission's negotiating brief (particularly conformity with the first Directive on insurance other than life assurance) and from the point of view of the Community's relations with one of its EFTA partners.

The first stage of this examination is almost complete, but one question remains to be examined in more detail, namely to what extent the Community's legislative sovereignty would be restricted if this agreement were concluded, whether this consequence would be acceptable and, if not, how it should be avoided.

Company law

REGULATION ADOPTED

European Economic Interest Grouping (EEIG)

60. At its 1 025th meeting on 25 July 1985, the Council adopted Regulation (EEC) No 2137/85 on the European Economic Interest Grouping (EEIG).¹ This Regulation will permit firms from different Member States to set up, as from 1 July 1989, European Economic Interest Groupings which will constitute the first autonomous form of company at Community level. The EEIG will strengthen cross-frontier cooperation, in particular between small and medium-sized businesses.

WORK IN PROGRESS

Structure of public limited-liability companies

61. Work continued on examining the amended proposal for a Fifth Council Directive on the structure of public limited-liability companies and the powers and obligations of their governing bodies. This Directive will complete the basic provisions on the coordination of company law. It aims at introducing at the same time a minimum of worker participation in the decision-making process in public limited-liability companies.

Bankruptcy Convention

62. Work on this Convention encountered numerous legal difficulties, as a result of which four Member States considered that work should be suspended.

¹ OJ L 199, 31.7.1985. (FR, DE, IT, NL, EN) and OJ L 247, 14.9.1985. (DK, GR).

C — INTELLECTUAL PROPERTY

Patent law

ACCESSION OF PORTUGAL

63. As part of the negotiations for the accession of Portugal to the European Communities, an agreement on patents was reached in the second half of 1985, concerning the circumstances under which Portugal will make its legislation compatible with the principles of the free movement of goods within the Community and the accession of Portugal to the Munich Convention on the European Patent and the Luxembourg Convention on the Community Patent.

COMMUNITY PATENT

64. The Interim Committee for the Community Patent held five meetings in 1985. At these it finalized the draft Agreement on Community patents and the drafts of the annexes, in particular the draft Protocol on the settlement of disputes concerning the infringement and validity of Community patents, on the basis of the preparatory work carried out by its three working parties. The non-governmental international organizations concerned were consulted in January 1985 on the preliminary draft Protocol on the settlement of disputes.

65. On 7 October 1985 the Council meeting on the Internal Market requested the Presidency to call a Conference on the Community Patent with the following three objectives:

- (i) to implement the 1975 Luxembourg Convention on the Community Patent, possibly for a limited number of Member States;
- (ii) to finalize the Protocol on the settlement of disputes concerning the infringement and validity of Community patents;
- (iii) to lay down the conditions for participation in the Community Patents system by the three countries which had acceded to the Community since 1975.

66. This Conference was held in Luxembourg from 4 to 18 December 1985, with delegations from the ten Member States of the European Communities, the two acceding States and the Commission.

The Conference was unable to find a solution acceptable to all twelve States for prompt entry into force of the Convention. The Council meeting on the internal market on 12 December discussed this matter and noted the continuing difficulty of resolving the problem.

On the other hand, the Conference finalized the Protocol on the settlement of disputes concerning the infringement and validity of Community patents and two related Protocols, namely the Protocol on the Statute of the Common Court of Appeal and the Protocol on its privileges and immunities.

The third objective of the Conference was so bound up with the first that it was not possible to attain it. However, the Conference gave the delegations a better insight into the difficulties facing the three new Member States in connection with the system of Community patents.

At the end of the Conference the Member States and the acceding States adopted and initialed the following texts:

- (i) Agreement on Community patents (comprising the 1975 Convention and the three above-mentioned Protocols);
- (ii) a Protocol conferring certain competences regarding Community patents on certain Community institutions;
- (iii) a Joint Statement by the Representatives of the Governments of the Member States and the acceding States.

Apart from certain problems of a technical nature, which are to be examined by the Interim Committee for the Community Patent, the ratification of the above texts now depends on resolving the problem of the conditions for entry into force of the Agreement on Community Patents.

Trade-mark law

67. The Working Party on Intellectual Property (trade marks) continued its examination of the amended proposal for a Regulation on the Community trade mark.

SEIZURE OF GOODS AT FRONTIERS

In December 1985 the Working Party on Economic Questions (Customs Union) began discussions on the proposal for a Council Regulation laying down measures to discourage the release for free circulation of counterfeit goods.¹

¹ OJ C 20 of 22.1.1985.

World Intellectual Property Organization (WIPO)

68. The Member States and the Commission coordinated their positions, following the usual procedures, at the two meetings organized by the WIPO, namely:

- (i) first meetings of the Committee of Experts on the international registration of trade marks (Geneva, 11 to 15 February 1985);
- (ii) 16th series of meeting of the governing bodies of the WIPO (Geneva, 23 September to 1 October 1985).

The coordination related to matters of Community-wide interest, including particularly the links between the Madrid Arrangement for the international registration of trade marks and the proposed Regulation on the Community trade mark.

Copyright and related rights

PROTECTION OF THE TOPOGRAPHIES OF SEMICONDUCTOR PRODUCTS

69. At its meeting on 19 June 1985 the Council adopted a resolution relating to the establishment of a Community framework for the legal protection of the topographies of semiconductor products, in which the Council committed itself to examining the proposal for a specific Directive which the Commission would be forwarding on this matter.

MEASURES AGAINST AUDIO-VISUAL PIRATING

70. In implementation of the Resolution concerning measures against audio-visual pirating adopted on 24 July 1984 by the Representatives of the Governments of the Member States, the competent Working Party of the Council, assisted by the representatives of the national bodies responsible for taking measures against audio-visual pirating, held its first meeting on 25 June 1985 to discuss international cooperation on this matter. The members of the Working Party considered that the 'Green Paper' on copyright announced by the Commission would help them to determine more precisely the practical and legal problems arising in connection with audio-visual pirating.

D — HARMONIZATION OF LEGISLATION IN THE FIELD OF CIVIL AND COMMERCIAL LAW

Liability for defective products

71. On 25 July 1985 the Council adopted the Directive on the approximation of the laws, regulations and administrative provisions of the Member States concerning liability for defective products.

By adopting this Directive the Council has permitted an extremely important step forward to be made in the field of consumer protection, by offering to the victim specific recourse against the producer of a defective product. It will involve a changeover in seven Member States from a traditional liability system, based on negligence, to a system where liability is borne by the manufacturer regardless of any negligence. This should counteract the serious inadequacies, in an age of increasing technicality, of systems based on the overriding principle of blame. This Directive will help to reduce the costs and the time involved in litigation and thus make it easier for the victims and their families to obtain compensation for injury or death caused by defective products in full accordance with the aims set out in the Resolution on a programme for a consumer information and protection policy.

The Directive covers both compensation for death and personal injury and compensation for damage to property. The latter has however been limited to goods for private use or consumption and has been made subject to a lower threshold of 500 ECU in order to avoid litigation in an excessive number of cases.

72. In order to provide a fair apportionment of risk between the injured person and the producer, the Directive provides that the producer can escape liability if he can show certain exonerating circumstances, for example if he can prove that the state of scientific and technological knowledge at the time when he put the product into circulation was not such as to enable the existence of a defect to be discovered. As this possibility might mean that consumer protection falls short of what is expected of it in certain countries the Directive provides that Member States may maintain national legislation, or pass new legislation, making this exonerating circumstance inadmissible. This possibility of exemption must however entail a Community stand-still procedure, so that as far as possible consumer protection can be improved in a uniform manner throughout the common market.

In deference to legal traditions in most Member States, the Directive does not set any financial ceiling on the strict liability of the producer. As there are

however differing traditions in certain Member States, the Directive allows Member States to derogate from the principle of unlimited liability by setting a limit for the producer's total liability for personal damage caused by identical items with the same defect. This limit should be at least 70 million ECU, a level sufficiently high to guarantee adequate protection of the consumer and the correct functioning of the common market.

73. In order to achieve greater harmonization, the Council will receive regular reports from the Commission on the implementation of the Directive, together with any appropriate proposals. In 1995 the Commission will present a report to the Council on the effect on consumer protection and the common market of court rulings on the implementation of the Directive, especially rulings concerning 'development risks' and the financial ceiling, accompanied if necessary by proposals for amendments to the Directive, on which the Council will decide under the terms of Article 100 of the Treaty.

Chapter III: Economic and social policy

A — ECONOMIC, FINANCIAL AND FISCAL QUESTIONS AND EXPORT CREDITS

Economic and financial questions

NEW DECISION ON THE COMMUNITIES' SYSTEM OF OWN RESOURCES

74. Following the agreements reached at the European Council at Fontainebleau on 25 and 26 June 1984, on 7 May 1985 the Council adopted a Decision on the Communities' system of own resources.¹ This Decision, which was submitted to the Member States for ratification in accordance with their respective constitutional requirements, replaces the Decision of 21 April 1970 on the replacement of the financial contributions of the Member States by the Communities' own resources. The new Decision contains in particular two new features, namely:

- (i) it fixes the maximum rate of mobilization of VAT own resources at 1.4% for each Member State instead of the previous 1%;
- (ii) it introduces a financial correction for the benefit of the United Kingdom, the cost being shared between the other Member States in proportion to their normal share of VAT contributions, adjusted to limit the contribution of the Federal Republic of Germany to two thirds of the share produced by that calculation. For the financial year 1985 the United Kingdom will receive a lump-sum reduction of 1 000 million ECU, financed by the mechanism described above.

The new Decision took effect on 1 January 1986. The agreement reached by the European Council in Fontainebleau also provides that one year before the new

¹ OJ L 128, 14.5.1985.

ceiling for VAT own resources is reached the Commission is to report to the Council on the results of budgetary discipline, the financial needs of the Community and the breakdown of budgetary costs among the Member States. The Council will then re-examine the whole question and take the appropriate decisions *ex novo*.

COORDINATION OF THE ECONOMIC POLICIES OF THE MEMBER STATES

75. In 1985 the Community's economy made progress in several fields. The growth in economic activity over the last two years continued and substantial progress was made towards a return to price stability. In general there was further progress in combating budget and trade deficits. However, these successes did not produce a solution to the problem of unemployment, which remains at a very high level. For this reason, when adopting the annual economic report the Council stressed the need to find a cooperation strategy drawing on balanced contributions from the Community, the Governments of the Member States and the two sides of industry, in order to achieve employment-generating growth as soon as possible.

In accordance with the Decision of 18 February 1974 on the attainment of a high degree of convergence between the economic policies of the Member States,¹ the Council regularly assessed and examined the economic and monetary situation in the Community, in particular when making the three quarterly reviews of the situation.

COMMUNITY LOANS

Adjustments to the Community loan mechanism

76. When a Community loan of 4 000 million ECU was granted to France on 16 May 1983,² the Council reserved the right to examine the operation of the Community loan mechanism with regard to the principle of equal treatment between Member States. Following this examination, on 30 April 1985 the Council decided³ to make adjustments to the mechanism on three points. It raised the ceiling from 6 000 to 8 000 million ECU, limited the total amount which may

¹ OJ L 63, 5.3.1974.

² OJ L 153, 11.6.1983.

³ OJ L 118, 1.5.1985.

be lent to a Member State to 50% of this ceiling, and removed the link between the balance of payments difficulties justifying recourse to a loan and increases in the prices of oil products.

Community loan to Greece

77. Following the marked deterioration in Greece's balance of payments and to facilitate the adjustment of the Greek economy, on 9 December 1985 the Council decided to grant Greece a Community loan of 1 750 million ECU.¹ This loan was made available to Greece in two equal instalments as follows:

- (i) the first instalment on completion of the borrowing operations;
- (ii) the second instalment within one year of the payment of the first instalment, to be released by the Commission in the light of its examination, made in conjunction with the Monetary Committee, of the evolution of the economic situation in Greece and the results obtained in implementing Greece's economic recovery programme.

The loan was granted in consideration of the decision by the Greek Government to implement the economic recovery programme which it had submitted. At regular intervals, in conjunction with the Monetary Committee, the Commission will examine developments in the economic situation in Greece and the progress made on the recovery programme.

USE OF ECU BY 'OTHER HOLDERS'

78. With a view to authorizing the central banks of the Community to transfer ECU issued by the European Monetary Cooperation Fund to central banks in non-member countries and international monetary institutions, on 28 October 1985 the Council adopted a Regulation amending Article 2 of Regulation (EEC) No 3181/78 as regards the use of ECU by 'other holders'.¹

¹ OJ L 341, 19.12.1985.

REMOVAL OF RESTRICTIONS ON CAPITAL MOVEMENTS (UNDERTAKINGS FOR COLLECTIVE INVESTMENT IN TRANSFERABLE SECURITIES)

79. On 20 December 1985 the Council adopted a Directive amending the Directive of 11 May 1960 on the implementation of Article 67 of the EEC Treaty.¹ This Directive abolishes exchange restrictions on the free movement of the units of unit trusts, provided these are issued by bodies governed by the Council Directive, adopted the same day, coordinating laws, regulations and administration provisions relating to undertakings for collective investment in transferable securities (Ucits).²

EURATOM LOANS

80. On 5 December 1985 the Council adopted a Decision increasing to 3 000 million ECU the total amount of Euratom loans which the Commission is empowered to contract for the purpose of contributing to the financing of nuclear power stations.³

INTERNATIONAL ECONOMIC AND MONETARY PROBLEMS

81. The Council defined the Community's position on the main economic and monetary problems under discussion at international level. It thus did preparatory work for the meetings of the Interim Committee of the IMF and the Development Committee, the annual meeting of the IMF and the meetings of the World Bank.

Tax harmonization

82. In 1985 the Council adopted several Directives on duty-free allowances for travellers, the common VAT system and indirect taxes on the raising of capital.

In addition, in accordance with the conclusions of the Milan European Council on the establishment of a single large market by 1992, the Council began its examination of the Commission's White Paper (Part 3: elimination of tax frontiers) and decided to set up an *ad hoc* working party to do preparatory work in this field.

¹ OJ L 372, 31.12.1985.

² OJ L 375, 31.12.1985.

³ OJ L 334, 12.12.1985.

83. On 8 July 1985 the Council adopted the following Directives aimed at increasing tax exemption for travellers, small consignments and intra-Community road transport:

- (i) Directive 85/348/EEC¹ increased the tax-free import allowance for travellers within the Community from 250 to 350 ECU as from 1 October 1985. It contains specific derogations for Denmark, Greece and Ireland.
- (ii) Directive 85/349/EEC¹ increased from 79 to 100 ECU the tax reliefs to be allowed on small consignments of a non-commercial nature within the Community. The Council left outstanding a proposal for a mandatory relief of 22 ECU for newspapers and books sent by businesses to private individuals.
- (iii) Directives 85/347/EEC¹ and 85/346/EEC¹ increased from 200 to 600 litres, as from 1 October 1985, the minimum quantity of fuel contained in the standard fuel tanks of coaches crossing the internal frontiers of the Community which may be admitted duty-free. The Council is to decide by 1 July 1986, on a proposal from the commission, on increasing the allowance applicable to goods vehicles.

In addition, on 20 December 1985 the Council adopted a Directive² increasing from 35 to 45 ECU the exemption on small consignments of a non-commercial nature from non-member countries.

84. With regard to VAT, on 16 July 1985 the Council adopted Directive 85/362/EEC³ on the exemption from VAT of temporary imports of good, other than means of transport, from another Member State or non-member country. This Directive, which broadly speaking brings the rules on tax exemption into line with the customs arrangements for temporary importation, reduces the fiscal barriers to the movement of a broad range of goods imported for less than 24 months which remain the property of a person established outside the territory of the Member State of Importation.

On 16 July 1985 the Council adopted Directive 85/361/EEC² authorizing the Federal Republic of Germany to use, by way of derogation from the Sixth

¹ OJ L 183, 16.7.1985.

² OJ L 372, 31.12.1980.

³ OJ L 192, 24.7.1985.

Directive on VAT, the VAT mechanism to grant a special aid to its farmers to compensate for the dismantling of the monetary compensatory amounts. This Directive complements the provisions concerning authorization of this aid laid down in Regulation (EEC) No 855/84 and Council Decision 84/361/EEC.¹

85. In the field of indirect taxes on the raising of capital (capital duty), the Council adopted Directive 85/303/EEC² of 10 June 1985 amending its basic Directive of 17 July 1969. The purpose of the amendments is to facilitate the formation of venture capital on the part of businesses by reducing their tax burden.

86. The Council continued its attempts to overcome the last remaining obstacles to the adoption of a number of Directives on abolishing fiscal barriers to cooperation between businesses located in different Member States. These proposals for Directives concern mergers, hive-offs and transfers of assets, common tax arrangements for parent and subsidiary companies, and the elimination of double taxation in connection with the adjustment of profits between associated companies (arbitration procedures).

Export credits

87. During the period under review work mainly concerned the negotiations between the Parties to the Arrangement on Guidelines for Officially Supported Export Credits, to which the Community is a Party, and the intra-Community consultation procedures.

ARRANGEMENT ON GUIDELINES FOR OFFICIALLY SUPPORTED- EXPORT CREDITS

Tied aid credits

88. In April 1985 the OECD Council, meeting at ministerial level, took a number of decisions on export credits, in particular on tied aid credits. At the same meeting the OECD Ministers also adopted guidelines for future work in this field with the aim of increasing clarity and discipline.

¹ See 32nd Review, paragraph 475.

² OJ L 156, 15.6.1985.

With a view to giving effect in the Community to the decisions referred to above, on 13 May and 17 October 1985 the Council amended the Decision of 4 April 1978 on the application of certain guidelines in the field of officially supported export credits.¹ In addition, the Council twice (on 2 April and 17 October 1985) extended¹ the period of validity in the Community of the Arrangement on the Guidelines.

Interest rates

89. The Parties to the Arrangement continued their work on revising the system for determining the commercial interest reference rates (CIRR). These CIRRs constitute the minimum interest rates at which official finance may be granted in currencies with lower rates than the global minimum rates under the Arrangement.

In accordance with the system of automatic adjustments to the global minimum rates, these were reduced as from 15 January 1986 following a substantial fall in the weighted average of the interest rates of the currencies constituting the SDRs (special drawing rights).

Sectoral agreements

90. In 1985 the Parties to the Arrangement continued negotiations on a number of sectoral agreements under the Arrangement. The positions adopted by the Community in these negotiations were based on negotiating briefs adopted by the Council.

With regard to credit terms for exports of large-capacity aircraft, a sectoral agreement was concluded between the United States and the Community. The implementation of this agreement in the Community was the subject of a Council Decision of 24 June 1985.² Discussions continued on a sectoral agreement covering other aircraft, including helicopters. With regard to agricultural products, the refusal of the United States authorities to negotiate continues to hold up any progress towards a sectoral agreement in this field.

¹ These Acts of the Council were not published in the *Official Journal of the European Communities*.

² This Act of the Council was not published in the *Official Journal of the European Communities*.

INTRA-COMMUNITY CONSULTATIONS

91. As in the past, there were consultations in accordance with Decision 73/391/EEC¹ on all transactions under consideration relating to a period exceeding five years. In addition, there were regular exchanges of views between the Member States on developments regarding risks in various purchaser countries. Work continued on improving cooperation on export credit insurance among the organizations responsible in the Member States.

B — SOCIAL POLICY

92. The problems of employment occupied the Council's attention throughout 1985, and it devoted the bulk of the two meetings on 13 June in Luxembourg and on 5 December in Brussels to the various aspects of this question.

In addition, at three informal meetings — in Venice (on 8 February 1985), Rome (on 7 March 1985) and Luxembourg (on 23 and 24 September 1985) — the Ministers held exchanges of views on questions of principle and on current problems, such as the organization of working time, the situation of women on the labour market and social problems relating to the establishment of a single large internal market as planned for 1992.

The dialogue between management and labour continued in the Standing Committee on Employment, which held its 29th meeting on 30 May 1985. This was devoted to employment, growth and the European social area. The Committee held its 30th meeting, on 'Employment-generating growth in a large internal market', on 20 December 1985.

Employment and vocational training

93. On 13 June 1985 the Council approved the conclusions concerning a programme of specific employment measures² which give effect to the conclusions of the European Council held in Brussels on 29 and 30 March 1985 on the economic and social situation and meet the wishes expressed by the European Parliament in its April 1985 Resolutions.

In these conclusions the Council calls upon the Commission to examine, *inter alia*, the possibility of:

¹ OJ L 345, 17.12.1973.

² OJ C 165, 4.7.1985.

- (i) developing experimental or exemplary Community and/or national projects;
- (ii) examining, in cooperation with the Member States and both sides of industry, to what extent legal and contractual arrangements affect the labour market's ability to adjust;
- (iii) promoting and developing experiments in reorganizing working time by means of a better distribution thereof;
- (iv) encouraging training for jobs which are stable as a foundation for vocational training and retraining, depending on the opportunities available on the labour market;
- (v) promoting forward-looking labour management;
- (vi) encouraging the development of social dialogue.

94. Following its meeting on 13 June 1985, on 16 July 1985 the Council adopted a Decision on the comparability of vocational training qualifications between Member States of the European Community,¹ the aim of which is to enable workers to make better use of their qualifications, in particular for the purposes of obtaining suitable employment in another Member State. This decision lays down, *inter alia*, the procedure for establishing the comparability of these qualifications and the practical scope of such comparability.

95. Subsequently, on 5 December 1985, the Council reached agreement on policy with regard to the proposal from the Commission concerning the Comett programme, which seeks to increase cooperation in the Community between universities and industry on technological training, which is an essential factor in competitiveness, growth and employment.

The Comett programme, which is an important addition to the Community's research and development programmes, will run for four years. After a preparatory phase in 1986 it will enter an operational phase in 1987-89.

96. In addition, in connection with International Youth Year, on 5 December 1985 the Council discussed the Commission's memorandum setting out policy guidelines in the areas of the employment, education and vocational training of young people.

¹ OJ L 199, 31.7.1985.

With regard to the European Social Fund, on 13 June 1985 the Council approved a number of conclusions further to a communication from the Commission on the statistical machinery for determining the priority regions for assistance from the Fund.

97. In addition, on 20 December 1985 the Council adopted the amendments to the provisions governing the Social Fund made necessary by the accession of Spain and Portugal.

In particular the Council decided that:

- (i) the percentage of the appropriations from the Fund for job-creation measures in the regions of the Community with absolute priority status would be increased for 1986, 1987 and 1988 from 40% to 44.5%;
- (ii) Portugal and certain regions of Spain (viz. Andalusia, the Canary Islands, Castilla-Leon, Castilla-La-Mancha, Extremadura, Galicia, Murcia and the towns of Ceuta and Melilla) would be included in the list of regions with absolute priority status and thus qualify for a higher rate of assistance and accelerated depreciation of the training centres.

Furthermore, also on 20 December 1985, the Council adopted Regulation (EEC) No 3824/85 amending, with a view to its extension to cover self-employed persons, Regulation (EEC) No 2950/83 on the implementation of Decision 83/516/EEC on the tasks of the European Social Fund.¹ This Regulation allows the Fund to give assistance to unemployed persons who wish to establish themselves as self-employed.

Improvement of living and working conditions

98. In the field of safety and health at work, on 5 December 1985 the Council reached agreement on the Directive on the protection of workers against noise at work.²

This Directive, which had already been discussed by the Council on 13 June 1985, seeks to give workers improved protection against one of the most widespread and serious risks in industry. *Inter alia*, it provides for:

- (i) reduction of the risks resulting from workers' exposure to noise to the lowest level reasonably practicable.

¹ OJ L 370, 31.12.1985.

² The Council formally adopted the Directive on 12 May 1986; OJ L 137, 24.5.1986.

- (ii) where exposure exceeds 90 db(A), the preparation of a programme of measures to reduce it and, if this is not possible, the use of personal ear protectors which must be made available to workers at levels exceeding 85 dB(A);
- (iii) checks on workers' hearing so as to detect any impairment of hearing due to noise;
- (iv) the reduction of risks to the lowest possible level in the design, building and construction of new plant;
- (v) consultation of workers' representatives.

99. With regard to the information and consultation of workers, the Council continued its work on the amended proposal for the 'Vredeling' Directive.

Equal treatment for men and women

100. Throughout 1985 the Council gave particular attention to the proposal for a Directive on parental leave and leave for family reasons. However, it was unable to reach agreement on this proposal.

At its meeting on 13 June 1985 the Council examined for the first time the proposal for a Directive on equal treatment for men and women in occupational social security schemes.

Migrant workers

101. Following its meeting on 13 June 1985, on 16 July 1985 the Council adopted a Resolution on guidelines for a Community policy on migration.¹ In this resolution it:

- (a) recognized the desirability of promoting cooperation and consultation between the Member States and the Commission as regards migration policy, including policy *vis-à-vis* non-member countries;
- (b) expressed its determination to implement the social security provisions contained in association and cooperation agreements;

¹ OJ C 186, 26.7.1985.

(c) considered that, with a view to the harmonious coexistence of nationals of the Member States and migrant workers and their families, initiatives should be developed, at Community, Member State and local level, to inform and to promote awareness, such as:

- (i) the adoption of a joint declaration condemning xenophobia and racism,
- (ii) the setting up of pilot schemes for the organization of briefing sessions at local level,
- (iii) the improvement, particularly by means of pilot schemes, of the quality of free administrative assistance;

recognized the desirability of a dialogue at Community level with associations of migrant workers.

102. In addition, on 13 June 1985 the Council adopted two Regulations of a technical nature on social security for migrant workers, namely Regulation (EEC) No 1660/85 amending Regulations (EEC) No 1408/71 and No 574/72,¹ and Regulation (EEC) No 1661/85 laying down the technical adaptations to the Community rules on social security for migrant workers with regard to Greenland.¹

Lastly, at its meeting on 13 June 1985 the Council adopted certain conclusions concerning the implementation of Directive 77/486/EEC on the education of the children of migrant workers.²

ECSC aid

103. Under the terms of Article 56(2) (a) of the ECSC Treaty the Council received from the Commission approximately 15 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 conversion loans to businesses or — in the form of global loans — to financial institutions.

The Council agreed to these requests and authorized loans totalling 440 million ECU, with individual amounts varying between 2.13 and 89.92 million ECU.

¹ OJ L 160, 20.6.1985.

² OJ L 165, 4.7.1985.

Other activities

COMBATING RACISM AND XENOPHOBIA

104. On the basis of a proposal from the Commission, forwarded to the European Parliament and the Council, and of a draft declaration put forward by the French Government, at its meeting on 17 December 1985 the Council held a debate on combating racism and xenophobia. It expressed the wish that a solemn declaration by the three institutions should be adopted on this subject.

VOLUNTEER DEVELOPMENT WORKERS

105. On 13 June 1985 the Council adopted a Recommendation on social protection for volunteer development workers.¹ This text lays down in particular that volunteer development workers and members of their families should benefit from a level of social protection similar to that which exists in the sending country for persons carrying out a comparable activity in the country.

On 17 December 1985 the Council took note of a joint Franco-German initiative proposing that the other Member States should take part in the Franco-German programme for European volunteer development workers, which aimed to encourage young Europeans to play an active part in efforts to help the Third World.

WORK ON MATTERS CONNECTED WITH THE ILO

106. As in previous years, in Brussels and Geneva the Ten coordinated their position on the topics discussed by the 1985 International Labour Conference, in particular safety in the use of asbestos and equal treatment for men and women in employment matters.

INFORMATION INSTRUMENTS

107. On 17 December 1985 the Council adopted Regulation (EEC) No 3633/85 on the organization of a labour force sample survey in the spring of 1986.¹

¹ OJ L 163, 22.6.1985.

C — REGIONAL POLICY

Integrated Mediterranean programmes

108. In implementation of the conclusions of the European Council in Brussels on 29 and 30 March 1985 and after a conciliation meeting with Parliament, on 23 July 1985 the Council adopted the Regulation on the integrated Mediterranean programmes. This Regulation, which implements for a period of seven years a specific Community measure for the southern regions of the 10-member Community, constitutes a particularly significant and interesting decision in various respects:

- (i) the development programmes to be implemented are multiannual and integrated, i.e. the measures constituting them are to be interdependent and complementary. These measures cover all sectors of economic activity, especially agriculture and fisheries. Emphasis is laid on developing small and medium-sized businesses and service activities which could help reduce the problems of unemployment and on improving basic facilities and infrastructure;
- (ii) wide powers are delegated to the Commission for the implementation of the programmes;
- (iii) the means of financing these measure are various and may be combined. There is provision for specific additional resources (1 600 million ECU over seven years), contributions from the structural funds ERDF, ESF and EAGGF (Guidance Section) (2 500 million ECU) and EIB loans from own resources and the NCI (2 500 million ECU). It is laid down that the IMPs submitted by Greece shall qualify for 2 000 million ECU over this period.

Revision of the ERDF Regulation in view of the accession of Spain and Portugal

109. On 20 December 1985 the Council adopted a Regulation¹ making the necessary amendments to Regulation (EEC) No 1787/84 on the European Regional Development Fund, so as to enable Spain and Portugal to be eligible, as intended, for assistance from the Fund from the date of their accession.

¹ OJ L 350, 27.12.1985.

These amendments concern mainly the adjustment of the ranges for the use of the ERDF's resources.

Additional non-quota measures

110. On 20 December 1985 the Council adopted a series of Regulations supplementing the second series of non-quota measures.¹

This last series of non-quota measures constitutes a residual extension of the old ERDF arrangements, as envisaged by the Council when it adopted the second series of measures in January 1984. It comprises:²

- (i) a Regulation on the establishment of specific Community regional development measures in 1985 which amends Regulation (EEC) No 1787/84.

Since the legal basis for such measures had been abolished with the entry into force of the new ERDF Regulation, this Regulation contained a special provision to make it still possible, exceptionally, to adopt in 1985 the additional measures proposed in 1984;

- (ii) four Regulations on the specific measures in question. Three of these enlarge the scope of the measures introduced by Regulations (EEC) Nos 2617/80,³ 219/84⁴ and 2619/80,³ which concern respectively areas affected by the restructuring of the shipbuilding industry, those affected by the restructuring of the textile and clothing industry, and the border areas of Ireland and Northern Ireland. The fourth institutes a new measure concerning certain areas affected by the Community fisheries policy.

Six Member States (Denmark, France, Germany, Ireland, Italy and the United Kingdom) are concerned in these measures, the total foreseeable cost of which is estimated at 144 million ECU over five years. This expenditure, like that for the current measures, will be charged against the ERDF appropriations without affecting the ranges for the Member States laid down by Regulation No 1787/84 on the utilization of the resources of the ERDF.

¹ See 32nd Review, paragraph 140.

² OJ L 350, 27.12.1985.

³ OJ L 271, 15.10.1980.

⁴ OJ L 27, 31.1.1984.

Tenth annual report of the ERDF

111. On 7 October 1985 the Commission presented the tenth annual report on the European Regional Development Fund. This report, which covers the last year in which the old ERDF Regulation was in force, contains an assessment of the first ten years of its activities, from 1975 to 1984.

With regard to the two major areas of ERDF activity, as in previous years 1984 saw a very high rate of utilization of the appropriations available for support measures (99.8% of the commitment appropriations, i.e. 2 322 million ECU, and 97% of the payment appropriations, i.e. 1 326 million ECU), while in the field of specific (non-quota) regional development measures the main feature of the year was the launching of a second series of measures.

The report also covers the integrated operations under the Community's structural Funds.

Report on the implementation of the exceptional measure for Northern Ireland

112. On 8 October 1985 the Commission sent the Council in accordance with Article 9 of the Regulation in question, a report on the implementation of Council Regulation (EEC) No 1739/83 of 21 June 1983 introducing an exceptional Community measure to promote urban renewal in Northern Ireland (Belfast).¹ This report was drawn up on the basis of progress reports presented by the United Kingdom for 1983 and 1984, which were also forwarded to the Council.

On the whole, the conclusion is that the overall rate of progress on the work and the conditions in which this measure is being implemented are considered satisfactory.

D — DEVELOPMENT OF A COMMUNITY ENERGY POLICY

New Community energy objectives for 1995

113. In 1980 the Council adopted a Resolution² on Community energy policy objectives for 1990 and on the convergence of the policies of the Member

¹ OJ L 171, 29.6.1983.

² OJ C 149, 18.6.1980.

States, which called on the Commission to monitor progress towards these objectives. The examination of the national energy policies carried out by the Commission in 1984 stressed the need to lay down new objectives for a later date without waiting for 1990.

Accordingly, on 31 May 1985 the Commission forwarded to the Council a communication accompanied by a draft Council Resolution on new Community energy policy objectives for 1995 and the convergence of the policies of the Member States. The purpose of these objectives, which are both horizontal and sectoral, is to ensure that the Community's economic and social growth is based on a stable and effective energy economy.

This communication is currently being examined. It should be noted, however, that at its meeting on 20 June 1985 the Council, following a preliminary policy discussion, stressed the considerable importance of the communication and agreed that a detailed examination of its various features would be carried out by the relevant subordinate bodies, so that a report could be submitted to the Council at a forthcoming meeting.

114. In addition, at its meeting on 11 November 1985 the Council held a full exchange of views on certain key questions relating to these objectives, without prejudice to the opinion awaited from the European Parliament and that recently given by the Economic and Social Committee.

It instructed the Permanent Representatives Committee to pursue its work so that a draft Resolution could be submitted to the Council at its next meeting on energy.

With a view to facilitating subsequent work on this matter the President, in the light of the discussions, drew the following conclusions:

115. *Nature of the objectives*

1. These objectives will constitute guidelines for Community action and national policies and will provide significant guidance for energy producers and consumers in the Community.
2. While providing an ambitious reference framework, they must be sufficiently flexible to allow a response to changes which might affect the energy market.

116. *Presentation of the objectives*

1. It is acknowledged that, as in the past, certain quantified objectives, carefully selected according to the sectors to which they are to apply and concerning

the Community as such, are useful on the same basis as objectives of a more qualitative nature.

2. These quantified objectives will be expressed in a fairly flexible manner, in terms of orders of magnitude rather than in absolute values, so that they can be adjusted to substantial changes on the energy markets.

117. *Differentiation of objectives*

1. A distinction will be made between horizontal objectives and sectoral objectives.
2. With regard to sectoral objectives:
 - (a) they will cover:
 - (i) more efficient use of energy,
 - (ii) oil,
 - (iii) natural gas,
 - (iv) solid fuels,
 - (v) electricity production,
 - (vi) new and renewable resources of energy;
 - (b) in the course of preparations for the next Council meeting, suggestions made on a number of sectoral objectives at the present Council meeting will be taken into account.

118. *Monitoring*

1. The above objectives will constitute the necessary points of reference for the Commission in its regular examination of the progress achieved in each Member State and at Community level and the problems encountered in the pursuit of these objectives.
2. In this examination, the Commission will, in the light of the steps taken, have regard to the possibilities and constraints specific to each Member State.
3. The examination will be carried out within the framework of and in accordance with the procedures defined by the Council at its meeting on 13 November 1985 on energy questions.

4. It is acknowledged that it is desirable to step up the dialogue between the Commission and each Member State under review at the various stages of the examination of national policies. This could be accompanied by suggestions for additional measures and specific recommendations considered appropriate by the Commission.

Energy saving

PROGRAMMES OF THE MEMBER STATES

119. At its 903rd meeting on 15 January 1985, the Council formally adopted a Resolution on the improvement of energy-saving programmes in the Member States.¹

RATIONAL USE OF ENERGY IN THE BUILDING SECTOR

120. Referring to the Council Resolution of 9 June 1980 concerning new lines of action by the Community in the field of energy saving,² on 20 November 1984 the Commission forwarded to the Council a communication entitled 'A European policy for the rational use of energy in the building sector'.

Subsequent work on this communication enabled a Resolution to be drawn up on the rational use of energy in the building sector, which was adopted by the Council on 15 March 1985.³

Demonstration projects in the energy field

121. At its meeting on 20 December 1985 the Council adopted Regulation (EEC) No 3640/85 on the promotion, by financial support, of demonstration projects and industrial pilot projects in the energy field,⁴ which are a mainstay of the Community's energy strategy. These projects relate to the exploitation of alternative energy sources, energy saving, the substitution of oil and gas and the liquefaction and gasification of solid fuels.

¹ OJ C 20, 22.1.1985.

² OJ C 149, 18.8.1980.

³ OJ C 78, 26.3.1985.

⁴ OJ L 350, 27.12.1985.

This Regulation covers a four-year period, from 1 January 1986 to 31 December 1989. The overall appropriations considered necessary total 360 million ECU, part of which — about 30% — is earmarked for industrial pilot projects and demonstration projects in the field of solid fuels. The annual amounts will be charged to the general budget of the Communities.

Problems specific to the various energy sectors

SOLID FUELS

Development of Community policy

Community financial support for the solid-fuel industries in the Community

122. At its meeting on 15 March 1985 the Council heard an oral progress report from the Commission on its work in the field of solid fuels and was informed that the Commission would shortly forward a communication concerning Member States' national aid to the coalmining industry for which the arrangements, laid down in Decision No 528/76/ECSC of 25 February 1976, were due to expire on 31 December 1985.

The Council noted that it would be able to carry out an examination of the various aspects of the problems arising in connection with the development of a balanced policy on solid fuel and, for example, matters relating to investment in the producing industries in this sector.

At its meeting on 20 June 1985 the Council heard a further progress report from the Commission on its work relating to solid fuels and took note of the Commission's intention of forwarding shortly two communications concerning respectively:

- (i) the structure of the Community coal-mining industry and the future of financial support by the Member States in this field, together with a draft Commission Decision requiring the unanimous assent of the Council (as laid down in Article 95, first paragraph, of the ECSC Treaty);
- (ii) Community policy on solid fuels, in particular its achievements and its future problems.

Lastly, after an exchange of views at its meeting on 11 November 1985, the Council agreed to hold a meeting in the early months of 1986 on the various

aspects of solid fuels policy, taking account *inter alia* of the various ways and means of taking action in this area.

New Community rules for State aids to the coal industry

123. At its above-mentioned meeting on 11 November 1985, the Council held an initial policy debate on the new Community rules for State aids to the coal industry, to which the Commission had asked for the Council's assent under the first paragraph of Article 95 of the ECSC Treaty.

It instructed the Permanent Representatives Committee, in accordance with the guidelines agreed during this debate, to concentrate on drawing up the new arrangements as soon as possible.

Meanwhile, the Council agreed a common position on giving its unanimous assent (under Article 95, first paragraph, of the ECSC Treaty) to a second proposal for a Commission Decision (ECSC) on the temporary extension, until 1 July 1986, of the current arrangements applicable to financial assistance for the coal industry. The Council gave this unanimous assent at its meeting on 9 and 10 December 1985.¹

Coking coal and coke for the iron and steel industry in the Community

124. The arrangement for coking coal, which was last extended by Decision No 759/84/ECSC of 23 March 1984, is due to expire on 31 December 1986. However, this Decision expressly provided that for 1986 the maximum eligible tonnage (fixed at 10 million tonnes for 1984 and 1985) would be revised downwards before the end of 1985.²

At its meeting on 11 November 1985 the Council held an exchange of views on a proposal (under Article 95, first paragraph, of the ECSC Treaty) for a Commission Decision (ECSC) on the arrangement for coking coal and coke for the iron and steel industry in the Community relating to eligible tonnage for 1986.

In this connection it defined its position and noted the Commission's intention of forwarding, for assent, a new draft Decision (ECSC) which would take account of what had emerged during the discussion, namely the fixing of the eligible tonnage for 1986 at 8.5 million tonnes.

¹ OJ C 338, 31.12.1985.

² OJ L 80, 24.3.1984.

The Council's unanimous assent to this new draft Decision (ECSC) was given at the meeting on 28 November 1985.¹

Contribution to the ECSC from the general budget of the Communities to finance measures connected with the restructuring of the coal and steel industries – Social aspects (Coal)

125. On 28 August 1985 the Commission forwarded to the Council proposals for Decisions concerning contributions to the European Coal and Steel Community from the general budget of the Communities to finance measures connected with the restructuring of the coal and steel industries. These proposals, which are based on Article 235 of the EEC Treaty, comprise, as regards the social measures for the coal industry, the following:

- (i) a proposal covering measures connected with the restructuring of both the steel and coal industries and providing for an exceptional contribution totalling 265 million ECU, of which 60 million would be for the coal sector, as additional appropriations for the financing of accompanying social measures implemented during the period 1985-86;
- (ii) a specific proposal for 1985 involving an exceptional contribution to the ECSC, from the general budget of the Communities, totalling 60 million ECU.

At its meeting on energy on 11 November 1985 the Council discussed this matter, with particular reference to the specific proposal for 1985, and instructed the Permanent Representatives Committee to pursue its work on this proposal in line with the points made during the debate.

Investment aid under Article 54, second paragraph, of the ECSC Treaty

126. During the period under review the Council gave its unanimous assent, as requested by the Commission, in several cases relating to the financing of the following operations:

- (i) the granting of a reduced-interest industrial loan to finance a coal-handling terminal (assent of 11 February 1985);²
- (ii) the granting of a loan for co-financing the conversion from oil or gas to coal firing of boilers at Tate and Lyle Refineries (assent of 11 February 1985);²

¹ OJ C 328, 18.12.1985.

² OJ C 49, 21.2.1985.

- (iii) the partial financing of an investment project of VEW-Harpen Kraftwerk Werne oHG involving the construction of a 750 MW coal-fired generating unit (assent of 17 October 1985);¹
- (iv) co-financing of the replacement of oil-fired boilers by five coal-fired boilers at the Aylesford Paper Mills site of Reid Paper & Board (UK) Ltd (assent of 9 and 10 December 1985).²

Community surveillance of coal imports from non-member countries

127. In order to improve the contribution of the Member States to producing a clearer picture of the prices paid for steam coal imported from non-member countries for power stations in the Community, on 26 February 1985 the Representatives of the Governments of the Member States of the European Coal and Steel Community, meeting within the Council, adopted Decision 85/161/ECSC amending Decision 77/707/ECSC concerning Community surveillance of imports of hard coal originating in third countries.³

OIL AND GAS

Programme of support for technological development

128. In order to ensure the long-term security of supplies by encouraging technological development directly associated with prospecting for, extracting, storing or transporting oil and gas, in 1973 the Council adopted Regulation (EEC) No 3056/73⁴ providing for financial support from the Community. The amount allocated for this support and the projects for which it is granted are laid down each year in a Council Decision.

As in previous years this procedure was applied for 1985 when the Council, at its meeting on 28 October 1985, adopted a Decision allocating a total of approximately 42.5 million ECU as financial support for 63 projects.

These are projects which are particularly likely to speed up the development of resources and improve the storage and transportation of oil and gas within the

¹ OJ C 281, 2.11.1985.

² OJ C 338, 31.12.1985.

³ OJ L 63, 2.3.1985.

⁴ OJ L 312, 13.11.1973.

Community, and which could not have been carried out or would have had to be postponed if Community assistance were not given.

In addition some work was done on a broader basis in connection with the 1973 Regulation referred to above, the evaluation of the programme instituted under this Regulation, which had been in operation since 1974, having shown that it was desirable to continue this measure and to adapt it in the light of experience.

Accordingly, at its meeting on 20 December 1985 the Council adopted Regulation (EEC) No 3639/85 on a programme of support for technological development in the hydrocarbons sector.¹ This Regulation repeals the 1973 Regulation and amends its provisions in a number of ways concerning mainly the duration of the programme, the decision-making process, the definition of priority objectives and the procedure for implementing the programme.

The new programme covers the four-year period from 1 January 1986 to 31 December 1989.

The appropriations considered necessary under this Regulation total 140 million ECU.

The annual amounts are to be charged to the general budget of the Communities.

Registration of crude oil imports in the Community

129. Also in the oil and gas sector, it should be noted that on 26 November 1985 the Council adopted Regulation (EEC) No 3333/85² extending for a further 3 years the system of registration for crude oil imports with which the Community equipped itself in 1979 following the events in Iran.

This system, which was set up to monitor market price trends in periods of tension, has also proved to be a useful instrument for obtaining information in normal times on situations regarding crude oil supplies to the Member States and the Community.

It constitutes both an instrument for constantly analysing the market and also a means of monitoring price trends in the event of tension on the world market.

¹ OJ L 350, 27.12.1985.

² OJ L 318, 29.11.1985.

Furthermore, it forms part of the efforts being made by all industrialized countries to gain a better understanding of how the market operates.

Refining

130. (a) Developments in internal structures
- (b) Imports of petroleum products

At its recent meetings the Council has regularly discussed developments in the refining sector in the Community.

Following an exchange of views on this subject in the Council on 20 June 1985, guidelines were laid down on the need to continue:

- (i) collecting all kinds of information concerning this sector so as to have as complete a picture of developments as possible, in particular by speeding up the transmission of relevant information to the Commission;
- (ii) the current process of rationalization and modernization in the refining sector, while also taking account of distribution problems;
- (iii) urging the major industrialized trading partners, and particularly Japan, to cooperate in maintaining or, if need be, creating conditions of access to their respective markets which would allow the international trade in petroleum products to operate in a balanced way;
- (iv) maintaining contacts with the producer countries.

At its meeting on 11 November 1985 the Council took note of the encouraging developments at international level in relations between industrialized countries with regard to imports of refined products. It asked the Commission to continue its regular monitoring of the situation in this respect, with regard both to the internal market and to non-member countries, whether producers or importers, and to present a report as soon as possible.

SUBSTITUTE FUELS

131. Also with the aim of increasing the Community's self-sufficiency in energy, on 5 December 1985 the Council adopted a Directive on crude-oil savings through the use of substitute fuels.¹

¹ OJ L 334. 12.12.1985.

The purpose of this Directive is to reduce the quantity of crude oil used in the manufacture of petrol for motor vehicles by blending petrol produced from crude oil with substitute fuel components. These components can be produced from raw materials other than crude oil both inside and outside the Community, which considerably broadens the range of raw materials for the production of motor vehicle fuels.

E — TRANSPORT

132. In 1985 the Council held three meetings devoted to transport matters, on 23 May, 24 June and 14 November.

The Ministers for Transport also met informally in Taranto (Italy) on 5 March 1985.

The Council's meeting on 14 November 1985 marked an important step towards the creation of a common transport policy.

At this meeting the Council adopted a Community master plan covering the whole of the common transport policy. The Council also formulated the policy guidelines to be followed in implementing the common policy on intra-Community transport up to 1992.

During the year under review the Council also adopted new social legislation in the field of road transport and made a number of other important decisions on the development of the common transport policy.

Development of the common transport policy

COMMUNITY MASTER PLAN

133. At its meeting on 14 November, the Council adopted a general common transport policy programme (a 'master plan') which covers the whole of this policy — land, air and sea transport — and defines its framework. The Community master plan is based on the need to examine transport problems on an overall basis in order to improve the efficiency and profitability of this sector, with a view to the consolidation of the internal market, smooth integration, economic convergence and social progress.

The main objectives of the common transport policy laid down in this programme are to be achieved gradually between now and 31 December 1992, thus

contributing to the completion of the Community's internal market, of which the common transport policy is an essential component.

The Community master plan is made up of four major 'project areas', corresponding to the central problems of the common transport policy, namely:

- (i) the planning of infrastructure axes of Community interest;
- (ii) border crossing and transit;
- (iii) the organization of the transport market;
- (iv) internal transport safety.

The Council affirmed the prime importance of the points contained in the Community master plan for implementing the common transport policy. It considered that it would be necessary to examine as soon as possible and with great care the implications of putting these points into effect, so as to ensure that the measures adopted were the most appropriate ones for the objectives set. The Council instructed the Permanent Representatives Committee to draw up the measures necessary for implementing the common transport policy in accordance with the guidelines contained in the master plan.

COUNCIL POLICY GUIDELINES ON INLAND TRANSPORT

134. At its meeting on 14 November 1985 the Council laid down policy guidelines for the implementation of a common inland transport policy in accordance with the judgment handed down by the Court of Justice on 22 May 1985 in Case 13/83 and the conclusions of the Milan European Council of 28 and 29 June 1985.

These guidelines comprise:

- (i) creation of a free market with no quantitative restrictions by 1992 at the latest;
- (ii) during the transitional period, progressive adaptation of the bilateral quotas on a non-discriminatory basis, coupled with increases in Community quotas;
- (iii) elimination of distortions of competition during this period.

The Council requested the Permanent Representatives Committee to continue its work on this basis and on the basis of the Commission proposals.

Inland transport

HARMONIZATION OF SOCIAL LEGISLATION

135. At its meeting on 14 November 1985 the Council reached agreement on two Regulations amending, respectively, Regulation No 543/69 on the harmonization of certain social legislation in the field of road transport and Regulation No 1463/70 on recording equipment in road transport. At the same meeting the Council and the Representatives of the Governments of the Member States meeting within the Council adopted a draft Council Resolution on the implementation of the social Regulations.

These two Regulations and the Resolution were formally adopted by the Council on 20 December 1985.¹ The Regulations will come into force on 29 September 1986.

While safeguarding and extending the progress made in harmonizing the conditions of competition between inland transport companies, improving road safety and promoting better working conditions for drivers, the aim of the new Regulations is to allow flexibility in the provisions of these two Regulations without undermining their objectives.

Accordingly the amended Regulations provide in particular for:

- (i) a longer driving day, coupled with a shorter maximum driving time per period of two weeks, which should assist in the management of transport businesses while contributing to social progress;
- (ii) an amendment to the provisions concerning breaks from driving to take account of the lengthening of the daily driving time;
- (iii) a longer weekly rest period with a view to encouraging social progress and road safety, with provision for the driver to be able to split up his daily rest period in order to make it easier to plan trips.

In view of the experience gained in applying the rules, the new Regulations also contain provisions regarding exemptions and derogations for certain categories of vehicles. In addition, in order to make it easier for drivers to organize their work and to improve checking, they provide for the replacement of the flexible week by the fixed week and make it compulsory to install and use tachographs in regular international passenger transport, except for certain border services.

¹ OJ L 370, 31.12.1985 and OJ C 348, 31.12.1985.

The Council also agreed to make a periodic examination, on the basis of the reports to be drawn up by the Commission under the new arrangements, of the implementation of these Regulations in the light of developments in this field.

Since the objectives set can only be attained if the Regulations are correctly implemented and it is for the Member States to take the necessary measures, the Resolution of 20 December 1985 contains recommendations to the Member States concerning the organization of checks, the penalties to be imposed in the event of failure to comply with the provisions of the Regulations and measures concerning the communication of information.

EUROPEAN ROAD SAFETY YEAR (1986)

136. On 14 November 1985 the Council and the Representatives of the Governments of the Member States of the European Communities meeting within the Council adopted conclusions concerning European Road Safety Year (1986)¹ and future Community road safety measures.

In view of the fact that road accidents present a particularly serious problem, the Community wished in this way to make its contribution to improving road safety, adding its initiatives to those taken both nationally and under the aegis of other public or private international organizations.

The Council approved measures under two main headings — awareness programmes, and legislation and research. The Member States expressed their firm intension of cooperating with each other and with the Commission to ensure the success of Road Safety Year in the Community.

COMMUNITY QUOTA — AMENDMENT CONSEQUENT ON THE ENLARGEMENT OF THE COMMUNITY

137. On 20 December 1985 the Council adopted a Council Regulation amending Regulation (EEC) No 3164/76 on the Community quota for the carriage of goods by road between Member States.²

¹ See the Resolution of the Council and of the Representatives of the Governments of the Member States of the European Communities meeting within the Council of 19 December 1984 concerning road safety, which provided *inter alia* that 1986 should be Road Safety Year in the Community (OJ C 341, 21.12.1984, p. 1).

² OJ L 354, 30.12.1985.

Under this Regulation 517 Community authorizations were allocated to Spain and 179 to Portugal; for 1986 these figures were increased by 30% since the enlargement of the Community results in an expansion of the road haulage market. Similarly, the Regulation provides for a 7.5% increase in authorizations for the ten existing Member States in 1986.

SYSTEM OF ISSUING TRANSPORT AUTHORIZATIONS

138. On 14 November 1985 the Council adopted a Regulation amending Regulation (EEC) No 3164/76 on the Community quota for the carriage of goods by road between Member States.¹

On the same date the Council adopted a Directive amending Directive 65/269/EEC on the standardization of certain rules relating to authorizations for the carriage of goods by road between Member States.¹

The purpose of this Regulation and this Directive is to put an end to the difficulties encountered in the use of transport authorizations for traffic between the Member States for certain coupled combinations of vehicles, in particular those where the tractor and trailer are registered in different Member States. They extend the system of issuing authorizations in respect of tractors to include coupled combinations of vehicles. These texts thus introduce uniform rules at Community level for the issuing of these authorizations.

WEIGHTS AND DIMENSIONS OF ROAD VEHICLES

139. Further to Council Directive 85/3/EEC of 19 December 1984 on the weights, dimensions and certain other technical characteristics of certain road vehicles,² at the end of October 1985 the Commission presented a communication containing new suggestions, to enable the Council to reach a decision on the figure to be adopted for the weight on the driving axle of five- or six-axle combined vehicles, including the weight on a driving axle forming part of a tandem axle or a tri-axle.³

At its meeting on 14 November 1985 the Council took note of the Commission communication and instructed the Permanent Representatives Committee to

¹ OJ L 309, 21.11.1985.

² OJ L 2, 4.1.1985.

³ See 32nd Review, paragraph 168.

continue its efforts to resolve this question with a view to enabling the Council to take a decision as soon as possible.

NAVIGATION OF THE RHINE

140. At its meeting on 17 October 1985 the Council adopted Regulation (EEC) No 2919/85 laying down the conditions for access to the arrangements under the Revised Convention for the navigation of the Rhine relating to vessels belonging to the Rhine Navigation.¹

The main aim of this Regulation is to give effect in the Community to the implementing Resolution adopted by the Central Commission for the Navigation of the Rhine.²

Under the terms of this Resolution only vessels belonging to the Rhine Navigation, i.e. those which have a genuine link with a contracting State, will continue to enjoy the freedom to use the Rhine. The fleets of the other Member States of the Community will receive equal treatment.

COMBINED TRANSPORT

141. On 29 January 1985 the Council adopted Decision 85/95/EEC approving on behalf of the Community the Agreement between the European Economic Community and the Kingdom of Spain on the international combined road/rail carriage of goods.^{3,4}

The aim of the Agreement is to promote the development of the combined road/rail carriage of goods between the Community and Spain by removing quantitative restrictions and exempting it from certain administrative provisions.

RELATIONS WITH AUSTRIA ON LAND TRANSPORT

142. In connection with the negotiations on transport which have been in hand between the Community and Austria since 1981,⁵ at its meeting on 24 June

¹ OJ L 280, 22.10.1985.

² See 32nd Review, paragraph 176.

³ OJ L 34, 7.2.1985. This Agreement was signed in Brussels on 14 December 1984.

⁴ 29th Review, paragraph 170.

⁵ 32nd Review, paragraph 186.

1985 the Council noted with interest the proposal from the Commission that discussions should be opened with Austria on railways and combined transport. At its meeting on 14 November 1985 the Council approved the framework within which the Commission will hold discussions with the Austrian authorities on cooperation in these two fields.

Sea transport

MARITIME MEMORANDUM FROM THE COMMISSION

143. On 19 March 1985 the Commission forwarded to the Council a communication entitled 'Progress towards a common transport policy — Maritime transport'.¹ This supplements previous communications from the Commission on land transport and air transport.

At its meeting on 24 June 1985 the Council held a thorough exchange of views on the Commission's memorandum.

At the end of this discussion the Council agreed, in view of the gravity of the crisis affecting the fleets of the Member States, to give priority to examining the proposals of the Commission relating to free access to ocean traffic, freedom to provide services, rules of competition and unfair pricing practices. The Council would examine at a later date the proposals relating to the consultation procedure on maritime matters and the definition of the concept of a shipping line, as well as all the other aspects raised by the Commission's communication.

At its meeting on 14 November 1985 the Council held an initial exchange of views on the four most important proposals and the suggestions put forward by certain delegations regarding the creation of a Community maritime area.

RELATIONS WITH NON-MEMBER COUNTRIES ON MARITIME AFFAIRS

144. The Council and the Member States — together, in certain cases, with Scandinavian countries which are not members of the Communities — took steps in respect of certain non-member developing countries whose conduct was such as to impede the development of harmonious international maritime relations.

¹ The Commission communication is reproduced in the *Bulletin of the European Communities*, Supplement 5/85. The proposals annexed to the communication appear also in OJ C 212, 23.8.1985.

Air transport

145. At its meeting on 11 and 12 December 1984 the Council had instructed the Permanent Representatives Committee to make a detailed study of the possibilities for adapting the existing system of intra-Community air transport so as to give more flexibility and thus ensure greater efficiency in economic and social terms.¹

At its meeting on 14 November 1985, on the basis of an interim report by the Presidency, the Council held an exchange of views on the progress made in this sector. It confirmed the prime importance it attaches to the simultaneous adoption of Community measures in the fields of capacity, fares and competition.

The Council instructed the Permanent Representatives Committee to continue its examination of the proposals contained in the Commission's memorandum on air transport.

F — RESEARCH

Science and technology

DEVELOPMENT OF A COMMON POLICY IN THE COMMUNITY

146. Two Council meetings on research were held in 1985, on 4 June and 10 December.

At its meetings in 1985 the Scientific and Technical Research Committee (Crest) delivered opinions on the programmes proposed to the Council by the Commission in the following fields:

- (i) R&D programme in the field of advanced communications technologies (RACE) — definition phase;
- (ii) multiannual research action programme on materials (raw materials and advanced materials — 1986-89);
- (iii) R&D programme in the field of the environment (1986-89).

Research programmes

NUCLEAR AND NON-NUCLEAR PROGRAMMES

147. In 1985, the Council adopted 8 multiannual research programmes involving 1 239 million ECU in commitment appropriations (see table below).

¹ 32nd Review, paragraph 183.

**Table of research programmes
adopted by the Council during 1985**

Field	Date of decision	Expenditure (million ECU)	Staff	Duration (years)	OJ reference
1. Radiation protection	12.3.1985	58	57	5	L 83, 25.3.1985
2. Non-nuclear energy	12.3.1985	175	40	4	L 83, 25.3.1985
3. Stimulation of European scientific and technical cooperation and interchange	12.3.1985	60	12	4	L 83, 25.3.1985
4. Brite	12.3.1985	125	25	4	L 83, 25.3.1985
5. Controlled thermonuclear fusion	12.3.1985	690	270	5	L 83, 25.3.1985
6. Biotechnology	12.3.1985	55	15	5	L 83, 23.3.1985
7. Management and storage of radioactive waste	12.3.1985	62	12	5	L 83, 25.3.1985
8. Advanced communications technologies for Europe (RACE) (Definition phase)	25.7.1985	14 ¹	12	1.5	L 210, 7.8.1985
9. Tritium-handling laboratory	25.7.1985 ²	(12.5) ²	—	—	L 210, 7.8.1985

¹ Funds estimated necessary for Part II of the project.

² This programme will be implemented by the Joint Research Centre (JRC) and supplements Decision 84/1/Euratom, EEC on the multiannual research programme to be carried out by the JRC.

ECSC

148. In order to encourage technical and economic research aimed at improving methods for the production, beneficiation and utilization of coal in the Community, on 23 May 1985 the Council gave its assent as requested by the Commission under the terms of Article 55 (2) (c) of the ECSC Treaty to the allocation of financial support, out of funds derived from the levies, amounting to 23 629 500 ECU for two research programmes on mining engineering and the beneficiation and utilization of coal. A sum of 70 000 ECU has been set aside for the dissemination of information. The overall cost of the two programmes, including the portion to be borne by the contracting parties, totals 39 382 500 ECU.

EXTERNAL RELATIONS

Cooperation with US-DoE

149. On 25 July 1985 the Council took note of the Commission's intention of signing, in accordance with Article 101(3) of the ECSC Treaty, two Cooperation Agreements with the United States Department of Energy (US-DoE) concerning:

- (i) investigation of toroidal physics in and plasma technologies for tokamaks with poloidal field diverters;
- (ii) development of the stellarator concept in the field of thermonuclear fusion research and development.

Cooperation with the IEA

150. On 1 October 1985 the Council took note of the Commission's intention of participating on behalf of the Community in Annex IX to the IEA Agreement on an R&D programme for energy conservation in buildings and community systems.

European cooperation in the field of scientific and technical research (COST)

151. On 18 February 1985 the Council adopted a Decision concerning the concluding of the Cooperation Agreement between the Community and the

Swiss Confederation on research and development in the field of wood as a renewable raw material.

Also on 18 February 1985 the Council adopted a Decision concerning the concluding of the Agreement between the Community and the Kingdom of Sweden on three concerted action projects in the fields of hearing impairment, thrombosis and disabilities, and nutrition.

On 2 April 1985 the Council adopted Decisions authorizing the Commission to open negotiations with a view to concluding framework agreements on scientific and technical cooperation with the Kingdom of Sweden and the Swiss Confederation.

The Council approved the concluding of these framework agreements on 4 November 1985.

On the basis of the COST cooperation procedures, on 16 July 1985 the Council adopted Decisions concerning the concluding of Community-COST concertation agreements on:

- (i) a concerted-action project on the use of lignocellulose-containing by-products and other plant residues for animal feeding (COST Project 84 bis);
- (ii) a concerted-action project on the effects of processing and distribution on the quality and nutritive value of food (COST Project 91 bis).

On 25 July 1985 the Council adopted a Decision concerning the conclusion of the Cooperation Agreement between the Community and the Kingdom of Norway on an R&D programme in the field of metals and mineral substances.

On 4 November 1985 the Council adopted Decisions authorizing the Commission to open negotiations with a view to concluding framework agreements on scientific and technical cooperation with the Republic of Finland and the Kingdom of Norway.

On 4 November 1985 the Council adopted a Decision concerning the concluding of a Community-COST concertation agreement on a concerted-action project in the field of teleinformatics (COST Project 11 ter).

On 26 November 1985 the Council adopted a Decision concerning the concluding of a Community-COST concertation agreement on a concerted-action project in the field of artificial intelligence and pattern recognition (COST Project 13).

Cooperation with AECL

152. On 4 November 1985 the Council took note of a communication from

the Commission on the renewal of the Cooperation Agreement with Atomic Energy of Canada Limited (AECL) on research in the field of nuclear waste management concluded by the Commission under Article 101, third paragraph, of the EAEC Treaty.

International scientific and technical cooperation

153. On 13 June 1985 the Council noted the Commission's intention of signing the Joint Memorandum of Understanding for the implementation of a project for international scientific and technical cooperation on advanced materials and standards (Vamas). This project is one of those chosen by the Working Party on Technology, Growth and Employment set up by the Heads of State or Government at the Western Economic Summit in Versailles in June 1982.

G — ENVIRONMENT

Introduction

154. In 1985 the Council held three meetings specifically devoted to the environment, on 7 and 20 March, 27 June and 28 November.

At these meetings the Council adopted a number of Directives and Decisions. Further to the discussions held at the meetings, agreement in principle was reached on other acts which were formally adopted later (see paragraphs 155 to 161).

The Council also continued its work at these meetings on other proposals from the Commission (see paragraph 162).

In addition the Council acted on behalf of the Community in a number of matters at international level (see paragraphs 163 to 171).

Directives and Decisions adopted by the Council during 1985

DIRECTIVE ON AIR QUALITY STANDARDS FOR NITROGEN DIOXIDE¹

155. This Directive, which had been approved in principle at the meeting of the Council on 6 December 1984, was formally adopted on 7 March 1985.

¹ OJ L 87, 27.3.1985.

The Directive fixes a limit value and guide values for atmospheric nitrogen dioxide, with a view above all to protecting human health and also contributing to the protection of the environment. It is part of the series of measures to reduce air pollution which are under discussion in the Council, concerning in particular exhaust gases from motor vehicles, combustion plants, lead in petrol etc.

DIRECTIVE ON THE APPROXIMATION OF THE LAWS OF THE MEMBER STATES CONCERNING THE LEAD CONTENT OF PETROL¹

156. This Directive, on which the Council had established a common position on 6 December 1984, was adopted on 20 March 1985. It provides for the mandatory introduction of unleaded petrol in the Community from October 1989 and for an accompanying reduction in the lead content of leaded petrol, with a view to improving the health protection of the population and allowing the application of certain anti-pollution technologies for motor vehicles.

DECISION ON THE ADOPTION OF THE COMMISSION WORK PROGRAMME CONCERNING AN EXPERIMENTAL PROJECT FOR GATHERING, COORDINATING AND ENSURING THE CONSISTENCY OF INFORMATION ON THE STATE OF THE ENVIRONMENT AND NATURAL RESOURCES IN THE COMMUNITY²

157. The purpose of this Decision, which was formally adopted on 27 June 1985 after having been approved in principle by the Council on 6 December 1984, is to improve the comparability and availability of data concerning certain areas which are considered to be of prime importance for the protection of the environment, such as acid deposition, specially protected biotopes and the Mediterranean region, by establishing an appropriate methodological framework for gathering the data and for studying the interaction of environmental phenomena and monitoring the development of the environment.

DIRECTIVE ON CONTAINERS OF LIQUIDS FOR HUMAN CONSUMPTION²

158. The purpose of this Directive, which was adopted on 27 June 1985, is to reduce the environmental impact of the containers in question and at the same

¹ OJ L 96, 3.4.1985.

² OJ L 176, 6.7.1985.

time reduce energy and raw material consumption by taking measures relating to the production, marketing, use, recycling and refilling of containers and to consumer education in this field.

DIRECTIVE ON THE ASSESSMENT OF THE EFFECTS OF CERTAIN PUBLIC AND PRIVATE PROJECTS ON THE ENVIRONMENT¹

159. This Directive, which was adopted on 27 June 1985, represents an important step forward in the protection of the environment. It introduces general principles for the assessment of the environmental impact of certain projects likely to have a major effect on the environment. Application of these principles is compulsory for projects such as refineries, thermal power stations, ports, motorways, waste disposal and storage installations, large chemical installations and installations for the extraction of asbestos. Whether certain infrastructure projects in agriculture and a wide range of industrial sectors should be submitted to this assessment remains at the discretion of the Member States.

DIRECTIVE AMENDING DIRECTIVE 83/129/EEC CONCERNING THE IMPORTATION INTO MEMBER STATES OF SKINS OF CERTAIN SEAL PUPS AND PRODUCTS DERIVED THEREFROM²

160. This Directive, which was adopted on 27 September 1985, extends for a further four years the ban on imports of skins of seal pups, on the understanding that the situation will be re-examined on the basis of developments in data on the conservation of the species concerned and on the economic aspects of the market in skins.

DIRECTIVE AMENDING FOR THE SIXTH TIME DIRECTIVE 76/769/EEC ON THE APPROXIMATION OF THE LAWS, REGULATIONS AND ADMINISTRATION PROVISIONS OF THE MEMBER STATES RELATING TO RESTRICTIONS ON THE MARKETING AND USE OF CERTAIN DANGEROUS SUBSTANCES AND PREPARATIONS³

161. This Directive, which was adopted on 1 October 1985, provides for a substantial strengthening of Community legislation on the marketing and use of PCBs and PCTs, which constitute serious risks to health and the environment.

¹ OJ L 175, 5.7.1985.

² OJ L 259, 1.10.1985.

³ OJ L 269, 11.10.1985.

**Other Commission proposals
examined by the Environment Council in 1985**

162.

- (i) Proposal for a Council Directive on limit values and quality objectives for discharges of certain dangerous substances included in List I in the Annex to Directive 76/464/EEC.
- (ii) Proposal for a Directive laying down the harmonization procedures for harmonizing programmes for the reduction and eventual elimination of pollution caused by waste from the titanium dioxide industry.
- (iii) Proposal for a Council Decision amending Decision 81/971/EEC establishing a Community information system for the control and reduction of pollution caused by hydrocarbons discharged at sea.
- (iv) Proposal for a Directive on the limitation of the emissions of pollutants into the atmosphere from large combustion plants.
- (v) Proposal for a Directive on the approximation of the legislation of the Member States on measures to be taken against air pollution by gases from engines of motor vehicles.

The Environment Council devoted a large part of its time to finalizing this Directive, which aims to introduce into Community legislation stricter standards for the protection of the environment corresponding to those in force in the United States.

The Council managed to work out a solution, but this formula is still subject to a reservation on the part of one delegation, while a second has given its conditional approval.

The 1983 Directive with the current standards, which are much less strict, will remain in force as long these reservations are maintained.

- (vi) Proposal for a Council Directive amending Directive 75/716/EEC on the approximation of the laws of the Member States relating to the sulphur content of certain liquid fuels (fuel oil).
- (vii) Proposal for a Council Directive on the use of sewage sludge in agriculture.

Work at international level

TEXTS ADOPTED BY THE COUNCIL

163. The Council adopted a series of texts concerning the signing of international conventions or otherwise relating to such conventions:

On 20 March 1985 the Council adopted a Decision concerning the signing of a Global Framework Convention on the Protection of the Ozone Layer.¹

This Convention, which seeks to protect human health and the environment against any harmful effects of human activities on the ozone layer, was signed by the Community in Vienna on 22 March 1985.

At the same meeting a resolution was adopted concerning the continuation of work on chlorofluorocarbons.

On 30 July 1985 the Council adopted a Regulation amending the Regulation on the implementation in the Community of the Washington Convention (see paragraph 167) in respect of cyclamens.²

On 20 December 1985 the Council adopted a Decision concerning the approval on behalf of the Community of programmes and measures relating to mercury and cadmium discharges under the Paris Convention for the Prevention of Marine Pollution from Land-based Sources.³

WORK IN INTERNATIONAL ORGANIZATIONS

164. In accordance with the action programmes on the environment, the Member States and the Commission representatives acted together during 1985 on the work undertaken by international organizations regarding environmental matters.

United Nations Environment Programme (UNEP)

Governing Council of the UNEP

165. The 13th session of the Governing Council of the UNEP was held in Nairobi in May 1985.

¹ This Decision was not published in the Official Journal.

² OJ L 231, 29.8.1985.

³ OJ L 375, 31.12.1985.

The Community took part in work of this session, which dealt with administrative and budgetary problems and with the implementation of the plan to combat desertification.

Barcelona Convention on the Protection of the Mediterranean against Pollution

166. The Community took part in the fourth meeting of the Contracting Parties to the Convention, which was held in Genoa in September 1985. The meeting resulted in the adoption of recommendations concerning in particular bathing waters and quality standards in respect of mercury, and of a Declaration on the second 10 years of the Convention.

Washington Convention on International Trade in Endangered Species of Wild Flora and Fauna

167. The Community took part as an observer¹ in the fifth meeting of the Conference of the Contracting Parties, which was held in Buenos Aires in April 1985. At this meeting several important resolutions and decisions were adopted, concerning in particular the list of species covered by the Convention.

Bonn Convention on the Conservation of Migratory Species of Wild Animals

168. The first meeting of the Conference of the Contracting Parties, of which the Community is one, was held in Bonn in October 1985. It adopted a number of recommendations and resolutions concerning the administrative and financial aspects of the implementation of the Convention and the question of widening its scope to include several additional species.

United Nations Economic Commission for Europe (ECE)

Government Advisers on environmental problems

169. The Community took part in the work of the 13th meeting of this body, which was held in Geneva in March 1985. The Advisers made a general review

¹ The Community is not yet a Contracting Party to the Convention, has certain powers under the terms of the Regulation providing for the implementation of the Convention in the Community (Regulation (EEC) 3626/82; see also paragraph 163).

of the environment policies and strategies of the ECE countries, including the long-term prospects. In addition they held an exchange of views on the problems connected with evaluating environmental impact and those concerning waste, the protection of flora and fauna and the protection of trans-boundary waters;

Executive Body of the Geneva Convention on Long-range Transboundary Air Pollution

170. At the third meeting of the Executive Body in Helsinki in July 1985, which was attended by the Community, a Protocol was signed by 21 Contracting Parties, including eight Member States of the Community, on reducing sulphur emissions or transboundary sulphur flows by 30%.

In addition, the Executive Body agreed to set up a Working Party on the reduction of nitrogen oxide emissions.

Organization for Economic Cooperation and Development (OECD)

171. The Community took part in the OECD's work on the environment, in particular at the meetings of the Environment Committee, which met at ministerial level in June 1985.

Its work concerned the relationship between management of the environment and economic development, movements of dangerous waste across frontiers, noise abatement, combatting air pollution from fossil fuels, questions relating to the environment and development aid, and environment-friendly energy options.

H — OTHER MATTERS

Education

172. The Council and the Ministers for Education meeting within the Council held their 12th meeting in Luxembourg on 3 June 1985. At the end of the meeting the Council and the Ministers for Education, meeting within the Council, adopted a Resolution containing an action programme on equal opportunities for girls and boys in education.¹

¹ OJ C 166, 5.7.1985.

The Member States undertook to implement a number of measures in this field and the Commission, within the scope of the powers vested in it, is to contribute to the launching and smooth operation of the programme.

At the same meeting the Council and the Ministers for Education meeting within the Council reached agreement on conclusions regarding ways of improving the treatment of the European dimension in education.

The measures to be taken under these conclusions concern:

- (i) in promotion of foreign language teaching as a major factor in strengthening the European Community;
- (ii) the promotion of measures to encourage contacts between pupils from different countries;
- (iii) highlighting the European dimension in curricula, teacher-training courses and teaching material;
- (iv) European awareness day.

The Council and the Ministers for Education meeting within the Council also adopted, on 5 December 1985, a resolution extending for one year the measures taken to improve the preparation of young people for work and to facilitate their transition from education to working life.¹

Culture

173. The Council and the Ministers responsible for Cultural Affairs held two meetings in 1985. The work of the first meeting, on 28 May, culminated in the adoption, by the Ministers meeting within the Council, of three Resolutions on cooperation on cultural matters, namely:²

- (i) the organization of the annual event 'European City of Culture' (setting out the aim and content, the selection criteria, and the organization and finance of the event);
- (ii) events including European audio-visual productions in third countries (with a view to promoting both the cultural and the economic interests of the Member States);

¹ OJ C 328, 28.12.1985.

² OJ C 153, 22.6.1985.

- (iii) a European sculpture competition (with the aim above all of encouraging young European sculptors and intensifying the exchange of works of sculpture throughout the Community).

174. A fourth Resolution adopted by the Council and the Ministers responsible for Cultural Affairs meeting within the Council concerns collaboration between libraries in the field of data-processing¹ and seeks, within the framework of the Community programme for the development of the specialized information market in Europe, to set up in particular a system which would enable the computerized catalogues in European libraries to be linked up.

175. The meeting on 20 December 1985 led to the adoption of two Resolutions of the Ministers responsible for Cultural Affairs meeting within the Council, concerning respectively:

- (i) the establishment of transnational cultural itineraries² (with a view to studying and setting up itineraries of European interest by encouraging cooperation across frontiers between the authorities of the Member States);
- (ii) access for young people to museums and cultural events³ (with a view to extending, or to encouraging the competent authorities of the Member States to extend, to young people of all the other Member States the special admission rates or reduced prices enjoyed by their young nationals).

176. At these two meetings the Council and the Ministers responsible for Cultural Affairs meeting within the Council also discussed two other major questions:

- (i) Development of the European audio-visual programmes industry

The exchanges of views showed that the ministers were in sympathy with the aims of the Commission's proposal concerning a Community aid scheme for non-documentary cinema and television coproductions. However, more thorough discussion was necessary to determine the best means of achieving these objectives, and accordingly the Commission was invited to examine how the various positions expressed by the delegations could be taken into account.

¹ OJ C 271, 21.10.1985.

² OJ C 44, 26.2.1986.

³ OJ C 348, 31.12.1985.

In addition it was understood that the Commission would continue its studies on the European audio-visual programmes industry, taking account of the obstacles to the completion of the internal market in this industry and of the need to encourage joint ventures by the industry and the movement of products across frontiers and language barriers. Its proposals on the matter would have to take into account the specific nature of the cultural sector.

(ii) Action on books

On the basis of its communication, the Commission was invited to draw up proposals in this field, taking account of the views expressed by the various delegations.

Health

177. With regard to health, the informal meeting of the Ministers for Health held in Venice on 2 and 3 May 1985 took stock of work in hand at Community level and of the particular interests of certain Member States.

Subsequently, the Milan European Council on 28 and 29 June 1985 recognized the primordial role of health in a People's Europe and, in adopting the suggestions made by the *ad hoc* Committee on a People's Europe and those put forward by the French Government, laid down a framework for future work by the Community bodies.

However, the Council made only modest progress in this field owing, in particular, to the fact that certain Member States still had difficulty in accepting any Community responsibility for health matters.

178. During the year, progress of a technical nature was made on three matters:

- (i) proposal for a Directive/recommendation on the protection of dialysis patients by minimizing exposure to aluminium;
- (ii) draft Resolution concerning a Community action programme in the field of toxicology for health protection purposes;
- (iii) draft recommendation on a European emergency health card.

In addition, work started on examining a draft Resolution on an action programme of the European Communities on the prevention of cancer.

Lastly, the Ministers reaffirmed their interest in measures to combat drug addiction.

The Council also held exchanges of views of a general nature on Community consumer policy, with particular regard to the fresh impetus which the Commission intends to give to this policy.

Consumer protection

179. In 1985 the Council adopted, under the second Community programme for a consumer protection and information policy, a Directive to protect the consumer in respect of contracts negotiated away from business premises.¹

This Directive, which was adopted on 20 December 1985, aims essentially to protect consumers when contracts are signed as a result of doorstep selling or in other circumstances where the trader takes the initiative away from his business premises (excursions organized by the trader, visits to the place of work, etc.), by providing that consumers may have time to consider the matter before the purchase is confirmed.²

The Directive does not cover contracts concerning construction, the sale or rental of real estate, mail order sales subject to certain conditions, insurance contracts, contracts relating to securities, or contracts relating to the supply of certain everyday consumer goods delivered at regular intervals.

The Member States are free to adopt or maintain any provisions which they consider to give greater consumer protection in the field covered by the Directive.

180. In 1985 the Council held two meetings on consumer policy, on 21 May and 12 December. These were joint meetings on the internal market and consumers.

At these two meetings it considered the questions raised by the following proposals:

- (i) proposal relating to the approximation of the laws, regulations and administrative provisions of the Member States in respect of consumer credit;
- (ii) proposal for a Directive amending Directive 79/581/EEC on consumer protection in the indication of the prices of foodstuffs;
- (iii) proposal for a Directive on consumer protection in the indication of the prices of non-food products;
- (iv) proposal for a Decision on the establishment of a Community information system for accidents involving products for human consumption.

¹ OJ L 372, 31.12.1985.

² For the Directive on liability for defective products see paragraph 71 of this Review.

Chapter IV: External relations and relations with the associated States

A — ENLARGEMENT OF THE COMMUNITY

181. In the Conference between the European Communities and Portugal, as in the Conference with Spain, the negotiating parties had committed themselves at the end of December 1984 to continuing exploratory talks on the various matters still outstanding at that time.¹ The Commission made intensive efforts to press forward with these talks, with the result that by the end of January both Conferences, meeting at ministerial level, were able to make an overall assessment of the negotiations, take note of the progress made and hold detailed exchanges of views on possible solutions to the remaining problems, in particular in the fields of agriculture, fisheries and social affairs. At this point the Community and its two partners recognized the absolute necessity of concluding essential points in the accession negotiations during March, before the meeting of the European Council, and they undertook to make every effort to achieve this objective.

In addition, as agreed in both Conferences in December 1984, a drafting group began work in January on drawing up a single Treaty of Accession for Portugal and Spain.

182. In mid-February the Council held a wide-ranging debate on proposals submitted by the Commission concerning agriculture, fisheries and social affairs. In the light of this debate, the President-in-Office of the Council Mr Giulio Andreotti, Foreign Minister of the Italian Republic, and the Commission, represen-

¹ See 32nd Review, paragraphs 235 and 236.

ted by its Vice-presidents Mr Lorenzo Natali and Mr Franz Andriessen, held detailed exploratory discussions firstly with the Spanish delegation headed by Mr Fernando Moran, Foreign Minister, and subsequently with the Portuguese delegation headed by Mr Ernani Rodrigues Lopez, Minister for Finance and for the Plan. These were followed, on 19 and 20 February, by a session of each Conference at ministerial level. These meetings provided an opportunity of assessing the areas in which the parties' positions had moved closer together, in particular with regard to agriculture and social affairs, and identifying the remaining difficulties, in particular on fisheries, and various avenues were explored in an effort to find solutions. The parties confirmed their resolve to finalize the essential aspects of the negotiations by the end of March.

Accordingly, a special additional meeting of the Council was held on 28 February. At this meeting the Council concentrated on the complex problems raised by the fisheries question. It instructed the Permanent Representatives Committee to continue its work on this matter and on the other outstanding questions.

On the basis of the conclusions reached in this work, to which considerable effort was devoted during the first half of March, the Council spent five days, from 17 to 21 March, drawing up solutions for the major areas still unsettled in the negotiations, namely fisheries, agriculture and social affairs, together with the integration of the two applicant countries into the system of own resources. At the same time, and in the light of these discussions, the Presidents of the Council and the Commission held intensive discussions with the Spanish delegation on the one hand and the Portuguese delegation on the other, shuttling continuously between the two. As a result of these discussions a basis was found for agreement on most of the questions raised. However, noting that a number of difficult problems still remained, the Council proposed holding a further session at which negotiations would be resumed in the context of the two Conferences.

This session began on 27 March and, in each Conference, the Community and its partners reached agreement on the major topics referred to above on 28 and 29 March.

In its conclusions of 29 and 30 March the European Council, meeting in Brussels, noted 'with great satisfaction that the essential points in the accession negotiations with Spain and Portugal have now been settled, as a result, in particular, of the considerable effort made by all parties in the week leading up to the European Council resulting in solutions to the key issues of fisheries, agriculture, social affairs and the own resources system'.

It called on 'the Community bodies, together with the applicant countries, to complete the drafting of the Accession Treaty as soon as possible so that the

actual enlargement of the Community could take place on 1 January 1986 in accordance with the political resolve repeatedly expressed at the highest level'.

183. Following this meeting of the European Council, on 17 April the President-in-Office, Mr Bettino Craxi, President of the Council of Ministers of the Italian Republic, gave the European Parliament a progress report on the accession negotiations with Spain and Portugal.

During April and May work continued without interruption and with exceptional intensity at deputy minister level, in an effort to resolve a large number of outstanding problems in the negotiations with each country, not only on agriculture but also on various other matters. To this end, the President-in-Office of the Permanent Representatives Committee, Mr Pietro Calamia, together with the Commission, held talks with the delegations of each applicant country, shuttling continuously between the two. Simultaneously, the drafting team made progress, on the basis of drafts forwarded at intervals by the Commission's departments, on drawing up the Acts of Accession.

The Council was kept informed of progress in the negotiations, and in April, with the prospect of their coming to a rapid conclusion, it held a policy debate on this matter. On 20 May it noted that the negotiations with Portugal were practically complete and asked the Permanent Representatives Committee to settle the few matters still outstanding with Spain within the next few days. With the agreement of both applicant countries, it decided to fix 12 June as the date for signing the Accession Treaty.

Intensive negotiations continued without interruption during the first seven days of June. On 6 and 7 June each Conference reached an agreement, at deputy minister level, on the various problems which had still remained to be settled at the end of March. The drafting group finalized its text of the instruments of accession on 10 June. On 11 June the Council, in the light of the opinion of the European Parliament, expressed in its Resolution of 8 May 1985, on the conclusion of the negotiations with Portugal and Spain and of the Commission's opinion of 31 May 1985 on the applications of these two countries for accession to the European Communities, adopted the Decision on the admission of the Kingdom of Spain and the Portuguese Republic to the European Economic Community and the European Atomic Energy Community, together with the Decision on their accession to the European Coal and Steel Community.

184. The signing of the acts relating to the accession of the Kingdom of Spain and of the Portuguese Republic took place on 12 June 1985, in the morning in Lisbon in the cloister of the Monastery of Jeronimos, and in the evening in Madrid at the Royal Palace in the presence of King Juan Carlos.

These ceremonies took place in the presence of Mr Bettino Craxi, Mr Giulio Andreotti, President-in-Office of each of the two Conferences and of the Council of the European Communities, Mr Mario Soares, Prime Minister of the Portuguese Republic, and Mr Felipe Gonzalez, Head of the Spanish Government. The Commission was represented by its President, Mr Jacques Delors, and its Vice-President, Mr Lorenzo Natali. All who spoke emphasized that this was an historic occasion.

Also taking part in these ceremonies were the Prime Ministers of Belgium, Denmark, France, Ireland and the Netherlands, as well as the Foreign Ministers of all the Member States and the acceding States, the members of the Permanent Representatives Committee, the Heads of the Spanish and Portuguese Missions to the European Communities, representatives of the other Community institutions and bodies, senior officials of the Member States, the acceding States and the European institutions who had taken part in the negotiations, and guests of honour.

185. As in the case of the previous enlargements, the Treaty of Accession provided for a special procedure during the 'interim' period, i.e. the period between the signing and the entry into force of the acts of accession, for the exchange of information and mutual consultation on the adoption of certain decisions needing to be taken during this period.

This procedure provides in particular that any proposal or communication from the Commission which may lead to a Council Decision should be brought to the notice of the acceding States after being transmitted to the Council. At the reasoned request of either State, consultations may be held within an Interim Committee consisting of representatives of the Communities and of the acceding States. This procedure was put into effect during the second half of 1985.

In addition, at its meeting on 18 and 19 June, shortly after the Treaty of Accession had been signed, the Council agreed that as from 1 July the Spanish and Portuguese delegations would, if they so requested, take part as observers in Council proceedings on matters concerning the activities of the Communities after 1 January 1986. This did not, however rule out the possibility of meetings confined to the Ten. This involvement as observers, designed to facilitate the flow of information to the delegations of the acceding States and to alleviate the consultation procedure referred to above, was put into effect as from July.

Once signed, the acts concerning the accession of Spain and Portugal were submitted to the ratification procedures in all the contracting countries.

These procedures were completed at the end of December, so that these acts¹ were in fact able to come into force on 1 January 1986 in accordance with the political resolve expressed earlier, which had been reaffirmed by the European Council on 29 and 30 March.

B — COMMERCIAL POLICY

GATT

186. Work concerned with GATT was concentrated mainly on the question of starting a new round of multilateral trade negotiations.

The Community's consistent line of action with regard to commercial policy is to strengthen the multilateral trading system, contribute to the expansion of international trade and combat protectionism.

For this reason the Community did not hesitate to declare its willingness to join in launching a new round of multilateral trade negotiations, provided that there was an adequate degree of international consensus beforehand on objectives, participation and the timing of such negotiations.

187. In this connection, on 19 March 1985 the Council outlined its objectives and initial basic guidelines, concerning in particular the need for Japan to play a fuller part in international trade, more satisfactory arrangements for trade in agricultural products which would not call into question the fundamental principles of the CAP, and adjusting the rights and obligations of the developing countries in GATT in accordance with their various stages of development. The Community would also like the GATT negotiations to cover new fields, in particular trade in services, a sector which already represents approximately 13% of the Community's gross national product and is undoubtedly one of the essential factors in the adjustment of its economy and its future development. The negotiations must therefore cover a balanced package of topics which satisfies the interests of the Community, its industrialized partners and the developing countries.

In its statement of 19 March 1985 the Council also stressed the need to create a favourable macro-economic climate, in view of the interdependence of trade questions with the debt problem and the question of reforming the monetary

¹ OJ L 302, 15.11.1985.

system. Results in the monetary and financial fields must therefore be sought in parallel with results in the trade field.

188. Throughout the discussions held in GATT (at an extraordinary meeting of the Contracting Parties from 30 September to 2 October 1985, by the Group of High-Level Officials in October and November 1985, and at the 41st meeting of the Contracting Parties from 25 to 28 November 1985), the Community played a moderating and conciliating role to produce the consensus required if progress was to be made towards launching a new round of trade negotiations.

In this respect, an important stage was reached with the decision of the Contracting Parties on 28 November 1985 to start the preparatory phase of this new round of negotiations by setting up a Preparatory Committee, with a comprehensive remit, to draw up recommendations by mid-July 1986 for a meeting at ministerial level in September 1986. The work of the Preparatory Committee was to begin at the end of January 1986.

189. In addition, in October 1985 the Council decided — in accordance with the conclusions of the OECD meeting at ministerial level on international trade and GATT — to bring forward by one year implementation of the final tranche of tariff reductions under the Tokyo Round, which will be put into effect on 1 January 1986.

Apart from to the discussions on the new round of trade negotiations, the Community made an active contribution, as in previous years, to the routine management work of GATT and to the work of the various Groups and Committees established under the 1982 GATT ministerial programme.

Sectoral problems

IRON AND STEEL INDUSTRY

190. After examining the situation in general and that of the iron and steel industry in particular the Council decided, in agreement with the Commission, to extend to 1986 the external measures which were in force in 1985. However, since some progress had been made in restructuring the Community iron and steel industry, in view of increased consumption and as the forecasts made for 1986 indicated a continuing upswing in economic activity in the Community on 12 December 1985 the Council decided that the new series of arrangements with non-member countries concerning the iron and steel industry would provide for an increase in the quantities of steel which may be imported into the Com-

munity market, together with a simplification of the provisions governing these arrangements. Thirteen countries are concerned, but others may conclude similar arrangements with the Community if they wish.

(With regard to the arrangements concerning the iron and steel industry which the Community concluded with the United States during the year, see the section on relations with non-European industrialized countries, paragraph 202).

TEXTILES

191. With regard to the textiles sector, the Council's work, apart from the administration of the existing agreements concluded with the low-price supplier countries, was concerned with amending these agreements following the accession of Spain and Portugal to the Community. It also included preparatory work for the participation of the Community in the Geneva negotiations with a view to laying down the future system for trade in textiles to replace the Multifibre Arrangement (MFA), which expires on 31 July 1986.

On the question of amending bilateral agreements, on 17 October the Council authorized the Commission to open negotiations with the countries which had concluded agreements with the Community in 1982 so as to take account of the accession of Spain and Portugal. On the basis of the outcome of these negotiations, at the end of December the Council adopted the necessary Regulations incorporating these amendments.

192. Since the Multifibre Arrangement expires on 31 July 1986, on 22 July the Council laid down certain preliminary guidelines concerning future arrangements for trade in textiles. In accordance with these guidelines, the Council declared its willingness to pursue the aim of liberalizing world trade in textiles. This objective, which needs to be pursued within an appropriate multilateral framework in order to maintain the orderly development of trade in textiles, requires, as a corollary, that the other countries endeavour to open their markets in accordance with their level of development and the strength of their economies.

On the basis of these general guidelines, at the end of the year the Commission presented to the Council its proposal for renewing the MFA and the bilateral agreements on which the Council was to decide at the beginning of 1986.

Commercial policy instruments

193. With regard to Community rules applicable to the State-trading countries, at its meeting on 19 December 1985 the Council, as in previous years, adopted a Decision laying down the import quotas to be opened by the Member States

in 1986 in respect of the State-trading countries. Several of these quotas were increased over the 1985 figures.

On account of the accession of Spain and Portugal to the Community, on 20 December the Council adopted a Regulation on the import arrangements to be applied by the two acceding countries to the State-trading countries on 1 January 1986.

194. The Council's subordinate bodies studied in detail the proposal which the Commission forwarded to the Council on 30 May 1985 for amending Council Regulations Nos 288/82, 1765/82 and 1766/82 on common rules for imports. The aim of these proposals is to amend the existing regulations in the light of experience and of the progress achieved in standardizing the common commercial policy. It was not possible to complete this examination in 1985, although the discussions were at an advanced stage by the end of the year.

In addition, to take account of the accession of Spain and Portugal to the Community, the Council received on 16 December a proposal for a Regulation amending Annex I to Regulation (EEC) No 288/82 and on 31 December a corrigendum to this proposal. The Council adopted the proposal at its meeting on 24 and 25 February 1986.

195. Under the basic anti-dumping regulation, namely Regulation (EEC) No 2176/84, the Council, acting on proposals from the Commission, adopted twelve Regulations instituting permanent anti-dumping duties concerning mainly the chemical sector.

In addition, on account of the accession of Spain and Portugal to the Communities, in December the Council received a proposal for a Regulation laying down procedures for implementing Article 380 of the act concerning the conditions of accession of these two countries. This Regulation was adopted by the Council on 14 March 1986.

196. In accordance with its Decision 69/894/EEC, the Council, acting on proposals from the Commission, authorized the extension of a number of friendship, trade and navigation treaties and similar agreements concluded by the Member States with non-member countries (see Council Decisions of 11 February, 30 April and 16 September 1985).

197. In accordance with the provisions of the basic Regulation (EEC) No 2063/69 establishing common arrangements for exports¹ the Council adopted

¹ OJ L 324, 27.12.1969.

Regulation (EEC) No 3680/85 of 20 December 1985¹ laying down for 1986 the export arrangements for certain types of non-ferrous metal waste and scrap, which provided for the monitoring of exports of aluminium and lead waste and scrap, and for quotas for exports of copper ash and residues and of copper waste and scrap.

Fairs and exhibitions

198. As usual, the Council's subordinate bodies examined the programme for the participation of the Commission and the Member States in fairs and exhibitions in non-member countries, the aim being to improve the Community's image at these events.

In particular they started preparatory work following the announcement by the EEC Ministers at the Asean-EEC meeting in Bangkok from 12 to 18 October 1985 of their intention of organizing, jointly with the private sector, a series of European events in the capitals of the Asean countries on the theme 'The city in the year 2000' in order to highlight the facilities offered by European technology for meeting the future needs of the Asean countries and thus to encourage increased economic cooperation between the two regions and increased European investment in the Asean countries.

C — RELATIONS WITH THE INDUSTRIALIZED COUNTRIES AND THE STATE-TRADING COUNTRIES

Relations with the EFTA countries

199. Relations with the EFTA countries during 1985 developed simultaneously at various levels.

Firstly the Community endeavoured, together with these countries, to implement the cooperation programme laid down at the ministerial Conference held in Luxembourg on 9 April 1984, with the aim, shared by both parties, of creating a dynamic European economic area of benefit to all the countries concerned. In this context, the scientific and technical cooperation agreements concluded or

¹ OJ L 351, 28.12.1985.

negotiated with the various EFTA countries during 1985 deserve very special mention, since they represent an important step towards the creation of a European technological Community.

200. Secondly, the enlargement of the Community to include Spain and Portugal made it necessary to open negotiations with the various EFTA countries with a view to amending the existing Free-Trade Agreements accordingly and laying down in good time the arrangements for applying, from the date of accession, the European free trade system to the enlarged Community. Since it was not possible to complete these negotiations by the end of 1985, on 20 December 1985 a 'standstill' arrangement was agreed for the period from 1 January to 28 February 1986 to cover trade between Spain and Portugal on the one hand and the EFTA countries on the other.

201. Lastly, during 1985 the Free-Trade Agreements continued to operate satisfactorily. The Joint Committees met during the year, some once and others twice. A number of agreements were concluded and unilateral decisions taken by the Community as part of the process of administering the EEC/EFTA Free-Trade Agreements. Of particular importance in this context was the agreement reached at the end of 1985 on the final adoption, with regard to rules of origin, of alternative rules regarding percentages. It had been agreed in 1982 to introduce these on an experimental basis for a period of three years.

It should also be noted that the EEC-Austria and EEC-Switzerland Agreements on Community transit also operated satisfactorily. The two Joint Committees met in December and some technical amendments, implemented by Council Regulations, were made to these Agreements.

Relations with non-European industrialized countries

UNITED STATES

202. Relations with the United States remain a source of concern for the Community. Faced with the United States' increasingly protectionist attitudes, the Community followed a course aimed at vigorously defending its legitimate interests and at the same time keeping commercial tensions under control in the interests of both parties and of world trade.

Accordingly, the Community resisted the threats of unilateral measures which sometimes surfaced in American trade policy, and in certain cases was quick to adopt counter-measures in conformity with international rules, in particular the

GATT rules. However, at the same time it sought ways of arriving at mutually acceptable solutions. Certain major sources of contention were thus settled, while on others contacts are continuing.

In the steel sector, where American threats of protectionism put substantial interests at risk, further difficult negotiations were entered into after the conclusion at the beginning of the year of a two-year arrangement on exports of steel tubes. In the face of the American authorities' determination to restrict the penetration of all foreign iron and steel products in the American market, first of all an arrangement supplementing that of 1982 on certain products governed by a simple consultation system was negotiated during the summer. In addition, since the 1982 arrangement was due to expire at the end of the year, discussions were held in the autumn with a view to laying down new arrangements for exports of Community iron and steel products to the United States from 1 January 1986. A new agreement was thus concluded in December for a period of four years, until 30 September 1989. This agreement extends the 1982 agreement, incorporating the supplementary arrangements reached in August 1985, and contains an extension of the range of products covered, together with provisions concerning special steels. The aim of these provisions is to put an end to a system, dating from 1984, of unilateral American restrictions and Community counter-measures. At the same time it was also agreed to settle on 30 September 1989 as the expiry date for the arrangement on tubes.

Overall, in these negotiations the Community succeeded in obtaining, as a counterpart to extending the arrangement, an appreciable increase in exportable quantities. However, it should be noted in this context that it was not possible to reach an agreement on semi-finished products, which therefore remained subject to the consultation clause already provided for in the 1982 Arrangement.

203. Some problems of a general nature persisted with regard to the Community's policy in the agricultural sector, which comes under regular attack from the United States, particularly with reference to export refunds. With regard more specifically to cereals, the United States has, on the one hand, expressed its intention of bringing proceedings in GATT against export refunds for wheat paid by the Community and, on the other, launched a programme (Bicep — Bonus incentive commodity export programme) aimed at assisting American sales to Mediterranean countries, which constitute traditional markets for the Community. The Community reacted immediately in two ways, by readjusting its refunds on exports to the markets concerned and contesting the grounds for any American complaint to GATT. The Community considers that its export policy has always been in accordance with its international commitments, since it is not aiming for an unfair share of the world market.

204. Another bone of contention which caused the Council much concern was the fact that the United States challenges the tariff preferences which the Community extends to the Mediterranean countries on citrus fruits, since it considers that this system harms Californian exporters. The Community argument is that it grants these preferences with no *quid pro quo* in order to help the non-member countries concerned, which are developing countries, and that the preferences are justified mainly for political reasons, as was recognized by the American authorities themselves in an informal agreement, known as the Casey Soames agreement, in 1973. Since it was not possible to reach agreement during the negotiations between the two parties, on 1 November 1985 the United States decided, as a retaliatory measure, to increase import duties on macaroni, spaghetti and similar products imported from the Community. Depending on the type of goods, these duties were increased from 0.25 % and 0.50 % to 25 and 40 % respectively. The Community reacted immediately to these measures by adopting its own retaliatory measures with effect from 3 November 1985, increasing the customs duty on fresh lemons from 8 to 20 % and on walnuts in shell from 8 to 30 %.

Another conflict between the two parties concerned preserved fruit. However, this difficulty was overcome, as a mutually acceptable solution was negotiated.

205. Lastly, the Council appreciated the resolve expressed recently by President Reagan to resist protectionist tendencies and his support for the multilateral system of GATT, but it made clear that the Community expected the United States accordingly to make a concrete and positive contribution to settling the existing disagreements. On various occasions the Community stressed the importance of a non-protectionist climate if a new round of GATT multilateral trade negotiations was to be launched.

JAPAN

206. The large trade deficit with Japan is another cause for concern to the Community. Although a *modus vivendi* had been found in that for 1985 Japan agreed to exercise restraint in its exports to the Community of a series of sensitive products, resolving the imbalance still remains a remote objective. The fact is that the Japanese market has not yet really been opened up, despite the adoption of liberalizing measures which showed an increasing awareness of the problem. This was a step in the right direction, but it has not yet brought any substantial increase in the level of imports to Japan. The Community has made it clear to the Japanese authorities that it expects their intention to open up their market, as expressed in the last triennial programme, to be reflected in concrete and effective measures and to lead quickly both to an appreciable increase in

imports from the Community and to the opening up of the Japanese financial market. The Community would like Japan to set itself quantitative import targets.

With the imminent prospect of a real start to a new round of GATT negotiations, the Community, in common with its other Western partners, considers that the time has come for Japan to take substantial tangible measures to restore the balance, of trade, thus assuming in full the responsibilities which derive from its economic potential, and to preserve and strengthen the open multilateral system of trade from which it has benefited so much.

On the basis of the recommendations which the Commission proposes to put forward, the Council is to make an assessment in the near future of the general state of relations between the Community and Japan and will lay down the course of action to be followed in the future.

207. In the field of relations with Japan, the arrangements for imports of video recorders deserve particular attention. In previous years Japan had given an undertaking to curb its exports of these products. With a view to achieving greater clarity in the import arrangements, the Community decided no longer to accept any Japanese undertaking but instead to raise the duty on video recorders from 8 to 14 %. In accordance with the rules and procedures of GATT this measure, which entered into force on 1 January 1986, gave rise to negotiations on the compensation to be offered to Japan. These negotiations, which were conducted simultaneously with negotiations under Article XXVIII of the GATT concerning imports of shoes into Japan, were brought to a successful conclusion at the beginning of 1986.

OTHER COUNTRIES

208. With regard to the other major industrialized countries, trade problems were discussed both in the multilateral context of GATT and bilaterally during high-level consultations between the Commission and the representatives of these countries.

It should be noted in particular that agreements negotiated in the form of exchanges of letters were reached with Canada in April and May 1985 respectively on the import arrangements applicable in Canada to shoes, for which there was a quota, and to beef and veal, on which there were also restrictions in 1985.

Following Canada's decision to extend to 1986 some of the measures relating to imports of shoes, the Community immediately asked for consultations to be

opened under the GATT in order to obtain adequate compensation. In addition, the Council's subordinate bodies started to consider a list of products which might be restricted by the Community in retaliation if the consultations with the Canadian authorities did not produce satisfactory results. A satisfactory solution was found to the shoes dispute with Canada at the beginning of 1986.

Relations with the State-trading countries

CHINA

209. The major event concerning relations between the EEC and China in 1985 was the signing in Brussels, on 21 May, of the Trade and Economic Cooperation Agreement, which had been initialled in Beijing on 26 September 1984 (see 1984 Review, paragraph 268). This Agreement entered into force on 1 October 1985.

It will be recalled that this Agreement is a framework cooperation agreement with provision for future development which lays down objectives and procedures for measures in the field of economic and trade cooperation in particular. It re-enacts the provisions of the 1978 Trade Agreement, which it replaces. It is an open agreement which does not *a priori* rule out any form of economic cooperation falling within the Community's sphere of competence. Among the sectors which are covered in the initial phase are industry, mining, agriculture, science and technology, energy, transport and communications, protection of the environment and cooperation in third countries. Proposed cooperation activities concern in particular the exchange of economic information, contacts between businessmen, seminars, technical assistance and the promotion of investment.

In his speech at the signing ceremony, Mr Andreotti, President of the Council, stressed the significance of this new Agreement, which was primarily economic. Joint efforts should be pursued along the lines set out by the 1978 Trade Agreement, increasing and diversifying trade on a basis of equality and mutual advantage and actively developing economic and technical cooperation in the mutual interests of the two parties. Mr Andreotti also stated that, over and above its economic significance, this Agreement would be of undeniable political significance. He affirmed that in the eyes of the Community developing and strengthening political relations with China was just as important as expanding trade.

This important Agreement, concluded for a period of 5 years and renewable on an annual basis by tacit agreement, will be administered by a Joint Committee

which will meet every year. Because a second EEC/China Trade Week was being held in Brussels from 2 to 7 December 1985, it was mutually agreed to defer until March 1986 the meeting of the first Joint Committee under the new Agreement. Initial preparatory work for this meeting was undertaken by the Council.

ROMANIA

210. The fifth meeting of the EEC-Romania Joint Committee was held in Bucharest on 9 and 10 December 1985. As usual, it provided the occasion for a comprehensive review of relations between the Community and Romania and the operation of the agreements governing trade between the two parties. The Community position for this meeting was drawn up by the Council's subordinate bodies.

It should be noted that once again the Community had to express its regret at the deterioration, to the Community's disadvantage, in trade with Romania. Apart from this, with regard to the possibility of negotiating an Economic Cooperation Agreement with Romania, both parties agreed to accelerate the discussions at expert level in 1986 so that the competent authorities of the two parties would be able to decide on the opening of negotiations for the conclusion of an Economic Cooperation Agreement between the EEC and Romania.

POLAND

211. The programme of aid to private agriculture and craft industries in Poland, which was launched by the Polish bishops in 1983 (see 1984 Review, paragraph 265), has still not been implemented as the legal status of the Foundation has yet to be approved by the Polish authorities. The Council's subordinate bodies are continuing to give close attention to developments in this matter. It will be recalled that the 1985 and 1986 budgets make provision for appropriations totalling 4 million ECU as Community aid to the private agricultural sector Poland (Article 991).

In November 1985 the Community decided to grant emergency medical aid for the Polish people of 2.5 million ECU under Article 950 of the Community budget, to be handled via the NGOs.

EEC/CMEA RELATIONS

212. There were notable developments in the question of relations between the Community and the CMEA, as shown by the exchanges of letters between the

Commission and the CMEA and, in particular, the proposal by the CMEA to establish relations with the Community by adopting a joint declaration at a high-level meeting.

The Council at its meeting on 18 and 19 June, and the European Council in Milan on 28 and 29 June 1985, took note of these developments with interest.

The Council confirmed that the Community was prepared to resume the dialogue with the CMEA which had been interrupted in 1981 and gave an exploratory mandate to the Commission to examine further the implications of all these questions. It stated however that, whatever framework might be considered for relations between the Community and the CMEA, this must in no way affect the Community's existing bilateral relations or any future such relations with the various members of Comecon.

D — NORTH-SOUTH DIALOGUE

The North-South Dialogue in general

213. Throughout 1985 the Community continued its efforts to improve North-South relations by adopting, in all the circles where North-South questions are discussed, in the United Nations and elsewhere, an open and constructive attitude which would help the quest for mutually acceptable solutions.

With regard to the North-South discussions in the United Nations, thanks to the spirit of moderation which prevailed among all concerned, the work of the Committee responsible for studying and promoting the implementation of the International Development Strategy for the Third Development Decade, which started in 1984,¹ was completed in September 1985. The Community played a major part in the Committee's work of drawing up approved conclusions, which were adopted by consensus. On certain important points however, the Committee was unable to find common ground. The Community hopes that it will be possible in the future to reduce the remaining divergences on these questions.

214. The Community and its Member States also took an active part in the work of the Unctad intergovernmental group, which met in Geneva from 30 September to 11 October 1985 to make an interim review of the progress made

¹ See 1984 Review, paragraph 278 *et seq.*

in implementing the Substantial New Programme of Action (SNPA) adopted in September 1981 by the United Nations Conference on the Least Developed Countries. At this meeting joint conclusions were adopted by consensus on a detailed assessment of the implementation of the SNPA and a balanced set of recommendations on the implementation of this Programme up to the end of the decade. The Community made a major contribution to arriving at this consensus, in particular by announcing its decision, in accordance with the conclusions of the Council of 1 October 1985, to institute a new compensation system for export earnings from the commodities produced by the LDCs which are not members of the Lomé Convention.

Again in a United Nations context, at the 40th General Assembly the Community supported the adoption of a resolution calling for an extraordinary session of the General Assembly in May 1986 to discuss the critical economic situation in Africa. It is considered that this extraordinary session is very important because of the particularly serious difficulties facing many African countries and the particular interest of the Community and its Member States in the future of the African continent.

These recent examples show that the Community is concerned to promote the North-South Dialogue in those United Nations fora where there is an overall approach to tackling North-South problems which takes account of the increasingly interwoven relations between the various economies and the various problems. It is in this spirit that it continues to support the measures undertaken, in particular by Unctad, to improve the North-South negotiating procedures, and it welcomes the progress made recently in this field.

215. However, the Community also takes the view that all other openings for dialogue and international cooperation at both regional and sectoral level should be explored.

The implementation of the third Lomé Convention in 1985 constitutes a practical manifestation of the solidarity of the Community and of its Member States at regional level with their ACP partners (see paragraphs 222 to 225).

In addition, in the course of 1985 the Community took steps or launched initiatives in a number of ways to promote the North-South Dialogue at sectoral level, concerning:

- (i) the fight against famine in Africa (see paragraphs 246 to 249);
- (ii) the debt problems of a large number of African and Latin-American countries, where the Community supports the work being done within the specialist bodies;

- (iii) the decision to prepare for a new round of GATT multilateral trade negotiations in which, in the Community's view, a significant number of developing countries should take part,
- (iv) improvements to the operation of the international monetary system,
- (v) bilateral or multilateral moves to increase flows of resources towards the developing countries. In this connection it supports efforts to provide multilateral development agencies such as IDA, IFAD etc. with sufficient resources to carry out their tasks.

Commodities

216. The commodities sector and in particular the international commodities agreements, became a focus of attention owing to the crisis of the Sixth International Tin Agreement, which came to a head in the last quarter of 1985. This event will undoubtedly force the countries and institutions concerned e.g. in the Community, the OECD and Unctad — to rethink the traditional structures on which international cooperation in this field should be based.

On the other hand two new agreements entered into force in 1985. These were the International Sugar Agreement, which came into force on a definitive basis on 1 January 1985, and the International Agreement on Tropical Timber, which came into force on a provisional basis on 1 April 1985. In addition, 1985 saw two negotiating conferences, on cocoa and rubber.

217. With regard to the Conference on cocoa, this was the third session of a conference which had begun in 1984 with the aim of laying the foundation for a new Agreement.¹ Despite the progress made at this third session, in particular on the stabilizing mechanism, involving buffer stock and withdrawals from the market, on which the new Agreement is to be based, the Conference was unable to reach a conclusion owing to the complexity of the matters discussed, in particular the question of participation and problems relating to prices. A fourth session was meanwhile convened for February 1986.

218. The first session of the Conference on natural rubber, convened to renegotiate the 1979 Agreement which was due to expire in October, was held in Geneva from 22 April to 8 May 1985. The EEC and the Member States

¹ See 32nd Review (1984), paragraph 282.

played an active part in this first session on the basis of a common position adopted by the Council at its meeting on 22 and 23 April 1985. A second session is planned for April 1986, and pending the outcome of this Conference the Agreement was extended until 22 October 1986.

219. The new 1983 International Agreement on Tropical Timber entered into force on a provisional basis on 1 April 1985. Following the decision taken by the Council on 25 and 26 March 1985, the EEC and its Member States, which had already signed the Agreement in 1984, lodged the notification of provisional implementation in New York. The Tropical Timber Council held two meetings in 1985 to draw up the administrative provisions for launching this new organization. However, a number of basic questions, in particular that of the seat of the new organization, have not yet been resolved. The Community, which had originally put forward several candidates, subsequently concentrated its efforts on promoting Amsterdam's candidature.

220. In autumn of 1985 there was a major crisis, without precedent in the field of commodity agreements, concerning the Sixth International Tin Agreement, which had entered into force on 1 July 1982 and was intended to cover a period of five years.

However, the crisis was not unexpected, since in the International Tin Council (ITC) the EEC had repeatedly voiced its grave concern at the fundamental imbalance in the tin market, most recently at the meeting from 25 to 27 September. It had suggested *inter alia* that a working party should be set up to devise measures to put an end to this imbalance and to make recommendations to the Tin Council accordingly. However, events gathered momentum, and before the working party could put its recommendations to the Tin Council the organization's financial situation deteriorated, so that the LME (London Metal Exchange) decided to suspend dealings in tin from 24 October 1985.

The causes of this situation are complex. The main factors are the structural imbalance between supply and demand, the appearance of new producers outside the Tin Council, and the levelling off, or rather the drop, in consumption.

The parties concerned, including the EEC and its Member States, endeavoured to find a solution which would reduce the impact of this crisis. The Council and its various bodies, in particular at Working Party and Coreper levels and in the on-the-spot coordination meetings in London, accordingly followed developments on this delicate matter very closely.

221. The Community and its Member States are involved in the management of the other commodities on which there are international Agreements, i.e. coffee, jute, wheat, olive oil and sugar.

E — DEVELOPMENT COOPERATION

222. The Council of Ministers for Development Cooperation held two meetings in 1985, on 23 May and 4 November.

The European Community and Africa

223. A significant portion of the discussions was devoted to the critical situation, in particular with regard to food, in several African countries.

As its meeting on 23 May 1985 the Council heard a Commission report on the implementation of the emergency plan adopted by the Dublin European Council in December 1984. After thorough discussion it adopted conclusions to guide the Community in its future action, covering both emergency aid and medium- and long-term measures.

224. In the light of the communication forwarded by the Commission on 21 June 1985, the European Council in Milan on 28 and 29 June 1985 arrived at the following conclusions:

‘The European Council, aware of the critical situation confronting those African countries affected by drought, noted with satisfaction that the objectives of the Dublin Plan had been achieved and that 1.2 million tonnes of cereals or their equivalent had finally been mobilized by the Community and the Member States to meet emergency requirements. It also welcomed the fact that two thirds of that aid had already reached the recipients or was *en route*.

It felt, however, that new food aid requirements could arise if the rains which had just started on the continent of Africa were again to be insufficient. In that context it welcomed the Commission proposal for a special reserve allocation which would make it possible to mobilize 500 000 tonnes of cereals equivalent over and above the normal aid programme. The European Council instructed the Council meeting on development to examine this proposal as a matter of urgency.

The Council was aware of the possibility that such disasters might recur and it considered it necessary for the future to set up a general coordinated strategy against short- and long-term drought, and in that context welcomed the Commission communication.

As regards the long term, the Council considered it necessary above all to support the African countries’ policy redirection effort in the field of food security.

The Council noted that that objective was included in Lomé III, and expressed the hope that the Member States would also give priority in their national aid programmes to support for that policy so that together they would achieve the indispensable critical financial mass.

In the field of environmental protection, in particular the battle against desertification, the Council considered it vital, in the light of the importance of present requirements, for all European aid, Community and bilateral, to give priority to that type of action, to give long-term commitments and to organize their contribution coherently by setting up an appropriate coordination structure'.

225. In response to these conclusions of the European Council, on 31 October 1985 the Commission sent the Council a communication comprising:

- (i) a review of the 'Dublin Plan' and an initial evaluation of the food situation in October 1985;
- (ii) an emergency plan for the rehabilitation and revival of the countries worst affected by drought;
- (iii) a programme of medium- and long-term work regarding food strategies and measures to combat desertification.

226. At its meeting on 4 November 1985 the Council examined the Commission's communication, in particular the rehabilitation and revival plan.

The purpose of this plan is to provide aid in particular to Angola, Chad, Ethiopia, Mali, Mauritania, Mozambique, Niger and Sudan. It is to be implemented by the Commission and the Member States in close liaison, so as to reinforce these countries' own capacity to deal with disasters or famine in the future. Its aim is to revive agricultural production and thus loosen the drought's economic and financial stranglehold on the whole of life in the countryside.

The Council gave its assent to the proposed guidelines and asked the Commission to take the necessary steps to implement them. In addition, it took note of the Commission's intention of presenting proposals for the Council's consideration in 1986 regarding the development of food strategies, the protection of natural resources and controlling desertification in Africa. The Council is continuing its work on this matter.

Coordination of policies and operations within the Community

227. As a follow-up to its Resolution of June 1984 on the coordination of policies and operations within the Community, at its meeting on 23 May 1985

the Council laid down the content of the periodic reports to be drawn up by the representatives of the Member States and the Commission in the developing countries, and the procedures for preparing them.

In addition it held an exchange of views on the problems connected with the convergence of Member States' development cooperation policies.

On a broader plane, at its meeting on 4 November 1985 the Council took stock of the progress made since the adoption, on 8 November 1982, of its conclusions on the coordination of aid. It expressed its satisfaction at the results obtained, and noted that there was room for improvement in ways which it specified. It agreed to come back to this question once the preparation of programmes laid down in the Lomé Convention had been completed, so as to benefit from the experience gained in future operations in respect of all the developing countries.

Food aid

COMMUNITY FOOD AID PROGRAMMES FOR 1985

228. On 13 September 1984 the Council received from the Commission a proposal for a Regulation implementing, for 1985, Regulation (EEC) No 3331/82 on food-aid policy and food-aid management.¹

In putting forward its proposal on overall quantities for food aid in 1985 the Commission had, however, reserved the right to amend it in the light of the outcome of the budgetary procedure or if there was any worsening of the food crises in particularly vulnerable areas.

At its meeting on 15 February 1985 the Council adopted Regulation (EEC) No 457/85 laying down implementing rules for 1985 for Regulation (EEC) No 3331/82.²

The quantities laid down for 1985 for food aid are as follows:

- (a) for cereals:
 - (i) an initial instalment of 927 000 tonnes,
 - (ii) a second instalment of up to 232 300 tonnes;
- (b) for milk powder: a maximum of 108 600 tonnes;

¹ OJ L 352, 14.12.1982.

² OJ L 54, 23.2.1985.

- (c) for butteroil: a maximum of 28 700 tonnes;
- (d) for sugar: a maximum of 11 000 tonnes;
- (e) for vegetable oil (seed oil and olive oil): a maximum of 9 100 tonnes;
- (f) for other products: quantities equivalent to not more than 211 700 tonnes of cereals.

This implementing Regulation for 1985 also lays down a list of the countries and organizations eligible to receive food aid and a list of the products to be made available to developing countries or international organizations, including quantities for emergency aid or specific projects.

In accordance with the Commission's proposal, the Council added to the list of products food preparations of flour, meal etc. (CCT heading No 19.02), biscuits (CCT heading No 19.08 B) and certain food preparations not elsewhere specified (CCT heading No 21.07 G).¹

In addition, the Council added Burma to the list of countries eligible for Community aid.

COMMUNITY FOOD-AID PROGRAMMES FOR 1986

229. On 18 September 1985 the Commission sent the Council a proposal for a Regulation implementing Regulation (EEC) No 3331/82 on food-aid policy and food-aid management. In view of the outcome of the budgetary procedure for 1986, this proposal was amended by the Commission, in respect of quantities, for the first time on 10 January and for the second time on 22 January 1986.

It should be noted that, thanks to the speed with which the Commission drew up this proposal and the Council examined it, once the opinion of Parliament had been received² the Council was able, on 27 January 1986, to adopt Regulation (EEC) No 232/86 laying down the implementing rules for 1986 for Regulation (EEC) No 3331/82.³

The quantities fixed for 1986 are as follows:

- (a) cereals:

¹ This covers solid milk-based vitamin-enriched tablets with a high protein content.

² Opinion delivered on 17 January 1986, OJ C 36, 17.2.1986.

³ OJ L 29, 4.2.1986.

- (i) an initial instalment of 927 700 tonnes,
- (ii) a second instalment of up to 232 300 tonnes;
- (b) for milk powder: a maximum of 94 100 tonnes;
- (c) for butteroil: a maximum of 27 300 tonnes;
- (d) for sugar: a maximum of 3 900 tonnes;
- (e) for vegetable oils (seed oil and olive oil): a maximum of 8 600 tonnes;
- (f) for other products: quantities corresponding to not more than 121 824 tonnes of cereal equivalent;
- (g) food aid in the above products to cope with exceptional food shortages, corresponding to not more than 386 700 tonnes of cereal equivalent.¹

The implementing Regulation for 1986 lists in Annex II the products which can be supplied as food aid. The Council added the following products: frozen meat of bovine animals (CCT 02.01 A II b), meat of bovine animals of all kinds, salted, in brine, dried or smoked (CCT ex 02.06 C I a), fish other than sardines, mackerel and anchovies (CCT 16.04 G), vegetables prepared or preserved otherwise than by vinegar or acetic acid, and tomatoes (CCT 20.02 C). To the list of countries and organizations eligible to receive food aid (Annex III) were added Guatemala and Salvador, and Unbro (United Nations Border Relief Operation). On the other hand, Malta, because of its level of development, is no longer on the list.

SPECIAL RESERVE ALLOCATION OF FOOD AID

230. At the Milán European Council on 28 and 29 June 1985 the Commission made a proposal for a special reserve allocation of food aid which would make it possible to mobilize 500 000 tonnes of cereal equivalent over and above the normal food aid programme to cope with famine arising at short notice. The European Council welcomed the Commission's proposal and instructed the Council of Ministers for Development to examine it as a matter of urgency.

On the basis of this mandate, the Council examined the proposal at its meeting on 4 November 1985 and considered it necessary, without prejudice to the

¹ See next section.

development and outcome of the budgetary procedure, to set up an additional food aid reserve for 1986. This is to be used if the means existing under the normal food aid programme prove insufficient to meet the crisis situations which could occur in Africa.

COMMUNITY FINANCING OF EXPENDITURE INCURRED IN RESPECT OF THE SUPPLY OF AGRICULTURAL PRODUCTS AS FOOD AID

231. On 22 July 1985 the Commission sent the Council a proposal for a Regulation amending Regulation (EEC) No 2681/74 on Community financing of expenditure incurred in respect of the supply of agricultural products as food aid.

The aim of the proposed amendment is to regroup all food aid appropriations, including those in the chapters relating to refunds for the supply of agricultural products as food aid (section on the EAGGF, Guarantee Section), in Chapter 92 of the budget. This would avoid transfers from one chapter to another, which are sometimes necessary because of trends in world prices for the foodstuffs in question. However, it raises certain difficulties, in particular with regard to the general Financial Regulation.

COMPARATIVE STUDY OF THE COST-EFFECTIVENESS OF THE VARIOUS PRODUCTS SUPPLIED BY THE COMMUNITY AS FOOD AID

232. At the Council's meeting on 15 November 1983 the Commission had undertaken, in order to give the Council a clearer idea of the effectiveness of the various products distributed as Community food aid, to carry out a study on the usefulness, the cost and the difficulties involved for each product concerned.

Accordingly, on 31 October 1984 the Commission sent the Council a comparative study of the cost-effectiveness of the various products supplied as food aid.

This study, which was very thorough on certain aspects, enabled the Council, at its meeting on 23 May 1985, to draw conclusions which should contribute to better use of the products, in particular in accordance with their specific characteristics (calorie, protein and lipid contents), having regard to both the nutritional needs and the eating habits of the populations concerned.

It was found that cereals and milk powder were the most important products, from the point of view of both nutritional value and cost-effectiveness. Sugar also has major advantages, and lends itself particularly to use as emergency aid.

With regard to the other products — i.e. milk fats, vegetable oils and legumes — the study showed that their nutritional value is far from negligible, but that their cost-effectiveness depends on factors such as the use made of these products by the population concerned, delivery conditions, and the cost of transport depending on the product or its packaging.

The Council proposed to consider the cost-effectiveness of food aid and other forms of Community aid again at a later date, while recognizing that at present food aid remained absolutely indispensable.

FOOD AID CONVENTION

233. The 1980 Food Aid Convention, having been extended with certain amendments with effect from 1 July 1983, is due to expire on 30 June 1986. Concluded by the Community, it contains commitments on the part of the Community and the Member States.

On 15 October 1985 the Commission put before the Council a recommendation for a decision authorizing the Commission to take part in the negotiations on the extension or replacement of this Convention.

At its meeting on 9 and 10 December 1985 the Council decided to authorize the Commission to participate in the negotiations for the extension or replacement of the 1980 Food Aid Convention. In taking this decision the Council felt that the link between the Food Aid Convention and the Wheat Trade Convention must be maintained, which means that the new Food Aid Convention should cover the same period as the extended 1971 Wheat Trade Convention or any new Agreement on trade in wheat.

The Council also considered the question of a possible increase in the minimum contribution from the Community and its Member States, which is currently 1 650 000 tonnes of cereals. It reserved the right to raise this point again during the negotiations, which started in the Food Aid Convention Committee on 21 October and 12 and 13 December 1985 and were due to be completed in the early months of 1986.

POSITION OF THE COMMUNITY IN THE INTERNATIONAL FOOD-AID BODIES

234. The Council's subordinate bodies determined, as the need arose, the position to be adopted by the Community, in coordination with the Member States,

at the meetings of the Food Aid Committee held in London in June, October and December and the meetings of the Committee on Food Aid Policies and Programmes in Rome in April and October 1985. They also discussed certain questions of food aid in connection with the World Food Programme and the World Food Council.

Aid for promoting the trade of the developing countries

235. At its meeting on 4 November 1985 the Council reaffirmed the importance it attaches to the initiation or intensification, with increased Community support, of efforts on the part of the developing countries to promote their trade more effectively. It urged that the guidelines worked out thus far should actually be put into effect. The Council intended to resume its examination of the subject in 1986 on the basis of concrete examples of the implementation of measures to promote the trade of the developing countries.

Development aid and the situation of women

236. The Council heard an oral progress report by the Commission on the work of a group of experts from the Member States. At the same time, the competent bodies prepared the Community's position for the Nairobi conference closing the United Nations' Decade for Women. At its meeting on 4 November 1985 the Council adopted conclusions in this field in order to promote more concrete participation of women in development programmes and projects.

In these conclusions the Council stresses the importance of the role of women in development, a role which must always be taken into account in the pre-programming, programming and examination of projects and in their funding. It would like to see more contacts with women's organizations in the developing countries and instructs the Commission to continue its activities with a view to promoting more concrete participation of women in development programmes and projects. It will discuss this question again at its first meeting on development in 1986, if possible on the basis of an initial Commission report and information from the Member States on their experience in this field.

Non-governmental organizations

237. On the basis of the Commission's annual report, the Council's subordinate bodies examined the use made of the appropriations allocated to the NGOs during the 1984 financial year.

The whole question of relations with the NGOs will be the subject of an appraisal report by the Commission which is to be submitted to the Development Council in 1986.

Aid to the non-associated developing countries

238. In implementation of Council Regulation (EEC) No 442/81 of 17 February 1981, at its meeting on 22 and 23 July 1985 the Council, acting on a proposal from the Commission and after consulting Parliament, adopted the general guidelines for 1985 concerning financial and technical aid to non-associated developing countries. As in 1984, these guidelines provide, *inter alia*, for the following geographical breakdown of the appropriations: Asia 75%, Latin America 20% and Africa 5%.

The Council's subordinate bodies approved the report on the implementation of this aid in 1984. In addition, they started their examination of the proposal for a Decision laying down the general guidelines for 1986. Since the African countries which need the Community's financial and technical aid are now all associated countries, aid under the terms of Council Regulation No 442/81 will in future be directed, in accordance with the Commission's proposal, exclusively to the developing countries of Asia and Latin America.

In the course of its work, which continued into 1986, the Council kept in mind the communiqué, seen as a sequel to the San-José Conference, which was appended to the EEC-Central America Cooperation Agreement signed in Luxembourg on 12 November 1985. Under the terms of this communiqué the Community declared its willingness to see that the overall aid granted in all forms to the region of the Central American isthmus was increased substantially over the initial period of the Agreement, within the framework of the relevant Community procedures.

Generalized preferences for developing countries

239. At its meeting on 17 December 1985 the Council adopted, in the light of the opinions of the European Parliament and of the Economic and Social Committee, the Community's generalized preferences scheme for 1986.¹

¹ OJ L 352, 30.12.1985.

This scheme contains certain new features which were not in the 1985 scheme. These may be summarized as follows:

With more particular regard to the industrial sector, the Council agreed to allow for greater differentiation in the advantages granted under the scheme. Thus, for some products the quotas allocated to four very competitive countries are reduced and the benefits withdrawn are reallocated to other supplier countries whose need of the scheme is greater. More generally, the amounts of the preferential limits have been updated.

With regard to the agricultural sector, the Council decided to continue with a case-by-case approach, introducing a number of new products into the scheme and improving the preferential margins for other products.

For textile products, the Council agreed to the same volume increase in the individual ceilings as for 1984 and 1985, although it decided that some of the ceilings currently allocated would cease to be allocated in 1986.

For ECSC steel products the 1985 system is being maintained.

Lastly, the 1986 GSP provides for the participation of Spain and of Portugal as from 1 May 1986. To allow for this, the preferential limits granted to beneficiary countries for agricultural, industrial and textile products were increased.

F — RELATIONS WITH THE ACP STATES AND THE OVERSEAS COUNTRIES AND TERRITORIES

Third ACP-EEC Convention

240. The Second ACP-EEC Convention expired on 28 February 1985, the Third Convention having been signed in Lomé (Togo), on 8 December 1984.

This Third Convention will enter into force after ratification by the Member States of the Community and at least two-thirds of the ACP States. These conditions had still not been met at the end of 1985.

241. Pending the entry into force of the new Convention, the ACP-EEC Committee of Ambassadors, under the powers delegated to it by the ACP-EEC Council of Ministers, adopted Decision No 2/85 of 22 February 1985 on transitional measures applicable with effect from 1 March 1985. On 26 February

1985 the EEC Council for its part adopted Regulation (EEC) No 485/85 concerning the application of this Decision.

Under this Decision, subject to certain conditions most of the provisions of the Second Convention will continue to apply until the entry into force of the Third Convention or until 28 February 1986 at the latest. The Decision also brings into force in advance certain provisions of the Third Convention, in particular those relating to the institutions, derogations from the rules of origin, the establishment of the Agricultural Commodities Committee and the method for calculating Stabex transfers.

The Committee of Ambassadors also adopted measures to ensure continuity in the activities of the Centre for Industrial Development and the Technical Centre for Agricultural and Rural Cooperation.

At the same time the ACP States, the Community and its Member States stated that they would take all the practical measures necessary for a large number of its new provisions to be implemented as soon as the new Convention entered into force.

242. The Community for its part undertook to adopt unilateral decisions for the implementation with effect from 1 March 1985 of certain measures laid down in the new Convention, such as those concerning access to the market for CAP products, the Protocol on rum, and bananas.

Accordingly, on 26 February 1985 the Council adopted:

- (i) Regulation (EEC) No 486/85 on the arrangements applicable to agricultural products originating in the ACP States and in the OCTs for the period until 28 February 1986;¹
- (ii) Regulation (EEC) No 488/85 opening, allocating and providing for the administration of a Community tariff quota for rum, arrack and tafia originating in the ACP States for the period from 1 March 1985 to 30 June 1986.² Subsequently the Council adopted Regulation (EEC) No 1815/85 of 27 June 1985 covering the period from 1 July 1985 to 30 June 1986.

243. The accession of Spain and Portugal to the Community with effect from 1 January 1986 made it necessary, under Article 284 of the Third Lome Conven-

¹ OJ L 61, 1.3.1985.

² OJ L 169, 29.6.1985.

tion, to open negotiations with the ACP States with a view to taking appropriate amending or transitional measures. On 10 December 1985 the Commission, on behalf of the Community, opened negotiations with the ACP States on these matters.

Management of the Second Convention and preparatory work for the implementation of the Third Convention

INSTITUTIONS

ACP-EEC Council of Ministers

244. On 21 June 1985 the ACP-EEC Council of Ministers held its 10th regular meeting in Luxembourg, the first since the signing of the Third ACP-EEC Convention. The main business of this meeting was:

- (i) to make an appraisal of the achievements of the Second Lomé Convention and to consider any questions which were still outstanding regarding its implementation;
- (ii) to take stock of the implementation of the interim provisions so as to ensure a smooth transition from the Second Convention to the Third;
- (iii) to make the necessary arrangements to ensure that once it entered into force the new Convention would be implemented as quickly and effectively as possible.

On 20 June 1985 the fourth meeting of the Committee provided for in Article 108 of the Second ACP-EEC Convention was held at ministerial level in Luxembourg. The ACP-EEC Council of Ministers took note of the Committee's work, which was concerned in particular with sectoral evaluation and the typical difficulties encountered in implementing Community aid.

ACP-EEC Committee of Ambassadors

245. The ACP-EEC Committee of Ambassadors held four meetings during the period under review, i.e. on 18 January, 22 February, 7 June and 22 November 1985. In particular it carried out preparatory work for the tenth meeting of the ACP-EEC Council of Ministers in Luxembourg on 21 June 1985. In addition, it considered the interim measures to be applied pending the entry into force of the

new Convention, and lastly it drew up measures relating to the implementation of the new Lomé Convention.

Joint parliamentary bodies

246. The ACP-EEC Joint Committee held its last meeting in Bujumbura (Burundi) in February 1985, since the Third Convention provides for only one parliamentary body, the Joint Assembly.

The ACP-EEC Joint Assembly held its inaugural meeting in Inverness from 23 to 27 September 1985. It adopted several Resolutions, in particular on the situation in southern Africa and on the report on the prospects for and limitations on the Third ACP-EEC Convention. In addition, the Assembly adopted its Rules of Procedure.

TRADE COOPERATION

Imports of certain ACP agricultural products into the Community

247. Cocoa products: proposal for a Community Directive on the approximation of the legislation of the Member States concerning cocoa and chocolate products for human consumption

In the joint bodies, and in particular at the meeting of the ACP-EEC Council of Ministers, the ACP States reiterated the importance of cocoa products to their economies and their concern regarding the above proposal for a Directive. The Community stated that no regulations on the matter would be adopted without prior consultations with the ACP States.

The two parties agreed to hold consultations in the ACP-EEC Subcommittee on Trade Cooperation once the outcome of a technical meeting between the Commission and the ACP States was known. A report on this technical meeting, which was held on 10 October 1985, was submitted to both parties at the end of October and was still being examined at the end of the year.

In addition, with regard to the negotiations for a new international Cocoa Agreement, the ACP-EEC Council of Ministers on the one hand expressed satisfaction at the fruitful collaboration between the two parties on this matter in Geneva and on the other confirmed its wish that these negotiations should arrive at a satisfactory and equitable Agreement.

248. Aflatoxine: proposal for a Community Directive amending Directive 74/63/EEC on the fixing of maximum permitted levels for undesirable substances and products in animal feedingstuffs

In the ACP-EEC Council of Ministers the ACP States stressed the importance they attached to this question, in particular with regard to groundnut products, and also their misgivings regarding the above proposal from the Commission.

The two parties agreed to hold consultations in the ACP-EEC Subcommittee on Trade Cooperation before any legislation was adopted by the EEC Council.

As the end of 1985 the relevant subordinate bodies of the EEC Council were still engaged in the technical examination of this matter.

249. Arrangements applicable to fresh ACP beans in the Community

At the meeting of the ACP-EEC Council of Ministers the two parties agreed to follow up in the ACP-EEC Subcommittee on Trade Cooperation certain questions raised by ACP States regarding imports of fresh beans into the Community in the period from 1 June to 30 September.

250. Rum

On 26 February 1985 the EEC Council adopted a Regulation opening, allocating and providing for the administration of a Community tariff quota for rum, arrack and tafia originating in the ACP States¹ for the period from 1 March 1985 to 30 June 1985. Subsequently the Council adopted a corresponding Regulation covering the period from 1 July 1985 to 30 June 1986.²

ACP-EEC consultations on generalized preferences

251. In the ACP-EEC Council of Ministers both parties stressed, in general terms, their desire to see that the consultations on the Community's generalized preferences scheme were conducted as efficiently as possible. The ACP States urged the Community to take their interests into account to a greater extent when making decisions on the GSP each year.

¹ Regulation (EEC) No 488/85, OJ L 61, 1.3.1985.

² Regulation (EEC) No 1815/85, OJ L 169, 29.6.1985.

Subsequently, in October 1985 the APC States transmitted a memorandum to the Community on the Commission proposal for the GSP for 1986. Consultations were then held on 27 November in the ACP-EEC Working Party on the GSP.

ACP-EEC trade

252. In connection with the work of the Working Party on the Evolution of ACP-EEC Trade, in October 1985 the Community sent the ACP States a study prepared by the University of Kiel Institute of World Economics, together with comments on it from the Commission's departments.

At its meeting on 22 November 1985 the ACP-EEC Committee of Ambassadors instructed the Working Party to examine the study as quickly as possible and to report back by mid-February 1986.

Customs cooperation

Derogations from the rules of origin

253. The ACP-EEC Customs Cooperation Committee adopted three decision derogating from the definition of the concept of 'originating product' to take account of the special situation of:

- (i) Jamaica with regard to 220 000 square yards of tufted carpet falling within heading 58.02 of the Common Customs Tarrif for the period 1 March 1985 to 2 October 1986;¹
- (ii) Malawi, Kenya and Mauritius with regard to certain fishery items, for the period from 1 March 1985 until the entry into force of the Third ACP-EEC Convention but until 28 February 1986 at the latest;²
- (iii) Mauritius with regard to its production of canned tuna, for a quantity of 1 000 tonnes during the period from 1 March 1985 to 29 February 1988.³

Exchange of views on the new round of multilateral negotiations (GATT)

254. At the meeting of the ACP-EEC Committee of Ambassadors on 22

¹ Decision No 1/85, OJ L 244 of 12.9.1985.

² Decision No 2/85, OJ L 244 of 12.9.1985.

³ Decision No 3/85, OJ L 244, 12.9.1985.

November both parties welcomed the fact that several consultation meetings on this matter had taken place in Geneva in 1985. The Community stated its intention of maintaining close contacts with the ACP States throughout the new round of negotiations.

SUGAR

255. In the course of the negotiations, which began on 30 April 1985, between the ACP States and the Community on guaranteed prices for preferential sugar for the 1985/86 delivery year, the Community proposed raising these prices by 1.3% for white sugar and 1.15% for raw sugar compared with the 1984/85 prices.

During the period under review it was not possible to reach an agreement on this basis, since the ACP States — which export mainly raw sugar — pressed for the same increase for raw sugar as for white sugar. When the Community, despite a suggestion from the Commission along these lines, did not accede to this request, in December the ACP States asked for this question, together with a number of other problems relating to sugar, to be referred to a special meeting of the ACP-EEC Council of Ministers.

Following the decisions taken by the Commission in January 1985 on the reallocation of 25 000 tonnes of sugar which had become available owing to a failure to deliver, the ACP States requested — in particular at the meeting of the ACP-EEC Council of Ministers in June 1985 — that the Council review these Commission decisions. After the Community had expressed the view that the Commission alone was empowered to take decisions on this matter, the ACP States proposed that legal experts from both parties should look into the interpretation of Article 7 (4) of the Protocol. The relevant subcommittee was instructed to study this problem, which it was still doing at the end of the year.

The parties involved continued their discussions on a joint declaration concerning a review of the conditions for implementing the guarantee as provided for in the Protocol on Sugar (Article 2 (2) of the Protocol). They instructed the co-Presidents to draw up a new draft declaration on the basis of these discussions.

STABEX

256. At its meeting in June the ACP-EEC Council of Ministers gave particular attention to the question of the utilization of Stabex balances left over from the Second Convention, noting that these balances might amount to some

100 million ECU. It adopted the principle that unused amounts should be allocated to those ACP States whose requests for transfers in respect of 1980 and 1981 had not been met in full for lack of sufficient resources. It also endorsed a proposal from the ACP States that the special interests of the least developed countries should be taken into consideration when the unused amounts were distributed. The ACP-EEC Council of Ministers empowered the Committee of Ambassadors to take the relevant decisions on the basis of the proposals which the Community undertook to put forward.

The ACP-EEC Council of Ministers approved a report drawn up by the joint panel of experts referred to in the declaration on Article 66 of the Third Convention which was responsible for making proposals for improving the functioning of the system.

Under a Decision adopted through the delegation of powers to the Committee of Ambassadors, the ACP-EEC Council of Ministers granted an 'all destinations' derogation to exports from Kiribati for the 1983 year of application.

With regard to transfers for the 1984 year of application, the Commission made 15 transfers in respect of the losses in export earnings of 11 ACP States, totalling approximately 32 million ECU.

SYSMIN

257. The ACP-EEC Council of Ministers noted the wish of the ACP States that, regardless of the deadline laid down in the Joint Declaration on the management of Sysmin (Annex XXIII to the Third Convention), consideration should be given to measures which would enable the ACP States to present requests under the terms of this chapter in good time.

INDUSTRIAL COOPERATION

258. At its meeting on 21 June 1985 the ACP-EEC Council of Ministers expressed its satisfaction with the transitional arrangements and the preparatory work for the implementation of the new Convention in the sphere of industrial cooperation. It welcomed in particular the appointment of Dr Akinrele as Director and Mr Mosgrad as Deputy Director of the ACP-EEC Centre for the Development of Industry (CDI) for the period of validity of the Third ACP-EEC Convention.

The Council agreed on the approach to be followed with regard to the Governing Board of the CDI, with rotation of the chairmanship every two-and-a-half years.

The Council adopted a Decision delegating powers to the Committee of Ambassadors for the purpose of adopting the texts relating to the CDI referred to in Article 73 (6) of the Third ACP-EEC Convention, which concern in particular the Centre's statute, financial regulation and staff regulations.

259. The ACP-EEC Committee on Industrial Cooperation (CIC) met on 18 July and 20 November 1985. The main questions discussed were:

(i) Establishment of the Governing Board of the CDI:

The Committee appointed the members of the Governing Board of the CDI, the ACP States having provisionally nominated the members of the Advisory Council (under the Second Convention) to sit on this Board.

(ii) Decision giving a discharge in respect of the accounts of the CDI for 1984:

Pursuant to the Financial Regulation of the Centre for the Development of Industry, on 20 November 1985 the Committee, on the basis of the auditors' report, adopted a Decision giving a discharge to the Director of the CDI in respect of the implementation of the Centre's 1984 budget.

(iii) Decisions concerning the CDI (Article 73(6) of Lomé III):

With regard to the Decisions concerning the statute and rules of procedure of the CDI and its financial and staff regulations, it was agreed that the final adoption of these decisions would be carried out by written procedure at ambassador level as soon as possible.

With regard to the Decision concerning the composition of the CIC and the rules for its operation, which must be adopted by the Council of Ministers, it was also agreed to use the written procedure.

The Committee took several implementing decisions regarding the conditions of employment of the staff of the Centre.

AGRICULTURAL COOPERATION

260. In the sphere of agricultural cooperation, 1985 was notable as being the first year in which the Technical Centre for Agricultural and Rural Cooperation (TCA) was in full operation.

On 7 June 1985 the Committee of Ambassadors adopted a Decision adopting the TCA budget for 1985, which totalled 2 301 000 ECU. With regard to the

Centre's budget for 1986, the Subcommittee on Cooperation for Agricultural and Rural Development established a draft budget totalling 3 452 000 ECU which was submitted to the Committee of the Ambassadors for final adoption.

Since 1985 was a transitional year between the Second and Third ACP-EEC Conventions, the Subcommittee also carried out preparatory work for implementing the new provisions on agricultural cooperation, in particular the setting up of the TCA Advisory Committee provided for by Article 37(6) of the new Convention. In addition, the contracts of the local staff of the TCA were extended, in two stages, until 28 February 1986, when the current transitional measures were due to expire.

FINANCIAL AND TECHNICAL COOPERATION

261. On 19 February 1985 the Representatives of the Governments of the Member States meeting within the Council adopted and signed the Internal Agreement on the financing and administration of Community aid (the Internal Financial Agreement). This Agreement institutes the sixth European Development Fund, thus opening the way to implementation of the Third ACP-EEC Convention, signed in Lomé on 8 December 1984.

The Article 108 Committee (of the Second ACP-EEC Convention) held two meetings at authorized representative level in Brussels on 4 June and 13 December and one meeting at ministerial level in Luxembourg on 20 June, the day before the 10th meeting of the ACP-EEC Council of Ministers. The ACP-EEC Council took note of the work done by the Committee on the sectoral evaluation of Community aid and the typical difficulties encountered in implementing this aid.

The Committee also carried out preparatory work for the entry into force of the new ACP-EEC Convention.

During 1985 the Council's subordinate bodies examined various reports on the implementation of financial and technical aid to ACP States, namely:

- (i) the sections of the report of the Court of Auditors for 1983 relating to the European Development Funds, on the basis of which the Council — having regard to the balance sheets and accounts of the Funds as at the end of 1983 — gave discharges to the Commission for the financial year 1983 in respect of the operations under the second and third EDFs and recommended to the European Parliament that it should give discharges in respect of the operations under the fourth and fifth EDFs;

- (ii) the reports from the EIB on the execution up to 31 December 1984 of operations financed from the fourth and fifth EDFs;
- (iii) the reports from the Commission and the EIB on the implementation of Community aid to the ACP States up to 31 December 1984;
- (iv) the report from the Commission on the results of invitations to tender in 1983, together with its report on measures to improve conditions for competition.

In addition, when the preliminary draft budget for 1986 was forwarded to Parliament the Council agreed, as in previous years, to append to it a document drawn up by the Commission containing financial data relating to the EDF.

Lastly, by its Decision of 17 December 1985, the Council laid down the timetable for the collection of contributions from the Member States to the fifth EDF for 1986.

Associated overseas countries and territories

262. The Council Decision of 16 December 1980 on the association of the overseas countries and territories with the European Economic Community¹ was due to expire on 28 February 1985.

Since this Decision was based to a large extent on the provisions of the Second ACP-EEC Convention, on 26 February 1985, pending the entry into force of the Third Convention, the Council decided to extend it until not later than 28 February 1986.²

A corresponding Decision was taken by the Representatives of the Governments of the Member States of the ECSC in respect of ECSC products originating in the OCT.³

In addition, the Council also adopted on 26 February 1985:

- (i) Regulation No 486/85 on the arrangements applicable to agricultural products originating in the OCTs for the period up to 28 February 1986;⁴
- (ii) Regulation No 486/85 opening, allocating and providing for the administration of a Community tariff quota for rum, arrack and tafia originating in the ACP States for the period from 1 March 1985 to 30 June 1986.⁴

¹ Decision 80/1186/EEC, 12.12.1980, OJ L 361, 31.12.1980.

² Decision 85/159/EEC, 26.2.1985, OJ L 61, 1.3.1985.

³ Decision 85/160/ECSC, 26.1.1985, OJ L 61, 1.3.1985.

⁴ OJ L 61, 1.3.1985.

Subsequently the Council adopted for the same products Regulation No 1815/85 of 27 June 1985¹ to cover the full 1985/86 period.

G — MEDITERRANEAN — EURO-ARAB DIALOGUE — GULF STATES — YEMEN

The Mediterranean

MEDITERRANEAN POLICY OF THE ENLARGED COMMUNITY

263. When the accession negotiations with Spain and Portugal were in their final phase the Council, conscious of the concern which the enlargement to include Spain and Portugal was causing to its Mediterranean partners, and in accordance with the undertakings it had previously given these countries,² on the one hand set out in a statement adopted on 30 March 1985 the principles of the enlarged Community's Mediterranean policy and on the other adopted at its meeting on 25 March 1985 the negotiating directives for the Commission in this matter.

264. In its statement of 30 March 1985 the Council confirmed the importance of the cooperation and association relations between the Community and the Mediterranean countries and its desire to strengthen these still further with the enlargement of the Community.

The Council reaffirmed the global concept of the Community's Mediterranean policy, the aim of which was to contribute to the economic development of the Mediterranean non-member countries and to promote the harmonious and balanced progress of relations and trade with those countries.

In this context the Community would seek mutually satisfactory solutions with regard to the worries repeatedly expressed by the Mediterranean non-member countries concerning the possible effects of enlargement on their traditional exports.

The Community intended on the one hand to endeavour to maintain these traditional patterns and on the other to undertake initiatives designed to provide

¹ OJ L 169, 29.6.1985.

² See 32nd Review (1984), paragraph 377.

effective support for those countries' efforts to reduce their agricultural and food deficits and to move progressively towards self-sufficiency in food and diversification of their production.

The Mediterranean policy of the enlarged Community would have to be of an ongoing nature and both as regards trade in industrial and agricultural products and in terms of economic development, make for significant and stable results in the medium term.

From an overall and long-term point of view, the Community would bend its efforts to pursuing financial and technical cooperation with the Mediterranean partners in order to make an appropriate contribution to their economic and social development.

Recalling its statement of January 1983,¹ the Council agreed to step up its internal work on the enlarged Community's Mediterranean policy. The Council looked to the Commission to submit as soon as possible negotiating directives for the adaptation of the Cooperation and Association Agreements.

265. Following this statement the Commission put proposals to the Council for negotiating directives and the Council, after intensive work at several meetings, laid down, on 25 November 1985, the directives under which the Commission was to open negotiations with Community's Mediterranean partners.

According to these directives the aim is to adapt the existing Agreements with the Mediterranean countries to take account of the effects of enlargement and to make certain improvements in the content of the Agreements in accordance with the relevant clauses.

In addition, with regard to Cyprus the aim is to achieve the Custom Union in the course of the second stage of the Agreement, whereas in the case of Malta it is to extend until 31 December 1990 the provisions governing the first stage of the Agreement.

In accordance with the objectives set out in the Council's statement of 30 March 1985, the aim of these directives with regard to trade is to confirm the principle of maintaining the established patterns of trade between these countries and the Community. In this connection the implementation of the measures in the Association Treaty governing products originating in Spain or Portugal is to

¹ See 31st Review, paragraph 327.

be accompanied by arrangements allowing agricultural products originating in the Mediterranean countries to continue to have access to the Community market.

266. With regard to cooperation, the negotiating directives specify the priorities for future cooperation, namely:

- (i) the development of agricultural production so as to reduce dependency on food imports and in particular support for national food strategies aimed at increasing self-sufficiency and for efforts to diversify agricultural production;
- (ii) the strengthening of economic links, in the interests of both parties, by increasing industrial, scientific and technological, and trade cooperation;
- (iii) regional and multilateral cooperation.

There are also to be provisions governing fisheries.

On the basis of these directives, the Commission opened negotiations with the Mediterranean countries in December 1985.

IMPLEMENTATION OF THE EXISTING AGREEMENTS WITH MEDITERRANEAN COUNTRIES

Association Agreements

Turkey

267. The EEC-Turkey Association Committee and Association Council did not meet in 1985.

As part of its work relating to the Mediterranean policy of the enlarged Community of Twelve, at the end of November 1985 the Council adopted directives for negotiating a Protocol to amend the Ankara Agreement following the accession of Spain and of Portugal to the Community.

On 1 January 1985 — in accordance with Decision No 1/80 adopted at the Association Council meeting in June 1980 — the Community carried out the third stage of the tariff dismantling process, giving a reduction of 80% in the CCT duties on the Turkish agricultural products covered by this Decision.¹

¹ OJ L 343, 31.12.1984.

The increase in exports of sensitive textile products from Turkey to the Community continued to cause difficulties, and the Commission was obliged to take a number of protective measures on the basis of Article 60 of the EEC-Turkey Additional Protocol, imposing quantity restrictions on imports of certain Turkish textile products either to individual Member States or to the Community as a whole.

At the end of 1985 a new informal arrangement covering 1986 and 1987 was concluded between the Commission and the Turkish exporters of cotton yarn. In addition, it proved possible for the first time to reach similar informal arrangements regarding the importation into the Community of other Turkish textile products.

Malta

268. The EEC-Malta Association bodies did not meet in 1985.

The negotiations for the conclusion of a second Financial Protocol to succeed the first Protocol, which expired at the end of October 1983, finally began in spring 1985 on the basis of the directives adopted by the Council in October 1983.¹ The negotiating session in April 1985 resolved the difficulties encountered because of Maltese legislation over the use of ordinary loans from the European Investment Bank's own resources at market rates — which had led to the non-utilization of 13 of the 16 million ECU of loans from the EIB provided for under the first Protocol.

On the other hand, the Maltese delegation maintained its view that the Community's offer of financial aid out of budgetary resources was totally inadequate.

Subsequently the Council reconsidered this question, bearing in mind the importance to the Community of stable and mutually satisfactory relations with Malta, and at the beginning of autumn 1985 the Commission was able to reach agreement with the Maltese delegation. Under the new Financial Protocol the Community will contribute to funding measures to assist the economic and social development of Malta. The contribution totals 29.5 million ECU, comprising 16 million ECU in loans from the EIB's own resources and 13.5 million ECU from Community budgetary resources, of which 3 million ECU will be in the form of special loans and 10.5 million ECU in outright aid.

¹ See 31st Review, paragraph 330.

This second Financial Protocol was signed in Brussels on 4 December 1985. It will enter into force when both parties have completed their respective internal procedures. This involves in particular, on the part of the Community, consulting Parliament. The Protocol will expire five years after the expiry of the first Protocol, i.e. on 31 October 1988.

On the occasion of signing the Protocol both parties stated that it must be regarded as the first stage in the full restoration of fruitful and harmonious relations between Malta and the Community.

269. As part of its work on the Mediterranean policy of the enlarged Community, at the end of November 1985 the Council adopted directives for the opening of negotiations with Malta with two objectives: firstly to extend until 31 December 1990 the provisions governing the first stage of the Association Agreement, since the Maltese Government does not wish to proceed to the second stage, and secondly to agree on the amendments to be made to the existing Agreement to take account of the accession of Spain and Portugal to the Community on 1 January 1986.

These negotiations should result in a full return to normal relations with Malta, with the re-establishment of contractual trade relations. Meanwhile the Council of Ministers extended unilaterally the arrangements previously applicable to trade with Malta; Council Regulation (EEC) No 3681/85¹ provides for the extension of these unilateral arrangements until the entry into force of trade arrangements on a contractual basis.

Cyprus

270. During 1985 the Association bodies did not meet. The activities of both parties were concentrated on preparing for the negotiations for proceeding to the second stage of the Association Agreement, in accordance with Article 2(3) of the Agreement.

At the same time as its statement of 30 March 1985 on the Mediterranean policy of the enlarged Community, the Council adopted a statement on EEC/Cyprus relations in which it undertook to adopt in 1985 appropriate negotiating directives for proceeding to the second stage of the Association Agreement. In accordance with this undertaking, on 25 November 1985 the Council adopted directives with a view to opening these negotiations. These

¹ OJ L 351, 28.12.1985.

directives provide for the customs union between Cyprus and the Community to be implemented step by step during the second of the Agreement and to be complete by the end of this stage. The second stage would be divided into two phases, the first lasting ten years and the second five years. This last period could be shortened by one year. The transition from the first to the second phase would be subject to an Association Council decision.

Like those adopted on the same day for the negotiations to be held with the other Mediterranean partners, these directives also provide for amendments to be made to the Association Agreement following the accession of Spain and Portugal to the Community.

271. The first round of negotiations between the Community and Cyprus took place in Brussels on 12 December 1985.

Pending the re-establishment of contractual trade relations, the Council extended unilaterally the arrangements previously applicable to trade with Cyprus. Council Regulation (EEC) No 3682/81¹ provides for the extension of these unilateral arrangements until the entry into force of trade arrangements on a contractual basis.

Under the heading of financial cooperation between Cyprus and the Community, an initial project was approved under the Second Financial Protocol, which had entered into force on 1 May 1984.² This is a project concerned with water supply, which is a sector of particular importance to the Cyprus economy. The Community contribution to this Southern pipeline project took the form of a loan from the European Investment Bank of 26.5 million ECU (with an interest rate rebate of 2%) and a special loan of 3.7 million ECU. These funds will be used to finance a storage dam to provide additional water supplies for industrial, domestic and agricultural use in the areas of Nicosia, Famagusta, Limassol and Larnaca and will therefore benefit the whole population of Cyprus.

Cooperation Agreements

Relations with the Maghreb and Mashreq countries

272. During 1985 the bodies set up under these Agreements did not hold any meetings.

¹ OJ L 351, 28.12.1985.

² For the content of this Second Financial Protocol see the 31st Review, paragraph 334.

In implementation of the Financial Protocols the Council approved a number of funding schemes put forward by the Commission and the European Investment Bank, namely:

(a) **Algeria**

(i) National Highway project (RN 1)

- EEC contribution: 60 million ECU (loan with interest-rate rebate)

(b) **Morocco**

(i) Technical and vocational training

- EEC contribution: 19 million ECU (outright aid)

(c) **Tunisia**

(i) Global loan to the Banque Nationale de Développement Agricole (BNDA).

- EEC contribution: 7 million ECU (loan with interest rate rebate)
3 million ECU (special loan)

(ii) Fishing vessels — BNDA

- EEC contribution: 4.5 million ECU (loan with interest rate subsidy)
2.0 million ECU (special loan)

(d) Special loan to new agricultural production cooperatives (BNDA).

- EEC contribution: 7 million ECU (loan with interest-rate rebate)

(e) Technical and economic study for setting up date-palm plantations in the area of Regime Maatoug (south-west Tunisia)

- EEC contribution: 1.9 million ECU (outright aid)

(f) Dairy project in north-west Laino (BNDA)

- EEC contribution: 2.5 million ECU (loan with interest-rate rebate)

273.

(a) **Egypt**

(i) Improvement of animal feedingstuffs

- EEC contribution: 2.4 million ECU (outright aid)

(ii) Modernization and development of radiology services in the National Cancer Institute — University of Cairo

- EEC contribution: 2.5 million ECU (outright aid)

(iii) Development and promotion of exports

- EEC contribution: 920 000 ECU (outright aid)

(iv) El Mynia white cement factory project

- EEC contribution: 32.5 million ECU (loan with interest-rate rebate)

- (v) Shubrah al Khaymah III Project
 - EEC contribution: 30 million ECU (loan with interest-rate rebate)
- (b) **Jordan**
 - (i) Science Faculty, Yarmuk University
 - EEC contribution: 2.5 million ECU (outright aid)
 - (ii) Sahab Vocational Training Centre
 - EEC contribution: 1 million ECU (outright aid)
- (c) **Lebanon**
 - (i) Rehabilitation of primary and secondary schools
 - EEC contribution: 11 million ECU (outright aid)
5 million ECU (special loan)
- (d) **Syria**
 - (i) Mehordah Electricity Generating Project
 - EEC contribution: 28 million ECU (loan with interest-rate rebate)
 - (ii) Aleppo Drainage Project
 - EEC contribution: 16 million ECU (loan with interest-rate rebate)

Relations with Israel

274. The EEC-Israel Cooperation Committee met on 3 June 1985 in Brussels to prepare for the fourth meeting of the EEC-Israel Cooperation Council.

The fourth meeting of the EEC-Israel Cooperation Council was held at ministerial level in Luxembourg on 22 October 1985, under the Presidency of Mr J. Poos, Deputy Prime Minister and Foreign Minister of the Grand Duchy of Luxembourg and President-in-Office of the Council of the European Communities, who also headed the Community delegation. The Israeli delegation was headed by Mr Y. Shamir, Alternating Prime Minister and Foreign Minister of the State of Israel.

The Cooperation Council first discussed developments in trade. It then turned its attention to the enlargement of the Community and its repercussions on trade between the Community and Israel, with particular reference to exports of fresh and processed agricultural products.

In this connection the Israeli delegation referred to the undertakings given by the Community and, pointing once again to the urgency of the problem, stressed the need to start negotiations as soon as possible following the proposals for

Directives put forward by the Commission in July 1985. The Israeli delegation also expressed its regret at the Community's failure to give effect to the review clause in the Agreement. For its part the Community delegation referred to the statement on the Mediterranean policy of the enlarged Community adopted by the Council of the European Communities at the end of March 1985.¹

275. In addition, the Community delegation stated that work had started on examining the Commission's proposals for the enlarged Community's Mediterranean policy with regard to adapting the Cooperation and Association Agreements, guidelines for the Community's economic cooperation with Mediterranean non-member countries and, as regards Israel, the procedure laid down in Article 22 (review clause) of the Cooperation Agreement.

The Cooperation Council then took stock of the situation regarding the cooperation measures, and noted with satisfaction the further appreciable progress made in important areas of this cooperation since its last meeting² and the measures initiated in other sectors.³

As in previous years, the Council also adopted certain Regulations implementing the Agreement between the Community and Israel.

In implementation of the Financial Protocols, a new contract for a global loan of 20 million ECU to the Industrial Development Bank of Israel was drawn up by the EIB and the State of Israel.

Relations with Yugoslavia

276. The EEC-Yugoslavia Cooperation Committee held its third meeting in Belgrade on 6 and 7 June 1985. At this meeting the Committee prepared for the work of the Cooperation Council, which held its third meeting, at ministerial level, in Luxembourg on 18 June 1985 with Mr Raif Disdaverić, Federal Secretary for Foreign Affairs of the Socialist Federal Republic of Yugoslavia and head of the Yugoslav delegation, in the chair. The Community delegation was headed by Mr Giulio Andreotti, Minister for Foreign Affairs of the Italian Republic and President-in-Office of the Council of the European Communities. The Cooperation Council examined the results of applying the trade and financial provisions of the Agreement. With regard to trade, the Council noted with

¹ See paragraph 264 of this Review.

² On 20 February 1984.

³ For further details see the joint press release issue at the end of the meeting of the Cooperation Council. (Doc. EEC-ISR 2907/85).

satisfaction a further reduction in Yugoslavia's deficit with the Community, which confirmed the trend already noted in 1984. It also noted that, despite this positive development, some concern was expressed by both parties regarding the application of the trade provisions of the Agreement and expressed the hope that when the trade section of the Agreement was renegotiated mutually satisfactory solutions would be sought to the existing problems. In addition, the Council welcomed the positive achievements of financial cooperation and noted with satisfaction that the European Investment Bank had granted Yugoslavia an additional loan of 60 Million ECU for road infrastructure projects of mutual interest.

The Cooperation Council also examined the prospects for renegotiating the trade and financial provisions of the Agreement, in the light of Decisions Nos 1/84 and 2/84 of the Cooperation Council and of the enlargement of the Community to include Spain and Portugal. In this context, the Council reiterated the Community's willingness, pending the entry into force of the Adaptation Protocol, to be, as far as possible, more accommodating and flexible in administering the trade provisions of the Agreement. The Council furthermore stressed the importance of negotiating a second Financial Protocol, backed up by adequate financial resources, to enable the Community's financial cooperation with Yugoslavia to continue with the aim of contributing to Yugoslavia's economic and social development and carrying out projects of mutual interest.

277. In a more general context, the Cooperation Council stressed the political and economic importance which both parties attached to strengthening their cooperation relations in their mutual interest as a factor of balance and stability in Europe. The Council also emphasized the need for a fresh impetus to be given to relations between Yugoslavia and the Community on the basis of the principles of the Belgrade Declaration and the objectives of the Cooperation Agreement, which refers in particular to the common desire to contribute to the economic development of the Socialist Federal Republic of Yugoslavia in various sectors of mutual interest, having regard to the respective levels of developments of their economies.

The Council welcomed the results already achieved in various fields of cooperation and adopted Decision No 1/85, which contains guidelines for the development of cooperation in certain priority sectors.

Lastly, the Cooperation Council discussed cooperation in the fields of social affairs and transport.¹

¹ For further details see the joint press release issued at the end of the meeting of the Cooperation Council (Doc. EEC-YU 1008/85).

278. At its meeting on 18 June 1985 the Council of Ministers adopted the directives for negotiating the conclusion of a second EEC-Yugoslavia Financial Protocol. These directives provide for a substantial increase in financial resources, in the form of loans from the European Investment Bank to finance, in particular, projects of mutual interest in Yugoslavia.

The EEC-Yugoslavia Cooperation Committee held its fourth meeting in Brussels on 8 November 1985 in order to hold consultations, under Article 38 of the Agreement, on anti-dumping measures relating to imports into the Community of basic chrome sulphate originating in Yugoslavia.

ADMINISTRATION OF MEDITERRANEAN AGREEMENTS

279. In addition, as part of its work of administering the Association and Cooperation Agreements with the Mediterranean countries, the Council adopted several Regulations concerning tariff quotas, ceilings and special arrangements for imports of certain products originating in these countries. Moreover, as in previous years, it concluded a number of agreements in the form of exchanges of letters on the rules for applying the concessions granted to these countries in respect of certain natural or processed agricultural products.

FINANCIAL REGULATION ON THE APPLICATION OF THE FINANCIAL PROTOCOLS WITH THE MEDITERRANEAN COUNTRIES

280. At the Commission's request, at the end of the first half of 1985 the Council resumed its examination of the draft Financial Regulation on the application of the Financial Protocols with Algeria, Morocco, Tunisia, Egypt, Lebanon, Jordan, Syria, Malta and Cyprus.¹

At the end of July 1985 it reached agreement in principle on all the outstanding questions, in particular on the decision-making process for approving funding schemes. On this point, the Council fell in with the views of the Commission and Parliament and adopted a procedure similar to the Management Committee procedure, which prevents decisions remaining in limbo. Thus, under this procedure the Commission takes decisions which are immediately applicable. However, if the Committee, which consists of representatives of the Member States, does not give a favourable opinion these decisions are at once com-

¹ See 31st Review, paragraph 343.

municated by the Commission to the Council, which has a period of three months in which to reverse them. At the end of this period, if the Council has not taken a decision, the Commission's decision takes effect.

In assenting to this procedure the Council agreed that it would apply to the new Mediterranean Financial Protocols which were to replace the present Financial Protocols and would enter into force on 1 January 1987 at the latest. Pending the entry into force of this new Regulation, the current procedure for approving Mediterranean funding schemes will remain in force.

On 20 December 1985 the Council forwarded to the European Parliament the draft Regulation in question in the form of joint guidelines. It is for Parliament to say whether it wishes the conciliation procedure to be applied.

RELATIONS WITH SPAIN AND PORTUGAL

281. As in previous years, the Council adopted several implementing Regulations in respect of the Agreements with Spain and Portugal.

In addition, as part of the pre-accession aid to Portugal, the following funding schemes were presented by the Commission and approved by the Council:

- (a) Cooperative centre to utilize the by-products of wine-making in the Douro region
 - EEC contribution: 2.4 million ECU
- (b) Technical assistance programme for the introduction of VAT in Portugal
 - EEC contribution: 378 000 ECU
- (c) Construction of three fishing vessels (Azores)
 - EEC contribution: 822 000 ECU
- (d) Integrated programme of investments in the Mira cooperative
 - EEC contribution: 854 000 ECU
- (e) Programme to improve the conditions for vegetable production and animal rearing in the area between the Douro and the Minho
 - EEC contribution: 994 000 ECU
- (f) Organization for regional agrarian development (PADAR)
 - EEC contribution: 10.7 million ECU
- (g) Project to set up a laboratory for chemical and biochemical analysis by instrumental methods

- EEC contribution: 64 400 ECU
- (h) Setting up of an agricultural statistics organization in the autonomous region of Madeira
 - EEC contribution: 136 939 ECU
- (i) Setting up of a regional information centre on agricultural markets in the autonomous region of Madeira (Crima-Madera)
 - EEC contribution: 103 743 ECU
- (j) Setting up of the 'Central Food Quality Laboratory'
 - EEC contribution: 1 018 986 ECU
- (k) Agros investment
 - EEC contribution: 2 386 474 ECU
- (l) Proleite investment
 - EEC contribution: 1 060 277 ECU
- (m) Programme to restructure the sheep-rearing sector in the Queijo Serra da Estrela region
 - EEC contribution: 2 386 474 ECU
- (n) Construction of the Algarve regional slaughter-house
 - EEC contribution: 3 212 000 ECU
- (o) Programme of aid for the formation and establishment of producer organizations in the fisheries sector in Portugal
 - EEC contribution: 500 000 ECU
- (p) Modernization project in the Beira Litoral wine-producing area
 - EEC contribution: 304 650 ECU
- (q) Project to extend the Porto wholesale market
 - EEC contribution: 2 638 850 ECU
- (r) Project to set up a marketing network for the horticultural products of the area between the Douro and the Minho
 - EEC contribution: 1 016 079 ECU
- (s) Afforestation project in the autonomous region of the Azores (Phase 2)
 - EEC contribution: 338 272 ECU
- (t) Project to construct access roads to agricultural and forestry holdings in the autonomous region of the Azores

- EEC contribution: 913 486 ECU

In addition, in December 1985 the Council agreed to permit the utilization in 1986 of the balance of the commitment appropriations for the outright aid of 100 million ECU and 50 000 ECU granted as pre-accession aid under the Agreements concluded with Portugal in 1980 and in 1984.

RELATIONS WITH SAN MARINO

282. The Republic of San Marino, although a non-member country, is included in the customs territory of the EEC under the terms of an autonomous act adopted by the Community, in view of the fact that since 1939 it has had a customs union with Italy, a Member State within which it is landlocked.

Following several memoranda and approaches on the part of the San Marino Government, which stressed the problems posed by the special and exceptional situation of San Marino, in particular for its producers and businessmen, in August 1985 the Commission forwarded to the Council a report recommending that it should authorize the Commission to open negotiations with San Marino for the conclusion of an agreement in simplified form (exchange of letters) to resolve some of San Marino's problems.

At the end of 1985 the Council's subordinate bodies examined the Commission's report with a view to the adoption by the Council of negotiating directives at the beginning of 1986.

Euro-Arab Dialogue

283. Work continued in connection with the Euro-Arab Dialogue with a view to preparing the ground for the sixth meeting of the General Committee. To this end the European and Arab representatives held two tripartite meetings, on 7 and 8 February in Rome and on 6 and 7 in Tunis. These two meetings resulted in the drafting of almost the entire text of the final joint communiqué on both the political and the economic, social and cultural aspects of the Dialogue. With regard to the non-political aspects, the Community drew up a list of projects and measures to be put forward for approval at the next meeting of the General Committee and gave an estimate of its financial contribution.

In addition, in the Working Committee on Financial Cooperation the two parties made substantial progress on the draft Regional Convention for the Promotion and Mutual Protection of Investments.

At the tripartite meetings referred to above the two parties reaffirmed their desire to continue the Dialogue with a view to increasing their cooperation in all the fields covered by the Euro-Arab Dialogue.

In November 1985 the Secretary-General of the League of Arab States addressed a communication to the President of the Council of the European Community reviving the idea of a Euro-Arab ministerial meeting at which the two parties could state their position on the gravity of the situation and the tensions in the Middle East and in the Mediterranean, in their common desire for peace and stability in these regions. In this reply to this communication the European side stated that the principle of a Euro-Arab ministerial meeting had been accepted since the meeting on the political aspects of the Dialogue in November 1980. It was therefore, under the basic procedures of the Dialogue, for the General Committee to discuss this question at its next meeting and to lay down the terms of this meeting.

Gulf States and North Yemen

GULF STATES

284. The exploratory talks between the Commission and the Gulf Cooperation Council (GCC) continued at the beginning of 1985, in particular at the meeting in Bahrein in March. The Council's subordinate bodies were informed regularly of the results of these talks. Thus, on 30 May 1985 the Commission forwarded a communication to the Council on developing relations between the Community and the GCC. Subsequently contacts were stepped up between the Gulf authorities on the one hand and representatives of the Commission and the Member States on the other.

At its meeting on 22 and 23 July 1985 the Council took stock of this matter, taking account also of the guidelines which had emerged from an informal meeting of the Gulf Cooperation Council on 9 July 1985. It confirmed the political and economic importance which it attached to the development of relations between the Community and the GCC and gave its assent in principle to a restricted ministerial meeting between the Community and the GCC.

Following the contacts between the representatives of the Community and the GCC, this ministerial meeting in Luxembourg on 14 October 1985. The Community was represented by the President of the Council, Mr J. Poos, and by the Commission in the person of Mr C. Cheysson, and the GCC by its Chairman, Sheik Al-Sabah of Kuwait, and its Secretary-General, Mr A. Bishara.

285. This meeting allowed the discussions and negotiations between the Community and the GCC to move to a new and more active phase, which was an

important step towards the conclusion of an agreement between the Community and the GCC. The two parties recognized that the early conclusion of such an agreement was essential in order to create a framework within which they could work together in a favourable climate. It would fill a gap in the network of contractual relations between the Community and the countries of the Mediterranean and the Middle East and would moreover constitute a complementary channel in addition to the Euro-Arab Dialogue.

The two sides stressed the economic and political importance of developing relations between them in the future and their common will to deepen and consolidate these relations. In addition, they stressed in particular the importance of trade and the interdependence of the two areas in various fields such as energy, industrial cooperation, investment, technology transfer and training.

The two sides announced the opening of high-level discussions which would explore in depth in the coming months the substantive issues to be covered in negotiating the Agreement between the Community and the GCC. When this preparatory work is complete the Commission will put before the Council proposals for negotiating directives with a view to the conclusion of this Agreement.¹

There was already an initial high-level meeting between both parties at the beginning of December 1985.

NORTH YEMEN (YEMEN ARAB REPUBLIC)

286. The meeting of the EEC-YAR Joint Committee was held in Sana'a from 5 to 7 March 1985. At this meeting the two parties held an exchange of views on the various aspects of the Agreement, namely trade cooperation, economic cooperation (industrial cooperation, protection of investments, tourism), scientific and technological cooperation, energy and development cooperation.

H — LATIN AMERICA — ASIA

Latin America

287. The Community concentrated on continuing to strengthen the existing

¹ For more details see the press release on the meeting at ministerial level in Luxembourg (Doc. 9610/85, Presse 143).

close cooperation which it has developed with Latin America, and particular efforts were made in the field of relations with Central America.

The Community's resolute support for the Contadora process and its desire to contribute to the stability and the development of this region, were solemnly reaffirmed at the second ministerial meeting between the EEC and Central America, which was held in Luxembourg on 11 and 12 November 1985. At this meeting the political dialogue initiated in September 1984 in San José, Costa Rica, was not only strengthened but, most importantly, institutionalized. In future this dialogue will continue at annual meetings, in principle at ministerial level.

In addition, at the ministerial meeting in Luxembourg, a cooperation agreement was signed between the Community on the one hand and the countries party to the General Treaty on Central American Economic Integration (Costa Rica, El Salvador, Guatemala, Honduras and Nicaragua) and Panama on the other. This Agreement, which allows for future developments and does not *a priori* exclude any sector from economic cooperation, is intended as an essential instrument for contributing to closer economic integration in the Central American region and supporting its economic development and social progress, in the interests of greater political stability.

Lastly, in connection with the administration of the bilateral agreements with certain Latin American countries, meetings of the Joint Committees were held with Mexico and Uruguay. It should be noted that the Joint Committee with Uruguay had not met since 1976, because a military regime was in power there. This regime fell in March 1985, and the meeting of the Joint Committee on 26 November 1985 therefore confirmed the desire of both parties to resume and develop relations with each other.

Asia

ASEAN

288. In accordance with the conclusions of the fifth EEC-Asean meeting at ministerial level, which had been held in Dublin in November 1984, a special EEC-Asean ministerial meeting on economic questions was held in Bangkok on 17 and 18 November 1985.

This meeting noted that the Cooperation Agreement was operating smoothly and that there had been considerable development and diversification of trade between the two regions. However, although the Community is still a major

economic partner of the Asean countries, its share of this expanding market and the volume of investment had increased less quickly than those of other major industrialized countries.

In this connection the Ministers attending the meeting recognized that increased European investment in the Asean region constituted the keystone of a long-term strategy for strengthening the economic ties between the two regions, encouraging technology transfer and promoting mutually beneficial trade. The need to provide a favourable climate for investment was also stressed.

In this context the Ministers set up a high-level working party including representatives of business circles, in particular bankers, to examine investment conditions in the two regions, with a view to identifying any difficulties and studying ways and means of facilitating European investment in the Asean countries, particularly by small and medium-sized businesses.

INDIAN SUB-CONTINENT

289. A new Cooperation Agreement was signed between the Community and Pakistan. This Agreement is to replace the 1976 Trade Agreement. It reflects the desire of both sides for more dynamic relations with each other, involving broader and more diversified cooperation going beyond the purely commercial field to embrace, in a more cohesive global context, the spheres of economic cooperation and development. Pending the entry into force of this new Agreement, a meeting of the Joint Committee under the 1976 Agreement was held in Brussels on 16 and 17 April 1985.

The Agreements with the other countries of the Indian sub-continent (India, Bangladesh and Sri Lanka) operated satisfactorily, thus testifying to the mutual efforts of the Community and these countries to make progress on matters of common interest. The Sri Lanka Joint Committee met in Colombo on 11 and 12 March 1985.

Chapter V: Common fisheries policy

290. The main task facing the Council in 1985 was above all to work out, in the course of the accession negotiations with Spain and Portugal,¹ the conditions for integrating the fisheries sectors of these two countries into the common fisheries policy and then — before the end of the year — to implement these conditions for the 1986 fishing year, together with the measures which the Council has to adopt each year to ensure that this policy operates smoothly.

In December 1985, on a proposal from the Commission, the Council, representing the Ten, adopted all the necessary Regulations after consulting Spain and Portugal in accordance with the consultation procedure agreed under the Act of Accession.²

A — COMMUNITY SYSTEM FOR THE MANAGEMENT AND CONSERVATION OF RESOURCES

TACs and catch quotas

291. The conditions governing the fishing activities of the Member States in the waters of the enlarged Community in 1986 were laid down by the Council, on a proposal from the Commission, in three Regulations which it adopted on 20 and 31 December 1985.³

The TAC levels, which are designed to adapt fishing activities to resources while allowing fishermen an appropriate level of activity, were fixed on the basis of the most recent scientific opinions and after consulting Norway and Sweden in the case of the TACs for certain stocks in the North Sea and the Baltic

¹ See paragraphs 181 to 184 of this Review.

² OJ L 302, 15.11.1985.

³ Regulations (EEC) Nos 3721/85, 3724/85 and 3777/85, OJ L 361 and L 363, 31.12.1985.

managed jointly with one or other of these countries. Overall fishing activities for 1986 were maintained at the same level as for 1985.

However, the TACs for cod, plaice and whiting in the North Sea had to be reduced in order to allow stocks to be reconstituted, while the satisfactory increase in the stock of herring in the North Sea meant that the TAC for this species could be increased compared with the 1985 figure. In addition, in accordance with Article 161 of the Act of Accession, as from 1986 two new species are now subject to the system of catch quotas, viz. pollack and Norway lobster.

292. The TACs were shared out among the Member States of the 10-Member Community according to the principle of relative stability, i.e. in the case of the new species and zones on the basis of recent catches and in the case of the other species in accordance with the key which formed the basis for fixing the first quotas at Community level, as laid down in Regulation (EEC) No 172/83¹ and subsequent decisions by the Council.

The quotas allocated to Spain in the waters of the ten-Member Community correspond to the key laid down in Article 161 of the Act of Accession, and certain fishing rights were shared out between Spain and Portugal either in accordance with Articles 165 and 352 of the Act of Accession or on the basis of recent catches.

In addition to the Regulations on TACs and quotas as such, there are two further Regulations which lay down the number of vessels flying the flags of Member States of the 10-Member Community which may pursue their activities in the waters of Spain and Portugal in 1986.²

The number of Spanish vessels authorized to fish in the waters of the 10-Member Community was laid down in Article 158 of the Act of Accession, while the number of Portuguese vessels admitted to certain fishing zones of the Community as previously constituted is laid down in Regulation (EEC) No 3780/85.³

Lastly, on three occasions the Council found it necessary to amend the TACs and catch quotas which it had laid down for 1985⁴ in order to adjust them in the light of the outcome of the trilateral consultations between the EEC,

¹ OJ L 24, 27.1.1983.

² Regulations (EEC) Nos 3778/85 and 3779/85, OJ L 363, 31.12.1985.

³ OJ L 363, 31.12.1985.

⁴ Regulation (EEC) No 1/85, OJ L 1, 1.1.1985.

Norway and Sweden on fishing in the Skagerrak and the Kattegat¹ and of the most recent scientific opinions on herring stocks in the Irish Sea² stocks of plaice in the Bristol Channel and South-East Ireland areas and stocks of megrim and monkfish (zones VI, VII and VIII).³

Technical conservation measures

293. The only measures adopted by the Council in 1985 concern the fishing zones of Spain and Portugal since, in accordance with the principle adopted in the accession negotiations, fishing activities in these zones were to be governed, with effect from 1 January 1986, by the conditions (regarding minimum mesh sizes, sizes of fish, prohibited equipment etc.) laid down in Regulation (EEC) No 171/83⁴ in respect of the other fishing zones of the Community, on the understanding that these conditions would be supplemented, in certain cases, to take account of the specific features of fishing activities in Spanish and Portuguese waters.⁵

In addition, it should be mentioned that all the provisions of Regulation (EEC) No 171/83 are to be re-examined in 1986 on the basis of the proposal which the Commission forwarded to the Council on 20 December 1985.⁶

Control measures

294. Conscious of the fact that the main objective of the common fisheries policy, i.e. the rational management of stocks so as to ensure stability in fishermen's activities in the medium and long term, can only be achieved with rigorous monitoring of compliance with the catch quotas and technical conservation measures, the Council adopted, acting on proposals from the Commission, two Regulations to supplement existing monitoring measures.

The first of these was Regulation (EEC) No 3723/85,⁷ which amended the Regulation on control measures in force since 1 January 1983⁸ to take account

¹ Regulation (EEC) No 800/85, OJ L 89, 29.3.1985.

² Regulation (EEC) No 2756/85, OJ L 259, 1.10.1985.

³ Regulation (EEC) No 3720/85, OJ L 361, 31.12.1985.

⁴ OJ L 24, 27.1.1983.

⁵ Regulation (EEC) No 3782/85 of 31.12.1985, OJ L 363, 31.12.1985.

⁶ Document 11466/85.

⁷ OJ L 361, 31.12.1985.

⁸ Regulation (EEC) No 2057/82, OJ L 220, 29.7.1982.

of the experiences of Community inspectors in the course of their monitoring activities in the various ports of the Member States.

Secondly, by adopting Regulation (EEC) No 3781/85¹ the Council took measures to ensure that fishermen comply with the regulations on access to waters and stocks laid down in the Act of Accession of Spain and Portugal. These measures apply on the one hand to the fishermen of Spain and Portugal pursuing their activities either in the waters of the other party or in the waters of the Member States of the 10-Member Community and on the other to the fishermen of the Community as previously constituted who are allowed access to Spanish and Portuguese waters. Under them the national authorities must take action against any infringement of the regulations on access by either temporarily or permanently withdrawing authorization to fish in the waters concerned.

B — COMMON ORGANIZATION OF THE MARKETS IN FISHERY PRODUCTS

Common prices

295. The prices applicable in the fisheries sector for the 1986 fishing year were fixed by the Council for the enlarged Community, acting on a proposal from the Commission, on 17 December 1985.

Prices for all the fresh or chilled products listed in Annex I (A) and (D) to Regulation (EEC) No 3796/81² — except for herring — were increased over the 1984 prices at rates varying between 0% and 6%. Prices for fresh or chilled herring on the other hand, were reduced to 3% below the prices for the previous fishing year.³

296. The following table shows the price changes for each species. It must be pointed out that owing to the considerable differences in the prices for Atlantic sardines in the 10-Member Community on the one hand and in Spain and Portugal on the other, and in the prices for anchovies in the 10-Member Community on the one hand and in Spain and Portugal on the other the Act of Accession provided for a price alignment procedure for these two

¹ OJ L 363, 31.12.1985.

² OJ L 379, 31.12.1981.

³ Regulation (EEC) No 3602, OJ L 344, 21.12.1985.

Species (fresh or chilled)	Guide price (ECU/tonne)		Increase
	1984	1985	%
1. Herring	336	326	-3
2. Sardines (<i>Sardina Pilchardus</i>):			
(i) Atlantic	537	537	0
(ii) Mediterranean	441	459	4
3. Dogfish (<i>Squalus acanthias</i>)	844	861	2
4. Dogfish (<i>Scyliorhinus</i> spp.)	814	814	0
5. Redfish (<i>Sebastes</i> spp.)	821	854	4
6. Cod	1 116	1 183	6
7. Saithe	624	643	3
8. Haddock	827	868	5
9. Whiting	761	791	4
10. Ling	876	902	3
11. Mackerel	280	283	1
12. Anchovies	572	578	1
13. Plaice			
(i) From 1 January to 30 April 1986	744	766	3
(ii) From 1 May to 31 December 1986	1 015	1 045	3
14. Hake (<i>Merluccius merluccius</i>)	2 385	2 528	6
15. Shrimps of the genus <i>Crangon</i> <i>crangon</i>	1 485	1 530	3

species,¹ the first stage of which was set for 1 March 1986. Accordingly, in the early months of 1986 the Council will have to adjust, with effect from 1 March, the prices fixed in December 1985 for the ten previous Member States (downwards for Atlantic sardines and upwards for anchovies), and also fix for the first time the prices applicable in Spain and Portugal for these two species.

297. With regard to chilled products (Annex II to Regulation (EEC) No 3796/81), on 17 December 1985 the Council increased the guide prices by between 0% and 3%.² At the same time the producer price for tuna intended for the canning industry was increased from 1 351 to 1 479 ECU/tonne, an increase of 9.5%.³

¹ Articles 169 and 356.

² Regulation (EEC) No 3603, OJ L 344, 21.12.1985.

³ Regulation (EEC) No 3605, OJ L 344, 21.12.1985.

Common marketing standards

298. The Act of Accession provided for the inclusion of certain species in the common organization of the market in fishery products, namely mackerel of the *Schomber Japonicus* species, monkfish, megrim and Ray's bream, together with edible crabs and Norway lobsters.¹ Accordingly, acting on a proposal from the Commission, the Council laid down common marketing standards (in particular minimum sizes) for these species² by amending Regulations (EEC) No 103/76² and (EEC) No 104/76.³

Sardines

299. In order to enable the sardines sector in the 10-Member Community to cope with the new competition created by the gradual integration of Spanish and Portuguese sardine production into the common organization of the market in fishery products, the main feature of which is a reduction in the current guide and withdrawal prices, the Council — in addition to structural aid⁴ — set up a system of compensatory indemnities aimed at safeguarding the income of the sardine producers in the 10-Member Community.⁵ This system, which covers quantities of sardines intended for canning totalling 2 000 tonnes for Atlantic sardines and 43 000 tonnes for Mediterranean sardines, will apply throughout the period over which sardine prices are to be aligned as laid down in the Act of Accession, i.e. for 10 years.

Also during this 10-year period trade in preserved sardines between the 10-Member Community and Spain and Portugal will be liberalized by the gradual elimination of customs duties. However, because of the importance of sardine canning plants to the Portuguese economy, Article 362 of the Act of Accession allows Portugal to export to the 10-Member Community 5 000 tonnes per annum of canned sardines entirely exempt of the duties applicable under the Common Customs Tariff. The first tariff quota of this kind was opened by the Council for 1986 under Regulation (EEC) No 3554/85 of 12 December 1985.⁶

¹ Article 26 in conjunction with Annex I, Chapter XV, point. 4.

² Regulation (EEC) No 3396/85, OJ L 322, 3.12.1985 and Regulation (EEC) No 3118/85, OJ L 297, 9.11.1985.

³ OJ L 20, 28.1.1976.

⁴ See paragraph 301 of this Review.

⁵ Regulation (EEC) No 3117/85, OJ L 297, 9.11.1985.

⁶ OJ L 339, 18.12.1985.

C — STRUCTURAL MEASURES

Existing measures

300. Again with the aim of integrating Spain and Portugal into the common fisheries policy, the Council, acting on a proposal from the Commission, increased the appropriations for the three structural measures which had been in operation since 1983¹ and determined the areas of Spain and Portugal in which the Community contribution to financing restructuring or modernization projects in the fisheries sector (including the development of aquaculture) may be as high as 50%.

The total estimated cost of the three measures in question, which will expire at the end of 1986, is therefore:

- (i) for the measure for restructuring, modernizing and developing the fishing industry — 230 million ECU (compared with the 156 million ECU initially provided for);²
- (ii) for the measure to encourage exploratory fishing and joint ventures— 23 million ECU (compared with the 17 million ECU initially provided for);³
- (iii) for the measure on temporary or permanent reductions in capacity — 106 million ECU (compared with the 76 million ECU initially provided for).⁴

Special aid for sardines

301. Since the accession of Spain and Portugal, which are major producers of sardines, significantly affects the conditions of competition for sardine canning plants in the 10-Member Community,⁵ under Regulation (EEC) No 3722/85⁶ these will receive special structural aid to enable them to adapt to the new market situation.

This aid may be granted for a period of three years as from 1 January 1986, for investment projects aimed in particular at the conversion of canning plants

¹ See 31st Review, paragraph 500.

² Regulation (EEC) No 3733/85, OJ L 361, 31.12.1985.

³ Regulation (EEC) No 3727/85, OJ L 361, 31.12.1985.

⁴ Directive 85/590/EEC, OJ L 372, 31.12.1985.

⁵ See paragraph 299 of this Review.

⁶ OJ L 361, 31.12.1985.

or the permanent cessation of their operations or at improving marketing networks and promoting the consumption of sardines. The estimated cost of this specific measure to be charged to the Community budget is 10 million ECU, and the proportion of Community aid per investment project may not exceed 50%.

D — RELATIONS BETWEEN THE COMMUNITY AND CERTAIN NON-MEMBER COUNTRIES WITH REGARD TO FISHERIES

Effects of the enlargement of the Community

302. Under Articles 167 and 354 of the Act of Accession of Spain and Portugal, as from 1 January 1986 the Community will be responsible for administering fisheries agreements concluded by the two new Member States with non-member countries.

Decisions on the transfer of these fisheries agreements to the 12-Member Community or, if need be, their extension for periods not exceeding one year, are to be made by the Council on a case-by-case basis.

Norway — Sweden — Faeroe Islands

303. The fishing arrangements for 1986 agreed following the consultations between the Commission and the competent authorities of these three countries were approved by the Council at its meeting on 16, 17 and 20 December 1985.¹

The fishing rights enjoyed by the Community in the waters of these countries are restricted to the Member States of the 10-Member Community which have habitually fished in these waters; the effects of the enlargement of the Community on fisheries relations with these non-member countries, particularly with Norway, will be the subject of negotiations in 1986.

¹ EEC/Norway: Regulations (EEC) No 3730/85 and 3734/85; OJ L 361, 31.12.1985.
EEC/Sweden: Regulations (EEC) No 3725/85 and 3726/85, OJ L 361, 31.12.1985.
EEC/Faeroe Islands: Regulations (EEC) No 3730/85 and 3731/85, OJ L 361, 31.12.1985.

With regard to the trilateral relations between the Community, Norway and Sweden concerning fishing activities in the Skagerrak and the Kattegat, the Council adopted the arrangements for fishing activities in these waters in 1985 and 1986 on 26 March and 20 December 1986 respectively.¹

Greenland

304. The catch quotas enjoyed by the Community in Greenland waters in 1986 are allocated in Regulation (EEC) No 3783/85, which the Council adopted on 31 December 1985² after approving the outcome of the consultations held with the Greenland authorities under the Fisheries Agreement concluded between the EEC and Greenland in 1985 following the negotiations which resulted in Greenland ceasing to be a member of the Community.³

Canada

305. Under the Fisheries Agreement between the EEC and Canada the Council, acting on a proposal from the Commission, opened the tariff quotas⁴ for 1986 (concerning in particular frozen redfish and cod and salted cod) which constitute the *quid pro quo* for the fishing rights which the Community enjoys in Canadian waters.

The allocation of these fishing rights among the Member States for 1986 is set out in Regulation (EEC) No 3551/85.⁵

Future fisheries relations between the enlarged Community and Canada will be the subject of negotiations to be held probably in 1986.

United States

306. Under the Fisheries Agreement between the EEC and the United States, which was renewed in 1984,² certain Member States pursued fishing activities in

¹ Regulation (EEC) No 800/85; OJ L 89, 29.3.1985, and Regulation (EEC) No 3721/85, OJ L 361, 31.12.1985.

² OJ L 363, 31.12.1985.

³ See 32nd Review, paragraph 442.

⁴ Regulations (EEC) No 3552/85 and No 3553/85, OJ L 339, 18.12.1985.

⁵ OJ L 339, 18.12.1985.

⁶ See 32nd Review, paragraph 453.

American waters. The necessary permits were issued by the United States authorities with the cooperation of the Commission.

As in the case of Canada, the relations to be established between the 12-Member Community and the United States still have to be negotiated.

Fishing activities pursued by certain non-member countries in the waters of the French department of Guyana

307. Since 1977 the Community has been applying measures for the conservation and management of fisheries resources to the vessels of non-member countries operating in the 200-mile zone off the coast of Guyana, with a view to the conservation of resources in this zone and to the steady development of the local fishing industry.

For 1986, the number of licences which may be granted, in particular for shrimp fishing, to vessels flying the flags of the United States, Japan or certain developing countries was laid down by Regulation (EEC) No 3729/85, which was adopted by the Council on 20 December 1985.¹

African countries

308. Owing to the growing interest in fishing in African waters on the part of the fishermen of the Member States of the 12-Member Community, negotiations began at the end of 1985 to prepare for the renewal of the Fisheries Agreements with Senegal, Guinea-Bissau and Guinea, which are due to expire in 1986.

To supplement the series of Fisheries Agreements concluded with West African countries, on 15 March 1985 the Council authorized the Commission to negotiate an agreement with Gambia.²

With regard to fisheries relations with certain countries in the Indian Ocean, on 4 June 1985 the Council formally approved the Agreement with the Seychelles,³ which had already been in operation on a provisional basis since 11 January 1984.⁴

¹ OJ L 361, 31.12.1985.

² Doc. 4315/1/85.

³ Regulation (EEC) No 1554/85, OJ L 149, 8.6.1985.

⁴ Decision 84/170/EEC, OJ L 79, 23.3.1984, page 29.

In addition, on 11 March 1985 the Council approved the conclusion of the Fisheries Agreement with Madagascar,¹ which will be implemented, probably in 1986, once the necessary procedures have been completed by both Parties.

E — INTERNATIONAL ORGANIZATIONS

309. As in previous years, the Community took an active part, either as a member or as an observer, in the work of the bodies concerned with the various International Conventions on fisheries. The most important of these are:

- (a) Convention for the Conservation of Salmon in the North Atlantic Ocean (Nasco),
- (b) Convention on Fishing and the Conservation of Living Resources in the Baltic Sea,
- (c) Convention on Multilateral Cooperation on Fisheries in the North-West Atlantic (NAFO),
- (d) Convention on Multilateral Cooperation on Fisheries in the North-East Atlantic (NEAFC),
- (e) Convention on the Conservation of Antarctic Marine Living Resources,
- (f) International Convention on the Conservation of Atlantic Tuna (Iccat),
- (g) International Convention on the Conservation of Living Resources in the South-East Atlantic (Icseaf),
- (h) OECD,
- (i) FAO.

310. In several cases where the work of the international organizations of which the Community is a member led to concrete recommendations on the conservation of the stocks living in the waters governed by the Convention concerned, the Council received proposals from the Commission for incorporating these recommendations into Community legislation and thus making it compulsory for Community fishermen to comply with them when fishing in the waters concerned.

To this end, in 1985 the Council adopted two Regulations providing respectively for technical measures for conservation of fish stocks in the Antarctic² and for a

¹ Regulation (EEC) No 780/86, OJ L 73, 18.3.1986.

² Regulation (EEC) No 2245/85, OJ L 210, 7.8.1985.

minimum mesh size for the nets used when fishing for capelin in the 'international' zone of the North-East Atlantic, i.e. the zone which extends beyond the maritime waters falling within the fisheries jurisdiction of Contracting Parties to the NEAFC.¹

In addition, with regard to fishing in the Baltic, when the Council fixed the TACs and quotas for 1986² it followed the conclusions of the International Baltic Sea Fishery Commission.

Lastly, with regard to the area of the North-West Atlantic covered by the NAFO Convention, the Community had recourse for the first time in 1985 to Article XII of this Convention³ and for various reasons raised objections to the proposals adopted by the NAFO Fisheries Commission in respect of the TACs to be complied with in 1986 and their allocation among the various Contracting Parties to the Convention.

Accordingly in 1986 Community fishermen will not be obliged to comply with the measures proposed by the NAFO for fishing activities in the waters of the North-West Atlantic which extend beyond Canada's 200-mile zone. However, the Commission informed the Council that it reserved the right to put forward appropriate proposals to regulate fishing activities in these waters, in the interests of the conservation of resources and the maintenance of good fisheries relations between the Community and Canada.

¹ Regulation (EEC) No 1899/85, OJ L 179, 11.7.1985.

² Regulation (EEC) No 3721/85, OJ L 361, 31.12.1985.

³ OJ L 69, 14.3.1981.

Chapter VI: Common agricultural policy

311. In an economic climate which continued to be one of crisis and a disturbing situation in the agricultural markets, the Council bent its efforts in 1985, both in connection with the negotiations on farm prices and in its discussions on the options proposed by the Commission in its Green Paper, to clarifying the form the common agricultural policy should take.

Further major features of the Council's work in 1985 were the adoption of the common organization of the wine market and the new arrangements for sugar to take effect from 30 June 1986.

A — OVERALL FORM OF THE COMMON AGRICULTURAL POLICY

Farm prices

312. In the proposals which it put before the Council on 30 January, for most products the Commission proposed either maintaining the same price or granting moderate price increases, but for certain products, i.e. cereals and colza because the guarantee threshold had been exceeded, and citrus fruits and tomatoes because of the market situation, it proposed substantial reductions.

Finally it was only after long discussions, in the course of several meetings between February and May 1985, that on 16 May the Council, after receiving the opinions of the European Parliament and acting on a compromise proposal from the Presidency and the Commission, reached agreement on the prices and related measures for the 1985/86 marketing year for all products except cereals and colza (see tables in paragraph 316). This agreement, which was formalized by the adoption of the relevant Regulations on 23 May,¹ was reached by con-

¹ OJ L 137, 27.5.1985.

sensus with two abstentions, i.e. by the German Delegation because of the decisions regarding in particular the milk sector, and the Greek Delegation because of the policy behind certain features of the agreement, in particular the arrangements for Mediterranean products.

The Council largely followed the Commission in these decisions on prices, which reflect its desire gradually to restore a better balance between supply and demand and to make producers more sensitive to market trends. For the majority of products, the changes in prices expressed in ECU lie within the range - 2 to + 2%, the price reductions applying mainly in the plant products sector. The average increase in farm prices over the previous marketing year is 0.1% in ECU terms and 1.8% in national currencies.

313. The austerity of the decision on prices was, however, mitigated for certain products by related measures involving the renewal of certain arrangements to assist producers, such as the premiums in the beef and veal sector and the aid for short-term private storage of table wines, or the amendment of other measures. For instance, the payment deadlines for products sold into intervention were shortened, and the rate of the co-responsibility levy in the dairy sector was reduced.

The various measures taken show the desire of the Council:

- (i) to pursue a policy of controlling supply by ensuring, in the dairy sector, that the reduction in the milk quotas laid down in 1984 was actually applied in the 1985/86 marketing year, albeit with a certain increased flexibility in the administration of the quotas, and in the processed tomatoes sector by restricting production aid to certain quantities allocated by the Member States among the processors;
- (ii) to direct production more towards the needs of the market, in particular in the tobacco and high-protein sectors, and to encourage a policy of improving quality, particularly in the fruit and vegetables sector.

314. With regard to prices for cereals and colza, the Presidency's last compromise proposal, which the Commission had endorsed in order to facilitate an agreement, i.e. a price reduction of 1.8%, was not acceptable to the German Delegation, which stated that in its case major interests were at stake in this sphere. The Council, which had agreed to endeavour to find solutions acceptable to all its members, was unable subsequently to reach an acceptable compromise and the vote taken at the meeting of the Council on 11 and 12 June did not produce the required qualified majorities, since the German Delegation reaffirmed its position and other delegations stated that under the circumstances they did not feel able to vote.

315. The Commission, which expressed its regret at this situation, adopted for these products,¹ on the basis of the market organizations concerned, precautionary measures containing the following provisions:

- (i) for colza, with effect from 1 July 1985, a reduction of 1.8% on the price applying in 1984/85 for intervention buying, fixing of the processing aid to reflect a reduction of 1.8% on the target price for the 1984/85 marketing year, and a bonus of 1.25 ECU/100 kg for quantities of the 00 variety taken into intervention;
- (ii) for durum wheat, with effect from 1 July 1985, application of intervention and aid measures per hectare in accordance with the provisions in force during the 1984/85 marketing year and fixing of the levy on the basis of the threshold price applying in the 1984/85 marketing year;
- (iii) for other cereals, with effect from 1 August 1985, a reduction of 1.8% on the price applying in 1984/85 for intervention buying, and fixing of the levy on the basis of the threshold price for the 1984/85 marketing year, corrected to reflect the 1.8% applied to the buying-in price.

316. Prices (in ECU) for individual agricultural products (excluding cereals and rapeseed)

Product and type of price or amount (period of application)	1984/85		1985/86 Decisions	
	Amount (ECU/t)	Increase (%)	Amount (ECU/t)	Increase (%)
1	2	3	4	5
Rice (1.9.1985-31.8.1986)				
● Target price — husked rice	539.49	3.1	548.37	1.6
● Intervention price — paddy rice	314.19	2.5	314.19	0.0
Sugar (1.7.1985-30.6.1986)				
● Basic price for sugarbeet	40.89	0	40.89	0.0
● Intervention price for white sugar	534.70	0	541.80	1.3

¹ OJ C 153, 26.6.1985 and OJ L 169, 29.6.1985.

Product and type of price or amount (period of application)	1984/85		1985/86 Decisions	
	Amount (ECU/t)	Increase (%)	Amount (ECU/t)	Increase (%)
1	2	3	4	5
Olive oil (1.11.1985-31.10.1986)				
● Production target price	3 162.3	- 1.0	3 225.6	2.0
● Intervention price	2 276.2	- 1.0	2 276.2	0.0
● Production aid ^b	695.6	- 1.0	709.5	2.0
Rapeseed (1.7.1985-30.6.1986)				
● Target price	472.6	- 2.0	—	—
● Intervention price	429.2	- 2.0	—	—
Sunflower seed (1.8.1985-31.7.1986)				
● Target price	582.2	- 1.0 ¹	573.5	- 1.5
● Intervention price	532.7	- 1.0 ¹	524.7	- 1.5
Soya beans (1.9.1985-31.8.1986)				
● Guide price	570.1	1.5	575.8	1.0
● Minimum price	501.7	1.5	506.7	1.0
Dried fodder				
● Fixed-rate aid(25.5.1985-31.3.1986)	8.41	- 1.0	8.49	1.0
● Guide price (25.5.1985-31.3.1986)	177.15	- 1.0	178.92	1.0
Peas and field beans(1.7.1985-30.6.1986)				
● Activating price	512.4	- 1.0	506.4	- 1.2
● Guide price	331.1	- 1.0	324.8	- 1.9
● Minimum price — peas	289.0	- 1.0	283.5	- 1.9
— field beans	289.0	- 1.0	273.5	- 5.4
Lupins (1.7.1985-30.6.1986)				
● Activating price	478.2	—	482.5	0.9
● Minimum price	317.9	—	317.9	0.0
Flax (1.8.1985-31.7.1986)				
● Guide price (seed)	548.6	0.5	554.1	1.0
● Fixed-rate aid (fibre) (per ha) ^c	351.57	- 1.0	355.09	1.0

Product and type of price or amount (period of application)	1984/85		1985/86 Decisions	
	Amount (ECU/t)	Increase (%)	Amount (ECU/t)	Increase (%)
1	2	3	4	5
Hemp (1.8.1985-31.7.1986) ● Fixed-rate aid (per ha) ^d	319.29	- 1.0	322.48	1.0
Silkworms (1.4.1985-31.3.1986) ● Aid per box of silkseed ^e	107.59	1.5	108.67	1.0
Cotton (1.9.1985-31.8.1986) ● Guide price ● Minimum price	941.4 894.4	1.5 1.5	960.2 912.3	2.0 2.0
Milk ² (27.5.1985-31.3.1986) ● Target price	274.3	0.0	278.4	1.5
Butter ² ● Intervention price	3 197.0	- 10.6	3 132.0	- 2.0
Skimmed-milk powder ² ● Intervention price	1 658.8	10.9	1 740.4	4.9
Grana padano cheese 30-60 days ² ● Intervention price	3 817.5	5.7	3 889.3	1.9
Grana padano cheese 6 months ² ● Intervention price	4 727.5	7.6	4 803.3	1.6
Parmigiano-Reggiano 6 months ² ● Intervention price	5 216.1	8.6	5 291.9	1.5
Beef/veal (27.5.1985-1.4.1986) ● Guide price for adult bovines ● Intervention price for adult bovines	2 050.2 1 845.2	- 1.0 - 1.0	2 050.2 1 845.2	0.0 0.0
Sheepmeat ³ (27.5.1985-5.1.1986) ● Basic price (carcase weight)	4 280.4	- 1.0	4 280.4	0.0
Pigmeat (1.11.1985-31.10.1986) ● Basic price (carcase weight)	2 033.3	- 1.0	2 033.3	0.0
Fruit and vegetables (1985/86) ● Basic price ^f	- 1 to + 2		- 3 to + 1	

Product and type of price or amount (period of application)	1984/85		1985/86 Decisions	
	Amount (ECU/t)	Increase (%)	Amount (ECU/t)	Increase (%)
1	2	3	4	5
Table wine (1.9.1985-31.8.1986)				
● Guide price Type RI	3.42	- 1.0	3.42	0.0
● Guide price Type RII	3.42	- 1.0	3.42	0.0
● Guide price Type RIII	53.30	- 1.0	53.30	0.0
● Guide price Type AI	3.17	- 1.0	3.17	0.0
● Guide price Type AII	71.02	- 1.0	71.02	0.0
● Guide price Type AIII	81.11	- 1.0	81.11	0.0
Raw tobacco 1985 harvest				
● Norm price*		- 3 to + 2	- 2.5 to 0	
● Premiums*		- 3 to + 2	- 4.0 to + 1	
Seeds ⁴				0

¹ Having regard to the proposal that the standard quality be altered from an oil content of 40% to an oil content of 42%.

² The adjustments for milk and milk products take account of a revaluation of the components of milk. The fat: protein ratio becomes 48.22:51.78.

³ It was decided that the basic price be increased (by 1%) for the 1986 marketing year, with effect from 6 January 1986. This price would thus be set for 1986 at 4 323.2 ECU/t (carcase weight).

⁴ It is proposed that the aids remain unchanged for 1986/87 and 1987/88.

Notes

Where appropriate, account has been taken of the triggering of the guarantee threshold. Prices for Greece are shown only where they differ from the common prices (CP).

^a *Durum wheat*: No decision.

^b *Olive oil*: For Greece the production aid is 550.4 ECU/t for 1984/85 and will be 709.5 ECU/t in 1985/86, an increase of 28.9%.

^c *Flax*: For Greece the fixed-rate aid is 277.72 ECU/t for 1984/85 and will be 355.04 ECU/t in 1985/86, an increase of 27.8%.

^d *Hemp*: For Greece the fixed-rate aid is 252.22 ECU/t for 1984/85 and will be 322.40 ECU/t in 1985/86, an increase of 27.8%.

^e *Silkworms*: For Greece the aid is 95.80 ECU/box of silkseed for 1984/85 and will be 108.67 ECU/box in 1985/86, an increase of 13.4%.

^f Products listed in Annex II to Council Regulation (EEC) No 1035/72 of 18 May 1972 (% increase and periods of application):

	1984/85	1985/86	Greece 1985/86	
Cauliflowers	2.0	1.0	CP	27.5.1985 to 30.4.1986
Tomatoes	- 1.0	- 3.0	3.6	11.6.1985 to 30.11.1985
Peaches	0.5	- 1.5	4.0	1.6.1985 to 30.9.1985
Lemons	0.5	- 3.0	CP	1.6.1985 to 31.5.1986
Pears	0.5	0.0	CP	1.7.1985 to 30.4.1986
Table grapes	2.0	0.0	CP	1.8.1985 to 31.10.1985
Apples	0.5	0.0	CP	1.8.1985 to 31.5.1986
Mandarins	0.5	- 3.0	0.8 CP	16.11.1985 to 28.2.1986
Sweet oranges	0.5	- 3.0	3.7 CP	1.12.1985 to 31.5.1986
Apricots	- 1.0	- 1.5	CP	1.6.1985 to 31.7.1985
Aubergines	2.0	1.0	CP	1.7.1985 to 31.10.1985

* Increases in 1985/86 in norm prices and premiums for tobacco varieties:

Variety	Norm price**	Premium
Forchheimer Havana, Beneventano, Marva, Tsebelia	- 2.5%	- 4%
Badischer Geudertheimer, Kentucky, Paraguay, Nijkerk, Missionero, Round-Tip, Xanti-Yaka, Perustitza, Erzegovina, Kaba Koulak (non-classic)	- 1 %	- 1%
Badischer Burley, Virgin D, Bright, Burley I, Burley GR, Maryland, Virginia GR, Basmas Katerini, Kba Koulak (classic), Zichnomyrodata, Myrodata Agrinion	0 %	1%

** The figures for Greek varieties are further increased by the incorporation of the fourth 25% of national aid.

Perspectives for the common agricultural policy

317. In January 1985, when it put before the Council its proposals for farm prices, the Commission undertook to present at a later date its thinking on the prospects for the common agricultural policy, to provide a basis for consultations with the Community institutions and other interested parties. At the informal meeting of the Ministers for Agriculture in Sienna on 28 May, an initial debate developed on this subject on the basis of the considerations put forward by the Commission, and on 23 July the Commission sent the Council a Green Paper containing its views on the prospects for the common agricultural policy and the possible options with regard to balance in the agricultural markets, the search for alternative products not in surplus and new uses for agricultural products, measures to be taken with regard to imports and exports of agricultural products, the relationship between agriculture and the environment, rural and regional development, and income support.

The Ministers for Agriculture discussed these options at their informal meeting on 23 and 24 September in Luxembourg and again in the Council meeting on 19 December, together with two memoranda on adjusting the common organizations of the market for cereals and for beef and veal. At this latter meeting the Council noted the Commission's intention to put forward, at the beginning of 1986, specific proposals on the adjustments to be made to these two market organizations. On 19 December the Council also had before it the guidelines arrived at by the Commission following the consultations on its Green Paper which were presented under the title 'A future for European agriculture'.

Amendments to the general rules on the financing and management of the common agricultural policy

318. In July 1985 the Council, in the spirit of the consensus which emerged between the Commission and the delegations at the end of the negotiations on farm prices for the 1985/86 marketing year, amended Regulation (EEC) No 3247/81¹ with regard to measures involving the concept of Community intervention in the agricultural markets to allow the Member States to shorten the payment period for small-scale butter producers from 90 to 60 days. The Member States which use this faculty will themselves bear the interest costs arising for the period between the 60th and 90th days.

In September 1985 the Council again amended² certain provisions of Regulation (EEC) No 3247/81 in the following sectors:

- (i) wine, to take account of the amendments made to the basic Regulation (EEC) No 337/79 on the common organization of the market in wine;
- (ii) olive oil, to insert, in the light of experience, the necessary additional provisions and further details of a technical nature concerning the management of this sector by the national intervention agencies.

Amendments to Community legislation on agriculture in connection with accession

319. In December 1985 the Council, on the basis of provisions in the Act of

¹ Regulation (EEC) No 2139/85, OJ L 199, 31.7.1985.

² Regulation (EEC) No 2632/85, OJ L 251, 20.9.1985.

Accession of Spain and Portugal and in order to amend Community legislation on agriculture in preparation for accession:

- (i) authorized the two new Member States to maintain on a provisional basis certain national aids to agriculture which were incompatible with the common market;¹
- (ii) extended the FADN to include the administrative divisions of Spain and Portugal;²
- (iii) extended to include Spain and Portugal the scope of Community legislation on agricultural structures policy, in particular with regard to the implementation of Regulations (EEC) Nos 797/85 (improving the efficiency of agricultural structures),³ 355/77 (processing and marketing of agricultural products),³ 1360/78 (agricultural producer groups),³ 485/80 (collective projects for the restructuring of vineyards)³ and 777/85 (permanent abandonment of certain areas under vines),⁴ and also made a series of transitional technical and financial amendments to give effect to the measures contained in the above Regulations and set the necessary deadlines so that Spain and Portugal could conform to Community legislation with effect from 1 January 1986; these amendments also provided for the extension to Portugal of the most favourable specific provisions in force at the date of accession under these regulations, which are designed to assist the most disadvantaged areas of the Community;
- (iv) increased the financial framework of the EAGGF (Guidance Section) to 6 350 million ECU for the period 1985-89⁵ to take account of the additional financial requirements involved in implementing the agricultural structures policy in Spain and in Portugal from 1 January 1986;
- (v) adopted a specific programme for the development of Portuguese agriculture⁶ covering a period of 10 years at an estimated cost, to be borne by the EAGGF (Guidance Section), of 700 million ECU. This programme provides in particular for the development of the rural infrastructure, the improvement of land ownership structures, including early retirement for farmers, improvement of irrigation and drainage, specific measures concerning the structure of holdings, increasing the market value of agricultural products, and forestry measures. The programme

¹ Regulation (EEC) No 3773/85, OJ L 302, 31.12.1985 (Spain). Regulation (EEC) No 3774/85, OJ L 302, 31.12.1985 (Portugal).

² Regulation (EEC) No 3644/85, OJ L 348, 24.12.1985.

³ Regulation (EEC) No 3827/85, OJ L 372, 31.12.1985.

⁴ Regulation (EEC) No 3775/85, OJ L 362, 31.12.1985.

⁵ Regulation (EEC) No 3769/85, OJ L 362, 31.12.1985.

⁶ Regulation (EEC) No 3828/85, OJ L 372, 31.12.1985.

lays particular emphasis on agricultural advisory services and training, which are essential for improving agricultural structures in Portugal.

Agri-monetary decisions

320. In May 1985, when fixing the farm prices for the 1985/86 marketing year, the Council completely dismantled the negative MCAs and undertook to abolish the remaining neutral margin for negative MCAs not later than the beginning of the 1986/87 marketing year.

In June 1985, on the basis of Article 43 of the Treaty, the Council adopted two Regulations, one relating to the value of the unit of account and the conversion rates to be applied in the agricultural sector¹ and the other on monetary compensatory amounts in agriculture.²

These Regulations codify in just two texts the provisions governing the agri-monetary sphere which were previously scattered among a large number of Community texts published over the years since 1962.

The amendments introduced by the Regulations codifying the agri-monetary texts concern in particular:

- (i) the abrogation of the rule providing for the suspension of MCAs if the real monetary gap did not exceed 2.5% in any Member State;
- (ii) the procedure for fixing the conversion rates to be used in agriculture: under this procedure, if the Monetary Committee is consulted only after a decision is taken, the measures provided for in the Council's decision will apply provisionally and will become final only after the Monetary Committee has delivered an opinion. If the opinion of the Monetary Committee is negative the Council must adopt final measures.

The use of the ECU as the unit of account in the common agricultural policy is provided for up to 31 March 1987.

321. The arrangements introduced by Regulation (EEC) No 855/84 for the dismantling of the MCAs, in particular the application of a corrective coefficient to the central rates used for the ECU in order to avoid instituting new positive MCAs, were included in the Regulation on monetary compensatory amounts.

¹ Regulation (EEC) No 1676/85, OJ L 164, 24.6.1985

² Regulation (EEC) No 1677/85, OJ L 164, 24.6.1985

It is stipulated that before 31 December 1986 the Commission is to send the Council a report on the application of these arrangements and make proposals in the light of the economic and monetary situation of the Community, developments with regard to agricultural incomes and experience gained. If the Council has not adopted before the beginning of the 1987/88 milk year decisions which, in the light of this report, either extend the system in force or set up some other system, the arrangements applicable before the 1984/85 marketing year are to be restored.

322. Further to the authorization granted to the Kingdom of the Netherlands under Regulation (EEC) No 855/84 to institute national measures to help its farmers to compensate for the fall in farm incomes following the dismantling of the positive MCAs with effect from 1 January 1985, in July 1985 the Council authorized the Kingdom of the Netherlands¹ to institute national measures, essentially of a structural nature, to help reduce the costs borne by farmers, for a period of two years with a Community contribution of 30 million ECU.

In December 1985 the Council decided to abolish the remaining neutral margin for negative MCAs in the sheepmeat sector on the first day of the marketing year for this sector, i.e. 6 January 1986.²

B — MANAGEMENT OF THE COMMON AGRICULTURAL POLICY

Basic amendments to Regulations governing the common organization of markets

WINE

323. In 1985 the Council continued the thorough revision of Community legislation in the wine sector which it had started in 1984 on the basis of the proposals put forward by the Commission. The Regulations adopted by the Council on 26 March and 1 April 1985, following a conciliation meeting with the European Parliament,³ were also based on the conclusions adopted by the European Council at its meeting in Dublin on 3 and 4 December 1984.

¹ Regulation (EEC) No 2000/85, OJ L 188, 24.7.1985.

² Regulation (EEC) No 3772/85, OJ L 362, 31.12.1985.

³ OJ L 88, 28.3.1985, and OJ L 97, 4.4.1985.

With regard to the market, the Council reinforced the compulsory distillation system with a view to securing better control of the market and a better balance between supply and demand, giving the Commission an instrument whereby it could initiate the compulsory distillation of low-price table wine, in such a way as to penalize high yields. The system is activated by the existence of end-of-year stocks in excess of four months' normal consumption, by market prices below 82% of the guide price, or by forecasts that production will exceed the normal level of utilization by more than 9%.

324. With regard to the structural measures designed to bring about a lasting improvement in market conditions, the Council agreed on the introduction of a new system of permanent abandonment premiums for areas under vines for the 1985/86 to 1989/90 marketing years, comprising the granting of premiums varying from 1 000 to 9 000 ECU per hectare according to the productivity of the land, all varieties of grape being provided for. At the same time, replanting rights for producers in receipt of the permanent abandonment premium and for residual areas under vines are to be reduced by 40% for vineyards in Category 3 (level land) and by 20% for those in Category 2 (hillside land). In compensation, a sum of 900 ECU per hectare grubbed up will be paid to the producer on replanting. The Council also agreed to decide, on a proposal from the Commission, on the general arrangements for restricting replanting rights before 1 January 1986.

Lastly, specific measures were taken to improve wine-growing structures in Greece. These concern restructuring measures for areas under vines up to 20 000 hectares and provide for premiums to improve quality without increasing the quantity produced and to enable technical measures to be taken to facilitate restructuring.

SUGAR

325. Since the production arrangements for sugar were due to expire on 30 June 1986, in August 1985 the Commission sent the Council a proposal on the new arrangements for the next five marketing years.

In the light of the discussions which took place on the proposed measures, in December 1985 the Commission amended its original proposal to provide in particular for:

- (i) the maintenance of the current ceilings in the production levy system, i.e. a basic rate of 2% of the intervention price and an additional levy on 'B' sugar of up to 37.5%;

- (ii) the introduction of an absorption levy to cover the budgetary deficit of past years. This levy, which would not be payable in the new Member States, would be applied uniformly to the production of A and B sugar and isoglucose, but would be differentiated according to region under the terms of Article 24 (2) of the basic Regulation on sugar. It would be payable in respect of the five marketing years concerned so as to absorb the accumulated deficit of 400 million ECU. This means that the outstanding balance would be distributed among the various regions concerned on the basis of previous revenue from production levies in each region.

326. On this basis the Council, at its meeting on 9 and 10 December 1985, reached agreement in principle, without prejudice to the Opinion of Parliament, on the main features of the future Community sugar arrangements.

In particular it confirmed the principle of self-financing in the sugar sector, decided to introduce an absorption levy, and confirmed that the current system of quotas would be maintained for the next five marketing years.

In addition, for the two marketing years 1986/87 and 1987/88 only, the Council laid down that the following would remain unchanged:

- (i) quotas and production levy ceilings;
- (ii) derogations from the system of differentiated contracts (mixed price system);
- (iii) the amount of the reserve quantity (quota transfers between undertakings) with a derogation for Spain;
- (iv) provisions governing the national aid which France and Italy are authorized to grant (with the possibility of adjustments to the aid in the case of Italy).

The details of the arrangements to apply in the 1988/89 to 1990/91 marketing years will be laid down by the Council, on the basis of a Commission proposal, by 1 January 1988.

Management of the markets and amendments to basic Regulations

ANIMAL PRODUCTS

Milk and milk products

327. The system of quotas, together with a superlevy system for quantities in excess of the quotas, introduced in April 1984 achieved its objective in the first

12-month period of application, i.e. 1984/85. Milk deliveries for the Community were 0.3 million tonnes less than the guaranteed quantity and were set to decrease again for the following period.

At its meeting from 25 to 27 February the Council adopted a series of amendments proposed by the Commission with a view to making the system more flexible following the difficulties encountered putting it into practice in the majority of the Member States.¹ These concern mainly:

- (i) the possibility, under certain circumstances and for the current marketing year, of offsetting shortfalls and surpluses between regions and within a region;
- (ii) the possibility for producers who deliver both directly to the consumer and to dairies of transferring quantities forming part of the 'direct sales' reserve to the 'deliveries to dairies' reserve;
- (iii) putting all or part of the reference quantity at the disposal of the outgoing tenant upon expiry of a lease;
- (iv) the possibility of admitting as purchasers, in certain areas where dairy undertakings are small, groups of which such purchasers are members;
- (v) a reduction, in the case of Belgium, of 25 000 tonnes in the reference quantity for direct sales and an increase of the same amount in the deliveries to dairies.

328. As part of the measures related to farm prices for the 1985/86 marketing year, the Council confirmed the 1984 decisions on milk quotas, which meant a reduction in the quotas to the base level, i.e. a reduction of 1 million tonnes in 1985/86 on the figure for the previous marketing year, and a corresponding reduction in the 'ordinary' coresponsibility levy for the 1985/86 marketing year from 3% to 2%.

The Council also decided to renew for the next marketing year the Community reserve of 335 000 tonnes split between Ireland, Luxembourg and the United Kingdom, an additional quantity of 58 000 tonnes having been granted to Ireland for the 1984/85 and 1985/86 marketing years.

The Council also decided to maintain or introduce a number of other flexible features in the existing system namely:

- (i) renewal for the 1985/86 marketing year of the provisions permitting transfers of quotas within a region and from one region to another;

¹ OJ L 68, 8.3.1985.

- (ii) collection and final calculation of the superlevies at the end of the twelve-month period concerned, with the possibility of making statements half-yearly instead of every three months;
- (iii) permission for the Member States to use the product of the superlevy, up to the volume of the national quota, to finance the premiums for the permanent cessation of milk production in their country;
- (iv) possibility for the Member States which apply the individual quota formula (A) to recognize groupings or associations of producers.

329. The Council decided to authorize national aid for the marketing of butter until the end of the 1987/88 marketing year.

With regard to the system of aid for the use of milk in feedingstuffs, the Council amended the limits for fixing the aid for skimmed milk for animal consumption.¹

In accordance with Article 3 of Regulation (EEC) No 3667/83, the Council amended the rate of the special levy on New Zealand butter imported into the United Kingdom on special terms, in line with the amendment to the intervention price.¹

In view of the fact that Greece had no stocks of skimmed milk powder and was experiencing certain supply difficulties, the Council decided to make available to the Greek intervention agency 7 000 tonnes of milk powder held by the intervention agencies of other Member States.¹

Lastly, with regard to imitation milk products, in connection with its discussions on farm prices the Council instructed the Commission to examine the problem posed by the development of some of these products in the light of the fixing of milk quotas and to put forward such supplementary proposals as may be appropriate, in order to enable it to take a decision by 1 April 1986.

At its meeting on 21 and 22 October 1985 the Council continued its discussions on this question but was not able to reach an agreement. It invited the Commission to expedite its work on this matter and to present such supplementary proposals as may be appropriate.

Beef and veal

330. In view of the disturbing situation in the beef and veal market, on 18 December 1985 the Commission, in the light of the consultations held in con-

¹ OJ L 137, 27.5.1985.

nection with the Green Paper, presented the Council with a memorandum on adjusting the common organization of the markets in this sector and stated that it would shortly be presenting specific proposals. The Council agreed to examine this memorandum without delay.

Among its decisions on farm prices and related measures for the 1985/86 marketing year, the Council:¹

- (i) extended for a further marketing year the additional premium for maintaining suckler cows in Ireland and Northern Ireland;
- (ii) extended until 6 April 1986 the variable premium for slaughter of certain adult bovine animals in the United Kingdom and the system of calf birth premiums in Greece, Italy, Ireland and Northern Ireland, for which the amount was reduced to 9 ECU, payable by the EAGGF, while Italy was authorized to pay a national supplement of 23 ECU.

With regard to import arrangements, as in previous years the Council reviewed the quantities of meat and numbers of animals which could be imported in 1985.

331. In view of the particularly worrying situation in the beef and veal market, in particular the existence of large stocks, the Council was somewhat cautious with regard to the arrangements for imports which were not bound under GATT.

On 14 January 1985 the Council decided² to open, at a duty of 20%, an annual Community tariff quota for frozen beef and veal of 50 000 tonnes in terms of boneless meat. On the same date² it decided to open, at a duty of 20%, an annual Community tariff quota of 29 800 tonnes for high-quality fresh, chilled or frozen beef and veal (Hilton beef).

In June 1985 the Council decided to open Community tariff quotas at a duty of 4% of 38 000 head of heifers and cows, other than those intended for slaughter, of certain mountain breeds,³ and of 5 000 head of bulls, cows and heifers, other than those intended for slaughter, of certain Alpine breeds.³

On 17 December 1985 the Council, after receiving the Opinion of Parliament, decided to open quotas for frozen buffalo (2 250 tonnes) and for high-quality beef and veal (29 800 tonnes).⁴

¹ OJ L 137, 27.5.1985.

² OJ L 14, 17.1.85.

³ OJ L 155, 14.6.1985.

⁴ OJ L 343, 20.12.1985.

Lastly, the Council drew up the 1985 estimates for imports of young male bovine animals intended for fattening (190 000 head) and for beef and veal intended for the processing industry (50 000 tonnes).¹

Sheepmeat and goatmeat

332. The Council decided that as from 1986 the marketing year for this sector would begin on the first Monday in January.²

On 10 December 1985 the Council decided to extend eligibility for the ewe premium to the producers of goats and of ewes of certain mountain breeds with effect from the 1986 marketing year. Eligibility for this measure is restricted to producers in mountain and hill regions within the meaning of Directive 75/268/EEC in Corsica, Southern Italy and Greece and, in the case of Spain and Portugal, in areas to be specified by the Council by 1 March 1986. With regard to the premium for ewes of certain mountain breeds, the Council restricted eligibility to the Lake District in the United Kingdom.

In 1985 the Council adopted a series of Decisions providing for the renewal of voluntary restraint arrangements with Romania,³ Hungary⁴ and Argentina.⁵ It also renewed the import arrangements applicable to certain non-member countries which have not concluded voluntary restraint agreements.⁶

Pigmeat

Day-to-day management of the market

333. On 23 May 1985, in the course of fixing the prices in the agricultural sector for the 1985/86 marketing year, the Council adopted Regulation (EEC) No 1504/85⁷ fixing, for the period from 1 November 1985 to 31 October 1986, the basic price and the standard quality for slaughtered pigs, keeping the basic price at the same level (2 033.30 ECU/tonne) as for the previous marketing year.

¹ OJ L 14, 17.1.1985.

² OJ L 137, 27.5.1985.

³ OJ L 96, 3.4.1985.

⁴ OJ L 191, 23.7.1985.

⁵ OJ L 251, 20.9.1985.

⁶ OJ L 348, 24.12.1985.

⁷ OJ L 151, 10.6.1985.

Eggs and poultry

334. On 9 and 10 December 1985 the Council managed to reach a very large measure of agreement on the Directive laying down minimum standards for the protection of laying hens in battery cages, on the basis of which this matter is expected to be finally resolved at the beginning of 1986.

PLANT PRODUCTS

Cereals

335. Since the deliberations of the Council in connection with the prices and related measures for the 1985/86 marketing year and the discussions on the basis of the Green Paper had confirmed the necessity of urgent action in the cereals sector and shown the need for more precise information on the possible options in order to get to the heart of the problem, for the meeting on 18 and 19 November the Commission presented to the Council a Memorandum on the adjustment of the common organization of the markets in cereals and announced its intention of presenting concrete proposals on the matter. The Council started its examination of this memorandum immediately.

With more particular regard to the development of new outlets for cereals, the Council continued, on the basis of an amended proposal presented by the Commission on 13 August, to examine means of increasing the consumption of wheat, maize and potatoes for the production of starch and starch products by amending the system of production refunds. The proposed new system would create more favourable conditions for the production of starches from Community cereals and potatoes and thus encourage the use of these products by certain Community industries. Technical work on this matter is sufficiently advanced for concrete conclusions to be expected in the first half of 1986, since the Council has committed itself to acting simultaneously on this proposal and on that relating to production refunds in the sugar sector.

Sugar

336. When fixing farm prices for the 1985/86 marketing year the Council amended the basic Regulation on sugar as follows:¹

¹ OJ L 151, 10.6.1985.

- (i) noting the Commission's report on the operation of the storage cost compensation system, it decided to exclude preferential sugar permanently from this system;
- (ii) in connection with the enlargement of the Community, it introduced a legal instrument making it possible to adopt appropriate measures to ensure the regular supply of all Community refineries processing raw sugar into white sugar.

In view of the losses on marketing surplus sugar in the 1984/85 marketing year and the outstanding balance from previous marketing years, on 24 June 1985 the Council, in accordance with the provisions of the basic Regulation on sugar, decided¹ to increase the production levy on B sugar to the maximum level of 37.5% of the intervention price for the 1985/86 marketing year.

The intervention prices adopted for raw sugar and white sugar under the overall decision on farm prices and related measures were subsequently offered to the ACP States concerned as guaranteed prices for preferential sugar for the 1985/86 delivery period.

In view of the difficulties of negotiating on this basis with the ACP States concerned, in September 1985 the Commission proposed to the Council that the intervention price for raw sugar for the marketing year in question should be amended so as to increase the price for this sugar by the same amount (1.33%) as for white sugar. The Council was not in a position to accept this proposal.

337. With regard to sugar used by the chemical industry, following the Council's examination of the previous proposals concerning production refunds in the sugar sector, in August 1985 the Commission put forward a new proposal for replacing the current system of refunds instituted by Regulation (EEC) No 1400/78.

The aim of the proposal is to promote the use of quota sugar by the chemical industry, in particular in biotechnology. It provides for a production refund within the meaning of Article 9 (3) of the basic Regulation (EEC) No 1785/81 for white sugar, raw sugar and syrups of sugar with a sufficiently high degree of purity which are used in the manufacture of certain chemicals. This refund would be financed by the sugar producers in respect of the quantities of sugar exceeding the amount used in the chemical industry under the present system of production refunds. This proposal is currently being examined by the Council's

¹ OJ L 167, 27.6.1985.

subordinate bodies, the Council having undertaken to examine this proposal quickly, together with the proposal on the industrial use of starch, with a view to adopting them simultaneously.

Wine

338. In November 1985 the Council's subordinate bodies took note of the final estimates of the market situation at the end of the 1983/84 marketing year. These estimates are provided annually by the Commission in accordance with Article 5 of Regulation (EEC) No 337/79.

Since aid for the short-term private storage of table wines and musts was withdrawn under the terms of Regulation (EEC) No 1208/84, In 1985, at the request of the Member States concerned, the Council extended the authorization of national aid for the short-term private storage of these products in Greece, France and Italy for the 1985/86 marketing year.¹

339. The amendments made by the Council in 1982 to the legislation on wine gave the Community increased responsibility for the marketing of the spirits obtained under the distillation schemes referred to in Articles 39, 40 and 41 of the basic Regulation on wine which are held by the intervention agencies.

With a view to organizing the marketing of these spirits distilled from wine, in 1984 the Commission had presented to the Council a proposal for:

- (i) laying down the procedures for selling the spirits in question;
- (ii) fixing minimum sale prices in accordance with criteria laid down before the beginning of each marketing year which could be adjusted in accordance with economic trends;
- (iii) providing other outlets for these spirits, in particular in the fuel sector.

This proposal was studied in detail by the Council's subordinate bodies in 1985. A formal decision on the matter is expected in 1986.

With a view to giving German red wine producers more time to adopt the technical measures necessary for obtaining darker red wines, the Council decided, on a proposal from the Commission, to extend until 31 December 1985 the deadline laid down in Regulation (EEC) No 352/79, which authorizes the coupage of German red wines with darker red wines originating in non-member countries.²

¹ OJ L 151, 10.6.1985.

² OJ L 97, 4.4.1985.

At this stage, in the absence of a common organization of the market in alcohol or of provisions governing the production of aromatized wines, by its Regulation (EEC) No 3581/85 of 17 December 1985¹ the Council extended until 31 December 1986 the provisions of Regulation (EEC) No 351/79, in particular with regard to the addition of alcohol, by way of derogation from Article 69 of the basic Regulation on wine, to the grape musts and wines intended for the production of aromatized wine.

340. With regard to provisions governing the production of sparkling wines, the Council adopted Regulation (EEC) No 3310/85,² which makes certain amendments of a technical nature to Regulation (EEC) No 358/79.

With regard to the description and presentation of wines, the Council, since it was not yet able to act on the whole set of proposals put forward by the Commission for amending Regulation (EEC) No 355/79, decided to extend until 31 August 1987 the period during which the Member States have the option of making it compulsory to show the actual alcoholic strength on the labels of still wines.³

As regards the labelling of sparkling wines, in 1985 the Council reached agreement on the rules to be applied to these wines, in the light of the proposals put forward by the Commission in 1983 and 1984, and adopted Regulation (EEC) No 3309/85.²

These arrangements,² which will enter into force on 1 September 1986, contain provisions relating to the information which must appear on the labels and to optional information, provisions on verification and sanctions and, lastly, measures on presentation, i.e. containers, closures etc.

341. With regard to trade arrangements, in its Regulation (EEC) No 2633/85 of 16 September 1985⁴ the Council relaxed the rules contained in its Regulation (EEC) No 354/79 on the certificates and analysis reports to be presented when importing wine.

The aim of this measure is to facilitate trade with certain non-member countries which have established *vis-à-vis* their producers an effective inspection system.

¹ OJ L 343, 20.12.1985.

² OJ L 320, 29.11.1985.

³ OJ L 179, 11.7.1985.

⁴ OJ L 251, 20.9.1985.

However, with a view to testing the effectiveness of the new arrangements, the Council decided that these rules will apply only for a three-year trial period.

With regard to the statutory definitions of imported products, in 1985 the Council amended the definition of rectified concentrated must laid down in Regulation (EEC) No 339/79, a parallel measure having been adopted for the same product of Community origin.¹

The new definition will take effect from 1 September 1987.

342. Since harmonization of taxes on wines in the Community had not been achieved by 31 December 1985, the application of the specific provisions of the Convention on the Belgium-Luxembourg Economic Union in favour of Luxembourg wines continued to be of some importance for the agricultural income of the Grand Duchy of Luxembourg. In its Regulation (EEC) No 3645/85 of 19 December 1985² the Council therefore extended for a further year the applicability of the provisions of the second subparagraph of Article 1 (1) of the Protocol on the Grand Duchy of Luxembourg, which thus remains applicable until the entry into force of provisions relating to the harmonization of excise duties on wine in the Community, or until 31 December 1986 at the latest.

Vegetable oils

Oils and fats in general

343. Following the amendment made in 1984 to the basic Regulation on oils and fats in respect of the procedures for mobilizing vegetable oils for use as food aid, in October 1985 the Council adopted the Regulation laying down criteria for this mobilization.³ This Regulation provides for priority to be given to the use of Community stocks of vegetable oil for food aid programmes.

Olive oil

344. In addition to the prices adopted for olive oil as part of its overall decisions on 1985/86 farm prices, at a later stage⁴ the Council fixed the represen-

¹ OJ L 320, 29.11.1985.

² OJ L 348, 24.12.1985.

³ OJ L 290, 1.11.1985.

⁴ OJ L 287, 29.10.1985.

tative market price and the threshold price and also, on the basis of the rules for making these calculations laid down under the arrangements for olive oil, the consumption aid as follows:

	ECU/100 kg
Representative market price	198.59
Threshold prices	198.68
Consumption aid	53.02

In addition the Council amended certain points in the basic Regulation (EEC) No 136/66 on oils and fats in order to create a legal basis for the Commission's amending during the marketing year, under certain market conditions, the representative price and the threshold price for olive oil.¹

Table olives

345. On 19 December 1985 the Council took note of a Commission report on the current situation and forecast developments on the table olives market in the Community.

On the basis of this report and in view of the difficulties which had led the Commission not to present proposals at that stage for setting up a market organization for table olives, on the same date the Council adopted a Decision based on the third subparagraph of Article 93 (2) of the Treaty, authorizing Greece, to maintain until 31 December 1987 the national aid measures for table olives.

Peas and field beans

346. In future monthly increases are to apply to the activating threshold price, the guide price and the minimum price.² The aim of this measure, which is neutral from the budgetary point of view, is to enable the sales of these products to be staggered.

¹ OJ L 26, 31.1.1985.

² OJ L 151, 10.6.1985.

In addition, the system of aid for dehydrated potatoes was reinstated.¹

Fresh fruit and vegetables

347. The Council adopted a Regulation which authorizes Community inspections in the matter of conformity with quality standards and the recording of prices on representative markets and markets for imported products. A Community inspectorate will be responsible for ensuring that these rules are applied correctly and uniformly. Inspections will be carried out in conjunction with those carried out by the officials of the Member States.¹

Processed fruit and vegetables

348. Since the guarantee thresholds had been substantially exceeded, the Council decided to restrict temporarily the granting of production aid for processed tomato products to specific quantities broken down by Member State and by processing enterprise producing tomato concentrates, peeled tomatoes and other tomato products.¹

The Council adopted regulations governing the system of minimum import prices for dried grapes from non-member countries.² It also adopted¹ a Regulation concerning the application of the guarantee threshold for currants for the 1985/86 marketing year.

Amendments consequent on the accession of Spain and Portugal

349. On 20 December 1985 the Council adopted a major series of Regulations³ on agricultural matters containing the amendments and legislative provisions made necessary by the enlargement of the Community to include Spain and Portugal.

Among these Regulations mention should be made of those amending Community legislation on wine, milk and milk products, fruit and vegetables, beef

¹ OJ L 137, 27.5.1985.

² OJ L 197, 27.7.1985.

³ OJ L 362, L 367, L 368 and L 372, 31.12.1985.

and veal, mutton and lamb, goatmeat, cereals, oils and fats, sugar, and seeds. Other matters dealt with included national aids which are incompatible with the common market but may be granted on a transitional basis, stocks of agricultural products, tariff quotas to be opened for the Canary Islands, trade in agricultural products between Spain and Portugal, voting procedures in the Management Committees, the application to Spain and Portugal of the Community financial measure for the eradication of classical swine-fever, and so on.

C — COORDINATION OF THE POSITION OF THE MEMBER STATES WITH REGARD TO INTERNATIONAL MATTERS

International Vine and Wine Office (IWO)

350. The Council followed attentively the work of the Office, in particular at its 65th General Assembly, which was held in Paris from 2 to 6 September 1985.

This work mainly concerned the vine-growing, oenological and economic problems relating to the production of sparkling and semi-sparkling wines.

Olive oil and table olives

351. In this sector coordination work in 1985 was concerned with the two meetings of the International Olive Oil Council (IOOC), held in Madrid from 22 to 25 April and 25 to 29 November, and with the meeting of the Committee responsible for drafting the new International Olive Oil Agreement, which was held from 30 September to 3 October 1985.

The main thrust of this work was the drafting of an agreement to replace the 1979 Olive Oil Agreement with effect from 1 January 1987.

Coordination in the OECD

352. 1985 will be remembered for the intense activity on coordinating the positions of the Member States and the Commission with regard in particular to trade in agricultural products with the other members of the OECD.

This work originated from a specific mandate given by the Council on 25 February 1985 in connection with the proposed resumption of international trade negotiations within with the GATT framework.

Accordingly, the delegations of the Member States and the Commission taking part in the meetings of the Committee for Agriculture and the Trade Committee endeavoured to improve the image of the common agricultural policy and also managed to achieve tangible results in the somewhat controversial field of econometric analyses.

A provisional appraisal at the end of 1985 indicates that the Community's position *vis-à-vis* the members of the OECD has improved considerably since the beginning of the year, which promises well for the forthcoming GATT negotiations.

Codex Alimentarius — FAO

353. In 1985 the Member States and the Commission took part in various meetings outside the Community context. At these meetings they coordinated their views to arrive at a common position on the various matters under discussion.

D — HARMONIZATION OF LEGISLATION IN THE FOOD, PLANT HEALTH, VETERINARY AND ANIMAL HUSBANDRY SECTORS

354. The importance of harmonization work was recognized in 1985, since the European Council in Milan on 28 and 29 June adopted the programme of action presented by the Commission in its White Paper for the completing of the internal market, by 1992, in which the objectives regarding food, plant health, veterinary and animal husbandry matters are of key importance. The Council was particularly active in these fields in 1985 and adopted a large number of Directives supplementing or extending Community legislation.

Veterinary and animal husbandry legislation

NEW DIRECTIVES

355. In this sector the Council was extremely active, since fourteen Directives were adopted in 1985, some of them of great importance, bringing the number of acts adopted in this field since 1964 to 104.

On 29 January 1985 the Council adopted a Directive¹ on the financing of health inspections and controls of fresh meat and poultrymeat.

This Directive marks the first stage towards the approximation of the national laws which lay down various arrangements for the financing of health inspections and controls by providing for the collection in due course of fees at a rate to be fixed by the Council at a later date. Thus the cost of the health inspection will in future be borne uniformly by the product concerned and not by the national budgets.

356. On 5 August 1985, after fourteen years' work, the Council adopted Directive 85/397/EEC on health and animal-health problems affecting intra-Community trade in heat-treated milk.²

The aim of this Directive is to approximate the health measures applied by the Member States to the production of heat-treated milk intended for intra-Community trade. This should facilitate the free movement of dairy products, which have been covered by a common organization of the markets since 1968. Like other Directives, it enshrines the principle of placing responsibility on the exporting country, and more particularly on the treatment establishment concerned. Exporting countries must satisfy the countries of destination that the production standards laid down by Community legislation have been complied with by issuing certificates drawn up by the competent authorities. As a check on these guarantees, the establishments will be subject to a system of Community approval and inspection.

The text adopted by the Council takes into account the diversity of production conditions for milk in the various Member States, and accordingly provides for the approximation of legislation in two stages. Member States in a position to apply the second stage immediately to their national production are authorized to require that imports of heat-treated milk into their territory comply with the same standards.

357. On 18 November 1985 the Council adopted Directive 85/511/EEC³ introducing Community measures for the control of foot-and-mouth disease.

This supplements the work which the Council began in 1977, when it introduced measures for the control of tuberculosis and brucellosis, and subsequently exten-

¹ OJ L 32, 5.2.1985.

² OJ L 226, 24.8.1985.

³ OJ L 315, 26.11.1985.

ded in 1980 to the control of classical swine fever, so as to provide for common minimum measures — despite differences of approach on vaccination — for controlling the main epizootics threatening the health of Community livestock.

IMPLEMENTING MEASURES

358. On 25 March 1985¹ the Council amended its Decision 77/97 relating to the financing by the Community of certain emergency measures in the field of animal health. By this amendment the Council extended the scope of Community financial measures to epizootics of foot-and-mouth disease caused by non-exotic viruses in respect of the first twenty outbreaks in a Member State, provided that all the animals of susceptible species on an infected holding are destroyed.

On 12 and 20 June 1985 the Council adopted eight Directives on veterinary matters.

Three of these Directives concern provisions relating to classical swine fever and African swine fever.²

The arrangements for regions officially recognized as swine-fever-free were amended to make it the responsibility of the Member State concerned to suspend the swine-fever-free status of these regions on the outbreak of swine fever.

Under the procedure known as the Standing Veterinary Committee procedure, the Commission intervenes if the suspension period lasts for two months. Community rules are laid down for countries which are infected with African swine fever, or are victims of isolated outbreaks of this disease. It will be the responsibility of the Commission, in accordance with the above procedure, to carry out any regionalization of the countries infected.

This is a 'positive' regionalization, in that its aim is to specify the areas from which consignments of live pigs, fresh pigmeat, and pigmeat products may be made. Under the same procedure the Commission will lay down, in the case of a country in which there is an isolated outbreak, the area from which consignments will be prohibited ('negative' regionalization). In this context, the Commission will be able to decide not to apply the prohibition to certain meat products in the light of the processing which they have undergone.

¹ OJ L 96, 3.4.1985.

² OJ L 168, 28.6.1985.

Medical examinations for persons employed to work with or handle meat or meat products are the subject of three other Directives.¹ These persons are required to show, by a medical certificate, that there is no impediment to their doing such work. The medical certificate must be renewed every year, unless another staff medical check-up scheme offering equivalent guarantees is recognized by the Commission under the Standing Veterinary Committee procedure.

Microbiological inspections are the subject of two other Directives which provide for these inspections to be carried out in slaughter-houses and cutting plants, leaving the implementing procedures to be specified.

HORMONES

359. On 16 July 1985 the Council supplemented Directive 81/602/EEC on the prohibition of certain substances having a hormonal action and of any substances having a thyrostatic action² by laying down — in accordance with Article 7 of that Directive — the general rules for inspections of farm animals on the farm and at the slaughter-house.

On 19 December 1985 the Council reached an agreement by qualified majority which was subsequently formalized on 31 December by the adoption of Directive 85/649/EEC³ on the use in livestock farming of substances having a hormonal action.³

The administration to farm animals of substances having a hormonal action must be prohibited by 1 January 1988 at the latest. Authorization can only be granted for the administration to a farm animal on an individual basis of certain natural substances for therapeutic purposes. This practice must be strictly regulated and controlled.

In addition, the Directive sets out the appropriate provisions stemming from this prohibition in respect of the regulations governing intra-Community trade in live animals and meat and imports from non-member countries.

¹ OJ L 168, 28.6.1985.

² Directive 85/358/EEC, OJ L 191, 23.7.1985.

³ OJ L 382, 31.12.1985.

Legislation on foodstuffs

AMENDMENTS TO EXISTING LEGISLATION

360. In the field of preservatives part of the Council's work came to fruition. After extending for the sixth time, in May 1985, the authorization to use thiabendazole¹ the Council took a more wide-ranging decision on 20 December 1985, when it amended Directive 64/54/EEC and thereby permanently authorized on the one hand the use of potassium bisulphite in winemaking and on the other hand thiabendazole for the surface treatment of citrus fruit and bananas.

Since there were still difficulties regarding the final authorization of natamycine for the surface treatment of sausages and certain cheeses, the Council agreed to continue its examination of this question with a view to coming to a conclusion by 30 June 1986.

With regard to emulsifiers, stabilizers, thickeners and gelling agents, the Council continued its examination of the draft amendment to the positive permitted lists proposed by the Commission and on 20 December 1985 it reached agreement in principle on this proposal. This Directive will make temporary arrangements for gum tragacanth, Karaya gum, oxidized soya oil and polysorbates.

361. Lastly, the Council continued its examination of the proposal to amend the basic Directive 79/112/EEC on the labelling and presentation of foodstuffs, the aim of which is to lay down rules for labelling the ingredients and the alcohol content of beverages containing more than 1.2% of alcohol. An early decision is now in prospect regarding the mandatory display of alcohol content, but the question of a list of ingredients still presents major problems.

On 19 December 1985 the Council adopted a Directive amending Directive 77/436/EEC on coffee extracts and chicory extracts,² the purpose of which is firstly to adapt the rules on labelling to existing Community legislation and secondly to review certain manufacturing and marketing rules in the light of technical progress.

NEW DIRECTIVES

362. On 19 and 20 December 1985 the Council adopted two new Directives.

¹ Directive 85/172/EEC, OJ L 65, 6.3.1985.

² OJ L 372, 31.12.1985.

One of these, Directive 85/572/EEC,¹ concerns the list of simulants to be used for testing migration of constituents of plastic materials and articles intended to come into contact with foodstuffs. This Directive constitutes an essential element in implementing the general legislation already adopted in this sector.

The other, Directive 85/591/EEC,¹ concerns the introduction of Community methods of sampling and analysis for the monitoring of foodstuffs intended for human consumption. It is an important Directive which will make it possible to monitor all foodstuffs, including those which are not yet covered by Community legislation.

In 1985 the Council continued its examination of two proposals for new Directives on flavouring agents authorized for use in foodstuffs and the basic materials for their production, and on extraction solvents used in the manufacture of foodstuffs and their ingredients.

Lastly, in connection with the White Paper on the completion of the internal market, on 18 November 1985 the Commission sent the Council a communication concerning a 'new approach' on harmonization in the foodstuffs sector, in which it proposes replacing the traditional method of detailed harmonization, product by product, in this sector with texts with a broad coverage concerned only with regulating the aspects of public health and information for producers and consumers, very wide powers being delegated to the Commission under a simplified procedure.

PLANT HEALTH LEGISLATION

363. On 19 December 1985 the Council adopted a Directive amending Directive 77/93/EEC on protective measures against the introduction into the Member States of organisms harmful to plants or plants products.¹ The main aim of this Directive is to simplify the procedures laid down in the basic Directive, in particular with regard to amending the annexes.

In 1985 the Council continued its examination of the proposals to supplement the Directives concerning the fixing of maximum permitted levels for pesticide residues in cereals, foodstuffs of animal origin and fruit and vegetables.

¹ OJ L 372, 31.12.1985.

LEGISLATION ON SEEDS AND SEEDLINGS

364. The Council adopted various Decisions introducing new provisions with more stringent criteria on the equivalence of seeds propagated and produced in non-member countries.¹ These provisions, which came into force on 1 July 1985, permit the marketing in the Community of seeds of fodder and sugar beet, fodder plants and cereals, and of oilseed and fibre plants from various non-member countries.

E — STRUCTURAL POLICY

365. At its meeting on 12 March 1985 the Council adopted Regulation (EEC) No 797/85 on improving the efficiency of agricultural structures.² This Regulation, which is of a horizontal nature, makes major amendments to the Community's policy on agricultural structures. In addition the Council adopted a number of new specific measures and certain amendments to measures already in operation.

Regulation (EEC) No 797/85

366. This Regulation, which endeavours to adapt structural improvement measures to the current economic context, relaxes the conditions of eligibility for Community aid by taking account of more flexible improvement plans for holdings than the development plans provided for in Directive 72/159/EEC. With regard to the objective of the improvement plans, the aid is meant for investments to reduce production costs, improve living and working conditions, improve the quality of products, convert to products in short supply, and protect the environment. In addition, the Regulation institutes aid for the installation of young farmers and reinforces measures to assist farming in mountain and hill areas and other less-favoured areas.

The common measure covers a period of 10 years. The Community contribution for the first five years totals 2 242 million ECU, to be applied to the Community of Twelve.

¹ OJ L 195, 26.7.1985 and L 285, 25.10.1985.

² OJ L 93, 30.3.1985.

2. Other measures adopted

367. The Council adopted specific measures in respect of certain Member States.

At its meeting on 29 January 1985 the Council adopted Directive 85/148/EEC¹ amending Directive 81/645/EEC concerning the Community list of less-favoured farming areas in Greece. As a result the total amount of useful agricultural land falling into this category has increased by 10% and now represents approximately 78% of all agricultural land in Greece.

At its meeting on 27 June 1985 the Council adopted Directive 85/350/EEC² concerning the Community list of less-favoured farming areas in Ireland. This list, which replaces that appearing in Directive 75/272/EEC, classifies approximately 68% of the total area of Ireland as less-favoured farming areas.

At its meeting on 12 March 1985 the Council adopted two specific measures to assist Greece, namely Regulation (EEC) No 764/85 introducing aid for the transhumance of sheep, goats and cattle, and Regulation (EEC) No 765/85 on increasing the staff of the departments responsible for quality control of agricultural products in Greece.³ These measures were adopted by the Council in response to the Greek memorandum.

On 16 July 1985 the Council adopted Decision 85/360/EEC⁴ on the restructuring of the system of agricultural surveys in Greece, in order to enable Greece to supply the information required for the formulation and follow-up of the common agricultural policy. The Community funding for this measure totals 20 million ECU.

Amendments to current measures

368. At its meetings on 19 February and 12 March 1985 the Council decided to extend until the end of 1985 the duration of structural measures adopted by the Council in 1978 and 1979, in order to provide continuity until the integrated Mediterranean programmes were implemented. These were:

¹ OJ L 56, 25.2.1985.

² OJ L 187, 19.7.1985.

³ OJ L 86, 27.3.1985.

⁴ OJ L 191, 23.7.1985.

- (i) Directive 85/151/EEC amending Directive 78/627/EEC on the programme to accelerate the restructuring and conversion of vineyards in certain Mediterranean regions in France;¹
- (ii) Directive 85/152/EEC amending Directive 79/173/EEC on the programme for the acceleration and guidance of collective irrigation works in Corsica;¹
- (iii) Regulation (EEC) No 762/85 amending Regulation (EEC) No 1760/78 on a common measure to improve public amenities in certain rural areas;²
- (iv) Regulation (EEC) No 763/85 amending Regulation (EEC) No 269/78 establishing a common measure for forestry in certain Mediterranean zones of the Community.²

In addition, at its meetings on 20 June and 16 July 1985 the Council adopted four Regulations extending common measures concerning stock farming in Italy (Regulation (EEC) No 1713/85 of 20 June 1985),³ beef cattle production in Ireland and Northern Ireland (Regulation (EEC) No 1980/85),⁴ the cattlefeed industry in Northern Ireland (Regulation (EEC) no 2001/85)⁵ and the improvement of public amenities in the Federal Republic of Germany (Regulation (EEC) No 1981/85).⁴

In the sphere of improving the conditions for the processing and marketing of agricultural and fishery products, on 13 May 1985 the Council adopted Regulation (EEC) No 1247/85,⁶ which makes a number of amendments to Regulation (EEC) No 355/77 so as to provide for the financing of the measures in 1985 and also, by way of exception, to make it possible to carry forward a second time the projects submitted for funding in 1984.

Financing of the agricultural structures policy

369. In March 1985 the Council amended Regulation (EEC) No 729/70⁷ concerning the financial framework of the EAGGF (Guidance Section) for the five-

¹ OJ L 58, 19.2.1985.

² OJ L 86, 27.3.1985.

³ OJ L 165, 25.6.1985.

⁴ OJ L 186, 19.7.1985.

⁵ OJ L 188, 20.7.1985.

⁶ OJ L 130, 16.5.1985.

⁷ Regulation (EEC) No 870/85, OJ L 95, 2.4.1985.

year period 1985-89 so as to enable the new policy on agricultural structures to be financed for this period. The total sum to be charged to the EAGGF (Guidance Section) was increased to 5 250 million ECU for the period 1985-89.¹

At the same time the Council fixed the estimated cost of Regulation (EEC) No 355/77 on the processing and marketing of agricultural products at 1 343 million ECU for the period 1985-89.²

¹ Increased to 6 350 million ECU in view of the accession of Spain and Portugal (see paragraph 319 of this Review).

² Regulation (EEC) No 871/85, OJ L 95, 2.4.1985.

Chapter VII: Administrative matters

A — BUDGETARY MATTERS

1985 budget

Letter of amendment No 3 to the preliminary draft budget of the European Communities for the 1985 financial year. Resumption of the budgetary procedure.

370. On 13 December 1984 the European Parliament rejected the draft general budget of the European Communities for 1985 on the grounds that the draft forwarded by the Council did not provide for the financing of Community expenditure for the 12 months of the financial year concerned and that therefore it did not comply with the principle of the annual nature of the budget contained in Article 202 of the EEC Treaty.

The consequence of this rejection was that initially the funds for 1985 expenditure were disbursed in accordance with the system of provisional twelfths; this continued until 13 June 1985, when the 1985 budget was finally adopted.

The basis for resuming the budgetary procedure was the agreement in principle reached by the Representatives of the Governments of the Member States meeting within the Council on 21 March 1985 that, by intergovernmental agreement, additional budgetary needs in 1985 beyond the 1% VAT ceiling should be financed by means of non-repayable advances.

With a letter dated 1 April 1985 the Commission then resumed the budgetary procedure by forwarding to the Council letter of amendment No 3 to the preliminary draft budget for the 1985 financial year. In this proposal the Commission confirmed its previous preliminary draft budget for 1985, which it had forwarded to the budgetary authority on 15 June 1984, subject to certain amendments concerning for example the appropriations for the EAGGF (Guarantee Section) and for food aid, and in view of the 1984 deficit and the

implementation of the intergovernmental agreement on the additional finance for the 1985 budget.

371. Overall, the proposals advanced by the Commission, under this letter of amendment No 3, provided for the following increases over the draft budget approved by the Council on 29 November 1984:

- (i) 2 557 953 819 ECU in commitment appropriations;
- (ii) 2 561 863 519 ECU in payment appropriations.

The break-down of the increase in payment appropriations is as follows:

1 955 million ECU for the EAGGF (Guarantee Section);
520 million ECU deficit carried over from the 1984 to the 1985 financial year;
63.1 million ECU for food aid;
23.2 million ECU repayments to the Member States;
0.1 million ECU refund to Greece;
0.6 million ECU appropriations for staff.

On the income side the letter of amendment provided for the following changes to the draft budget: a downward correction of 306.3 million ECU to the agricultural levies, an upward correction of 538 million ECU to sugar levies and customs duties, and the financing of the additional requirements to be covered by advances from the Member States up to a total of 2 331.4 million ECU.

372. Before drawing up the new draft general budget of the European Communities for the 1985 financial year the Council met a delegation from the European Parliament on 23 April 1985.

Subsequently, having heard Parliament's point of view and on the basis of letter of amendment No 3, forwarded by the Commission on 1 April 1985, the Council drew up the new draft general budget of the European Communities for 1985, having previously consulted the Commission and the Court of Justice.

In the new draft budget the Council provided for total expenditure of 29 974 478 361 ECU in commitment appropriations and 27 930 477 161 ECU in payment appropriations.

373. The Council confirmed the draft general budget of the European Communities for 1985, as established on 2 October 1984 and amended by letter of amendments No 1 adopted on 8 November 1984, subject to the following amendments:

The Council adopted the Commission's proposal for the EAGGF (Guarantee Section) and increased the appropriations by 1 955 million ECU.

In addition, the Commission stated to the Council that if the budgetary requirements for the 1985 financial year were to be amended because of later developments the Commission would forward to the budgetary authority a further letter of amendment to the preliminary draft budget for appropriate action.

In increasing the appropriations entered under item 9200 (compulsory expenditure) as food aid by 26.1 million ECU in payment appropriations and 47.9 in commitment appropriations, the Council agreed to update the appropriations voted when the draft budget of 2 October 1984 was established to allow for trends in world cereals prices, in conformity with the quantities fixed by the Council.

On research and investment expenditure, the Council approved the transfers of appropriations to the relevant lines from Chapter 100 and Item 7361, taking into account the seven research programmes adopted on 12 March 1985.

With regard to the integrated Mediterranean programmes, the Council agreed to enter 70 million ECU in commitment appropriations in Chapter 100 and to include a note on the European Council's undertaking to provide Greece with 2 000 million ECU during the seven year period allowed for these programmes.

On the other hand, the Council did not amend the appropriations entered in Section IV of its draft budget of 2 October 1984, since it considered that the new requests of the Court of Justice could be met in 1985 by transfers of appropriations if necessary. It indicated its readiness to approve any proposals for transfers submitted for this purpose to the budgetary authority.

374. To bolster revenue and meet requirements exceeding the VAT percentage permitted for the draft 1985 budget, the Representatives of the Governments of the Member States undertook, by means of an intergovernmental agreement, to grant to the European Communities as non-repayable advances the sum of 1 982 359 444 ECU, to be entered in Chapter 82.

The Council also gave its assent to the entry under expenditure of the correction in favour of the United Kingdom and the Federal Republic of Germany, while making an amendment to the second sentence of the note to Article 130 in order to allow payment of the funds as quickly as possible.

The new draft 1985 budget was forwarded to Parliament on 29 April 1985.

375. At first reading, on 9 May 1985, Parliament made amendments and proposed modifications to the new draft budget and forwarded it to the Council on 15 May 1985.

Before taking a decision on the draft budget as amended and modified by Parliament on 9 May 1985, the Council met a delegation from Parliament on 22 May 1985.

376. The Council then took decisions on 22 May 1985 on each of Parliament's amendments and proposals for modifications.

377. With regard to non-compulsory expenditure, the Council agreed to accept increases over the draft budget at first reading of 351.13 million ECU in commitment appropriations and 273.3 million ECU in payment appropriations.

Thus, in accordance with the programme drawn up by the European Council in Dublin, the Council decided on a total increase in food aid of 16.3 million ECU. This increase, which is split between compulsory and non-compulsory expenditure, brings the total for the food aid chapter to the level proposed by Parliament. With regard to non-compulsory expenditure, the Council's decision implies an increase of 16.9 million ECU in payment appropriations and 80.3 million ECU in commitment appropriations over the first reading.

To support the integrated Mediterranean programmes (IMPs), the Council allocated an additional sum of 50 million ECU in commitment appropriations, which brings the scheme's total funds to 120 million ECU in commitment appropriations.

Parliament had raised the matter of Community aid to the private agricultural sector in Poland, and the Council agreed to open a new budgetary heading with a token entry at this stage and to approve a transfer of appropriations on a proposal from the Commission which would be forwarded once the Council had taken a decision on this measure.

378. The Council's decisions relating to the Social and Regional Funds, provide for an allocation of more commitment appropriations than requested by the Commission, i.e. an extra 19.9 million ECU for the ERDF and 40 million ECU for the European Social Fund. The Council approved an allocation of a further 52 million ECU in payment appropriations for the Social Fund in addition to the figure quoted at first reading.

Again as an increase over the first reading, the Council agreed to enter additional appropriations for transport infrastructure projects of up to 60.2 million ECU in commitment appropriations and 14.2 million ECU in payment appropriations.

The increase in the budgetary appropriations for the non-associated developing countries comprises 30 million ECU in commitment appropriations and 12 million ECU in payment appropriations, and under energy and research 78 million ECU in commitment appropriations and 45.3 million ECU in payment appropriations.

379. The Council thus largely endorsed the aims which Parliament had sought to express through its amendments in the various sectors of the budget, such as food aid, the Social Fund, the Regional Fund, the integrated Mediterranean programmes, transport, research, energy and cooperation with developing countries and non-member countries.

The table below gives a breakdown by sector of the financial effects of the Council's decisions of 22 May 1985 regarding non-compulsory expenditure on the draft 1985 budget adopted by the Council at its first reading:

Breakdown by sector of the financial effects of the Council's decisions of 22 May 1985 (non-compulsory expenditure)

Sector	Commitments	Payments
Other institutions	1 928 261	1 928 261
Staff (Commission officials)	4 413 000	4 413 000
Guidance and agriculture	16 300 000	1 300 000
Fisheries	130 000	2 130 000
ERDF	29 900 000	0
IMP	50 000 000	0
Transport	60 200 000	14 200 000
Social Fund	40 000 000	52 000 000
Education	905 000	905 000
Other social	4 410 000	2 994 000
Environment and consumers	3 895 000	3 745 000
Culture	380 000	380 000
Energy	7 065 000	3 065 000
Research	53 554 500	29 394 500
Information and innovation	12 000 000	5 350 000
Industry	5 450 000	7 500 000
Food aid	16 900 000	80 300 000
N.a. developing countries	30 000 000	12 000 000
Cooperation - other	13 700 000	15 700 000
Total	351 130 761	237 304 761

380. The Council rejected all the proposed modifications to compulsory expenditure except for:

- (i) proposed modification No 1 concerning Item 9200 (Food aid in cereals other than rice), which the Council amended by increasing the amount by 36 million ECU in payment appropriations;
- (ii) proposed modification No 294 concerning Article 851 (Deficit carried over from previous year), which it amended by fixing the sum of 172.5 million ECU in payment and commitment appropriations. This additional expenditure is covered by additional own resources entered in the statement of revenue in the draft budget.

381. With regard to revenue, the Council rejected Amendment No 288 seeking to amend the statement of revenue. This decision does not imply recognition of this as a genuine amendment; according to Community legislation amendments may relate only to non-compulsory expenditure and in no way to the statement of revenue.

The Council also decided, in the light of the Commission's confirmation of its new estimates of revenue from conventional own resources for 1985, to enter in the statement of revenue an additional overall sum of 231.67 million ECU under Chapters 10 ('Levies' -306.3 million ECU), 11 ('Sugar levies' +38.07 million ECU) and 12 ('Customs duties' +499.9 million ECU).

382. Lastly, the Council made the following points on the classification of expenditure:

- (i) with regard to the budget lines in the draft budget for 1985, both arms of the budgetary authority should adhere to the classification in the Annex to the Joint Declaration of 30 June 1982, and the Council also confirmed the positions it had taken since then, in particular in the explanatory memoranda the draft 1985 budget (Item 2071) and to Letter of amendment No 1 (Item 9605);
- (ii) with regard to the lines inserted by Parliament at its first reading of the 1985 draft, it accepted the classification proposed by Parliament except for Article 582 'EEC guarantee for Community borrowing and lending in respect of transport infrastructure projects', Article 970 'Common Fund' and Items 9700 'Financing of buffer stocks' and 9701 'Financing of measures for the structural improvement of the world market', which the Council considers should be classified as compulsory expenditure.

383. The financial effects of the Council's decisions of 22 May 1985 may be summarized as follows:

	Commitments	Payments
Draft budget — first reading	29 974 478 361	27 930 477 161
Second reading		
compulsory expenditure	195 670 000	231 670 000
non-compulsory expenditure	351 130 761	237 304 761
subtotal	546 800 761	468 974 761
Total draft budget	30 521 279 122	28 399 451 922

This amended draft budget was forwarded to Parliament on 3 June 1985.

384. In this budget Parliament restored two of its 'amendments' on revenue concerning Article 520, Item 5201 (Interest on accounts opened by the institutions under Article 9 (1) of amended Regulation (EEC, Euratom, ECSC) No 2891/77) and Article 821 (Non-refundable advances granted by the Member States in 1985) respectively. In addition, as a result of the voting in Parliament at its second reading the sum of the commitment and payment appropriations again exceeds the level implied by the maximum rate of non-compulsory expenditure calculated by the Commission in accordance with the Treaty, which both arms of the budgetary authority agreed not to amend during the budgetary procedure.

By letter dated 14 June 1985 the President of the European Parliament informed the Council that, following the deliberations of 13 June 1985, he had declared that the general budget of the European Communities for the 1985 financial year had been finally adopted.¹

By letter dated 9 July 1985 the President of the Council informed the President of Parliament that the Council considered that on the three points referred to above the 1985 budget had not been adopted in conformity with the provisions of the Treaties, and that it reserved its position with regard to any consequences which this might have.

385. The following two tables summarize the appropriations for each institution.

¹ OJ L 206 of 5.8.1985.

Commitment appropriations (ECU)

	1984 budget		1985 budget		Difference 1984/85	
	Amount	%	Amount	%	ECU	%
Parliament	239 127 804 ¹	0.87	237 777 492	0.78	- 1 350 312	- 0.56 ¹
Council	137 048 720	0.50	158 468 422 ²	0.52	+ 21 419 702	+15.63 ²
Commission	26 951 726 088	98.45	30 168 067 476	98.53	+3 216 341 388	+11.93
Court of Justice	31 333 251	0.11	32 635 754	0.11	+ 1 302 503	+ 4.16
Court of Auditors	18 052 500	0.07	19 071 030	0.06	+ 1 018 530	+ 5.64
Total	27 377 288 363	100	30 616 020 174	100	+3 238 731 811	+11.83

Payment appropriations (ECU)

	1984 budget		1985 budget		Difference 1984/85	
	Amount	%	Amount	%	ECU	%
Parliament	239 127 804 ¹	0.95	237 777 492	0.84	- 1 350 312	- 0.56 ¹
Council	137 048 720	0.54	158 468 422 ²	0.56	+ 21 419 702	+15.63 ²
Commission	24 935 899 088	98.32	27 985 240 276	98.42	+3 049 341 188	+12.23
Court of Justice	31 333 251	0.12	32 635 754	0.11	+ 1 302 503	+ 4.16
Court of Auditors	18 052 500	0.07	19 071 030	0.07	+ 1 018 530	+ 5.64
Total	25 361 461 363	100	28 433 192 974	100	+3 071 731 611	+12.11

¹ Including: 18 609 500 ECU as a contribution towards preparations for the next election. Without this amount the 1984/85 difference is +7.83%.

² Including, for the Council itself in the strict sense, 17 378 600 ECU got aside to finance an agreement on the construction of a building and the expenditure to be allowed for a reaccept of the accession of Spain and Portugal. Without this amount 1984/85 difference is +2.95%.

1986 Budget

386. By letter dated 31 July 1985 the Commission forwarded to the Council the preliminary draft general budget of the European Communities for the 1986 financial year.

Before establishing the draft budget, the Council met a delegation from Parliament, on 17 July 1985.

Knowing Parliament's point of view, on 17 and 18 September 1985, in the presence of observers from the two prospective acceding States, the Council established the draft general budget of the European Communities for 1986, after consulting the Commission, the Court of Justice and the Court of Auditors. The Economic and Social Committee had also been consulted.

The Council forwarded this draft to Parliament by letter dated 4 October 1985.

In this draft budget the Council provided for total expenditure of 33 952 284 298 ECU in commitment appropriations and 31 791 054 737 ECU in payment appropriations.

387. The following two tables summarize the appropriations for each institution.

Commitment appropriations (ECU)

	1985 budget ¹		Draft 1986 budget		Difference 1985/86	
	Amount	%	Amount	%	ECU	%
Parliament	237 777 492 ¹	0.78	301 341 258	0.89	+ 63 563 766	+26.73
Council	158 468 422	0.52	185 602 700	0.54	+ 27 134 278	+17.12
Commission	30 168 067 476	98.53	33 401 817 410	98.38	+3 233 749 034	+10.72
Court of Justice	32 635 754	0.11	39 978 800	0.12	+ 7 343 046	+22.5
Court of Auditors	19 071 030	0.06	23 544 130	0.07	+ 4 473 100	+23.45
Total	30 616 020 174	100	33 952 284 298	100	+3 336 264 124	+10.9

Payment appropriations (ECU)

	1985 budget ¹		Draft 1986 budget		Difference 1985/86	
	Amount	%	Amount	%	ECU	%
Parliament	237 777 492	0.84	301 341 258	0.95	- 63 563 766	+26.73
Council	158 468 422	0.56	185 602 700	0.58	+ 27 134 278	+17.12
Commission	27 985 240 276	98.42	31 240 627 849	98.27	+3 255 387 573	+11.63
Court of Justice	32 635 754	0.11	39 978 800	0.13	+ 7 343 046	+ 22.5
Court of Auditors	19 071 030	0.07	23 544 130	0.07	+ 4 473 100	+23.45
Total	28 433 192 974	100	31 791 094 373	100	+3 357 901 763	+11.8

¹ The Council draws attention to the terms of its letter to Parliament dated 9 July 1985 with regard to the additional expenditure voted by Parliament on 13 June 1985, totalling 94 359 400 ECU in commitment appropriations and 29 613 750 ECU in payment appropriations.

388. The main components of the draft 1986 budget are as follows:

(million ECU)

	Commitment appropriations	Payment appropriations
EAGGF (Guarantee Section)	21 012	21 012
Other compulsory expenditure	4 162	4 425.7
Non-compulsory expenditure	8 778.3	6 533.4
Grand total	33 952.3	31 791.1

When the Council forwarded this draft budget to Parliament it drew Parliament's particular attention to the following points:

- (i) In view of the Council Decision of 7 May 1985 on the Communities' own resources, which was to come into force on 1 January 1986 and *inter alia* increased the VAT ceiling from 1% to 1.4%, this year the budgetary authority would no longer be faced with the need to resort to financing methods of an exceptional nature, such as an intergovernmental agreement.
- (ii) The Council had taken into account the budgetary effects of the accession of two new Member States to the Communities, namely Spain and Portugal.

389. In this way the Council endeavoured to include the new Member States in most of the Community policies as from the first year of their accession.

In this connection, it clarified its intentions in a statement to the effect that it was prepared to reconsider the appropriations entered for the ERDF and the ESF at the second reading of the draft budget to ensure that the amounts necessary to honour the commitments towards the two new Member States arising from the accession negotiations were made available to the countries concerned with due regard to repeating the commitment and payment appropriations entered in the 1985 budget for the Ten.

390. At its meeting on 1 October 1985 the Council on Foreign Affairs reaffirmed the commitment referred to above, and stressed in particular the spirit in which the concluding phase of these negotiations had been conducted.

With regard to the problem of the 'cost of the past' which the Commission had raised in its preliminary draft budget, the Council, feeling that this was a com-

question which both arms of the budgetary authority must resolve together and that any solution to this question would necessarily be spread over a number of financial years, gave the Presidency an exploratory mandate to look further into this question with the Commission, bearing in mind the Parliament's point of view, and to establish the broad outlines of a solution.

In December 1984 the Council for its part had adopted rules on budgetary discipline. It was in keeping with these rules that it established the major part of the draft budget which was forwarded to Parliament for its consideration.

As far as the classification of expenditure is concerned, the Council reiterated the terms of the Joint Declaration of 30 June 1982 on various measures aimed at facilitating the budgetary procedure. The Council thus adhered, where necessary, to the classification of expenditure in the draft budget required by these provisions.

391. The Council's decisions on the draft budget included the following:

- (i) the allocations for the European Regional Development Fund (ERDF) and the European Social Fund were fixed as follows:

	c/a (ECU)	p/a (ECU)
ERDF	2 705 000 000	1 668 000 000
ESF	2 183 000 000	1 447 000 000

- (ii) The amounts entered as food aid — Chapter 92 — in the 1985 budget, namely 635.59 million ECU in commitment appropriations and 507.86 million ECU in payment appropriations, were repeated for 1986.

On the other hand, the Council did not approve the reserve mentioned in Chapter 101 of the preliminary draft budget.

In this connection, the Council considered that the appropriations which it had entered under this heading in the draft budget constituted an adequate basis for implementing the Community's food aid measures. It will continue to follow attentively developments in the situation in the countries concerned and is ready to re-examine the provisions it has made in the light of the needs to be met.

In appropriations for energy, research, industry and innovation, provision was made for the following:

- (i) 832.1 million ECU in commitment appropriations
(ii) 736.7 million ECU in payment appropriations.

In the research chapter, the draft budget shows an increase of 11% in payment appropriations over the 1985 budget.

For the initial implementation of the Integrated Mediterranean Programmes, amounts of 230 million ECU in commitment appropriations and 85 million ECU in payment appropriations were entered.

392. On 11 October 1985 the Commission sent a letter of amendment to the preliminary draft budget of European Communities for the 1986 financial year, covering a total of 264 million ECU, which provided for a preliminary adjustment in favour of the United Kingdom for the correction of budgetary imbalances which was due to be made during the 1986 financial year.

On 28 October 1985 the Council asked the Commission to present to the budgetary authority a preliminary draft amending budget in September 1986, taking into account the adjustment referred to above and any other possible corrections arising from the most recent budgetary information available. The Council undertook to make the necessary decisions on the basis of this proposal.

393. On 14 November 1985 Parliament adopted amendments and proposed modifications to the draft general budget of the European Communities for 1986. By letter dated 14 November 1985 Parliament forwarded to the Council the draft general budget for 1986 thus amended and accompanied by proposals for modifications.

Before taking a decision on the draft budget as amended and modified by Parliament on 14 November 1985, the Council met a delegation from Parliament on 26 November 1985.

At this meeting the Parliament delegation explained its aims in drawing up the amendments and proposals for modifications to the draft general budget for 1986. The members of the Council took this opportunity to examine more thoroughly, in the course of a lively dialogue, the main problems facing the two arms of the budgetary authority and in particular those relating to the enlargement of the Community and the STET 'rest of the past'.

394. Subsequently the Council took decisions on each of Parliament's amendments and proposals for modifications, as stipulated in Article 203 of the Treaty establishing the European Economic Community, taking account of the points made during this exchange of views.

With regard to non-compulsory expenditure, the Council decided to increase the commitment appropriations by 621.9 million ECU and the payment appropriations by 821 million ECU, in line with the priorities suggested by Parliament, as follows:

Sector	Commitments	Payments
Misc. agriculture	3 084 000	2 784 000
Fisheries	219 000	219 000
ERDF	393 000 000	395 000 000
Misc. Regional	20 114 000	41 514 000
Transport	15 550 000	5 550 000
Social Fund	107 000 000	326 000 000
Misc. Social	3 941 050	3 541 050
Education	3 944 125	3 944 125
Environment	504 000	504 000
Energy	1 550 000	600 000
Research	11 021 250	3 421 250
Information	196 750	446 750
Industry	7 610 500	6 360 500
Food aid	28 010 000	5 010 000
Developing countries n.-a.	5 050 000	10 050 000
Misc. developing countries	10 781 500	5 781 500
Mediterranean cooperation	0	0
Misc. Title 9	2 800 000	2 800 000
Part B	614 376 175	813 526 175
Part A	2 678 760	2 678 760
Subtotal	617 054 935	816 204 935
Other institutions	4 800 000	4 800 000
GRAND TOTAL	621 854 935 ¹	821 004 935

395. In accordance with the commitment entered into during its deliberations on 16 and 17 September, which was confirmed on 1 October by the Council on Foreign Affairs, the Budget Council duly ensured that priority was given to increasing the Regional Fund and the Social Fund by the additional sums which the Commission had considered necessary because of enlargement.

Overall, these additional amounts total 500 million ECU in commitment appropriations and 321 million ECU in payment appropriations. It was specified that the purpose of the commitment appropriations for the two structural Funds was to give a better balance between commitment and payment appropriations.

However, the Council did not enter a contingency reserve of 250 million ECU under this heading but approved the following statement:

'In the context of the enlargement of the Community, the Council asks the Commission to submit to the budgetary authority, in 1986 a preliminary draft

supplementary and amending budget, as necessary, aimed at attaining the objectives set by the Commission when it proposed a reserve of 250 million ECU (in compulsory expenditure) in the 1986 preliminary draft budget.'

396. The Council allowed additional amounts to cover the 'cost of the past', with the aim not only of settling payments arising from previous financial years but also of ensuring the smooth operation of the structural Funds in 1986.

Under the 'cost of the past' the Council thus entered a sum of 400 million ECU, distributed as follows:

- (i) ERDF 196 million ECU,
- (ii) Social Fund 204 million ECU.

When fixing these amounts the Council made the following statements:

- (i) The Council states that it is in favour of spreading the liquidation of the 'cost of the past' over the next few financial years, in view of the resources available; the period to be allowed is longer than that envisaged by the Commission.
- (ii) The Council requests the Commission to use maximum flexibility in administering the structural Funds, so as to ensure the smooth running of these Funds. The Commission is invited to submit a report on the situation towards mid-1986.
- (iii) The Council, noting the Resolution adopted by Parliament on 14 November last, with regard to point 3, states that the sum of 400 Million ECU referred to above will be excluded from the basis of calculation for future non-compulsory expenditure.

397. On the subject of the amendments and proposals for modifications adopted by Parliament at first reading, the Council took the view that Parliament's margin of manoeuvre (i.e. 291 million ECU in commitment appropriations and 217 million ECU in payment appropriations) must necessarily cover a part — if only a small part — of the expenditure needed in connection with enlargement and the 'cost of the past'.

The Council thus wished to remind the Parliament that it had repeatedly shown great interest in Spanish and Portuguese accession to the Community and that the inevitable budgetary consequences must therefore be recognized by both arms of the budgetary authority.

Similarly, the Council considered that the 'cost of the past' was as much the responsibility of Parliament as of the Council as was clear from the analysis annexed to the report on the subject by the Council Presidency.

Overall, the Council approved a sum of 121.9 million ECU in commitment appropriations and 100 million ECU in payment appropriations for the 203 amendments adopted by Parliament at first reading.

398. In general the Council followed the priorities emerging from Parliament's discussions.

At the end of this second reading the Council agreed to propose to Parliament (for non-compulsory expenditure) new rates of increase in commitment appropriations (14.63 %) and payment appropriations (20.5 %) in 1986.

399. The Council kept for its part to the classification of expenditure laid down in the annex to the Joint Declaration of 30 June 1982.

The Council accepted the proposed classification for all the lines Parliament had opened during the first reading, except for the following, which it classified as non-compulsory expenditure:

Commission — Part B

- Item 2041 — distribution of butter to disadvantaged persons
- Item 2123 — distribution of intervention beef and veal to disadvantaged social categories
- Article 292 — direct income support
- Article 330 — EAGGF (Guidance Section) — specific development programme for Portuguese agriculture
- Article 450 — adjustment of capacity in the fisheries sector
- Article 314 — aid to group farming and replacement services
- Item 5841 — financial support for transalpine transport infrastructure projects to facilitate transit via Austria
- Item 5842 — financial support for transport infrastructure projects to facilitate transit via Yugoslavia
- Article 968 — financial cooperation with Yugoslavia

Parliament was informed of the outcome of the Council's deliberations by letter dated 29 November 1985.

400. In an attempt to arrive at an agreement between the two arms of the budgetary authority on new rates for non-compulsory expenditure, at its meeting

on 12 December 1985 the Council decided to present the following compromise proposal to Parliament.

PARLIAMENT'S MARGIN OF MANOEUVRE

401. The Council gave its assent to the use of Parliament's margin for manoeuvre as voted by the Committee on Budgets on 9 December 1985.

This gave the following increases, in accordance with the 1985 basis for calculation recognized by the Council:

- (i) 196 million ECU in commitment appropriations,
- (ii) 92 million ECU in payment appropriations.

STRUCTURAL FUNDS

402. The Council accepted an increase of 150 million ECU in payment appropriations, bringing the overall increase in the payment appropriations to 242 million ECU. The effect of this figure on the refunds to Spain and Portugal to add another 21 million ECU to the budget total.

MAXIMUM RATE AND BASES FOR CALCULATION OF NON-COMPULSORY EXPENDITURE

403. The Council proposed to Parliament new rates of increase in non-compulsory expenditure for 1986 of 17.02 % for commitment appropriations and of 24.46 % for payment appropriations.

It was understood that the additional payment appropriations entered in the 1986 budget to allow for the 'cost of the past', namely 550 million ECU, would not be included in the basis for calculation of non-compulsory expenditure for future financial years.

404. The Council prepared the text of the following Joint Declaration:

'Parliament and the Council, while respecting the regulations currently in force, undertake to provide the necessary financial resources to ensure the uninterrupted normal operation of the structural Funds in 1986; to this end the Commis-

sion should submit its report on the state of the structural Funds and their requirements in March 1986. The Council and Parliament will immediately take the necessary measures to uphold this commitment.'

This proposal was rejected by Parliament at its sitting on 12 December 1985. Given these circumstances, the Council withdrew its compromise proposal.

By letter dated 19 December 1985 the President of the European Parliament informed the Council that, following Parliament's deliberations on 12 December 1985, he had declared the general budget of the European Communities for the financial year 1986 to have been finally adopted.

The level of non-compulsory expenditure at which the budget was adopted by Parliament at the end of its second reading was higher than the new rates proposed by the Council following its second reading. The Council therefore, considering the adopted budget to be irregular owing to the lack of mutual agreement on this point between the two arms of the budgetary authority, decided at its meeting on 20 December 1985 to bring an action against the 1986 budget as adopted by Parliament and against the declaration by the President of Parliament that the budget had been adopted.

B — OTHER BUDGETARY MATTERS

Transfers of appropriations between chapters within the budget estimates of the institutions for 1985.

405. The Council approved various requests for transfers of appropriations between chapters relating to compulsory expenditure forwarded by the Commission under 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.

Carryover of appropriations from the financial year 1984 to the financial year 1985

406. At its meeting on 13 May 1985 the Council decided not to oppose the requests presented by Parliament for the 'non-automatic' carryover of ap-

appropriations from 1984 to 1985, the Council and the Economic and Social Committee pursuant to Article 6 (3) of the Financial Regulation.

In addition, on 26 June 1985 the Commission presented to the Council, for its information, in accordance with Article 6 (7) of the Financial Regulation,¹ a list of the appropriations carried over automatically from 1984 to 1985.

Discharge given to the Commission in respect of the implementation of the 1983 budget

407. At its meeting on 11 March 1985 the Council recommended that Parliament give a discharge to the Commission in respect of the implementation of the budget and the amending and supplementary budgets of the European Communities for the financial year 1983.

This recommendation was forwarded to Parliament by letter dated 12 March 1985.

On 16 April 1985 Parliament gave a discharge to the Commission in respect of the implementation of these budgets.²

Financial Regulations

408. Work continued in the Council's subordinate bodies on the revision of the Financial Regulation of 21 December 1977.

C — STAFF REGULATIONS

409. In addition to a number of routine Regulations on staff salaries, the Council adopted a series of regulations in 1985 on the following:

¹ Article 6 (7) of the Financial Regulation stipulates that 'The European Parliament and the Council shall be provided, for their information, before 1 April, with a list of the automatic carryovers.'

² Decision granting a discharge to the Commission of the European Communities for the financial year 1983 in respect of Sections I — Parliament, II — Council, III — Commission, IV — Court of Justice, V — Court of Auditors, OJ L 132, 21.5.1985.

- (i) amendments to the Staff Regulations and conditions of employment of other servants of the European Communities, mainly relating to pensions and social security;
- (ii) special measures to terminate the service of certain officials and recruit new officials in connection with the accession of Spain and Portugal.

Amendments to the Staff Regulations and conditions of employment of other servants of the European Communities

410. At its meeting on 10 June 1985 the Council adopted Regulation (ECSC, EEC, Euratom) No 1578/85¹ amending the conditions of employment of other servants of the European Communities. This Regulation amends certain provisions, particularly in respect of research staff, in the light of past experience and of socio-economic changes in the Member States.

Following discussions over several years, on 27 September 1985 the Council adopted Regulation (ECSC, EEC, Euratom) No 2799/85² amending the Staff Regulations of officials and the conditions of employment of other servants of the European Communities. Apart from several provisions of a technical nature connected with the pensions scheme, the main amendments concerned the following:

- (i) introduction of a widower's pension;
- (ii) introduction of a general subrogation in favour of the European Communities in cases of third-party responsibility for events giving rise to payment of a pension or allowance;
- (iii) extension of the Community pension scheme to the temporary staff referred to in Article 2 (a) of the conditions of employment of other servants;
- (iv) introduction of an unemployment insurance scheme for temporary staff.

Special measures to terminate the service of certain officials and to recruit new officials of the European Communities

411. By Regulation (ECSC, EEC, Euratom) No 1679/85, the Council introduced special and temporary measures to terminate the service of certain of-

¹ OJ L 154, 13.6.1985.

² OJ L 265, 8.10.1985.

officials in the scientific and technical services of the European Communities.¹ These measures were designed to permit the introduction of new skills and a reduction in the average age of staff at the Joint Research Centre.

412. In addition the Council adopted the following two Regulations in connection with the requirements arising from the accession of Spain and Portugal to the European Communities:

- (i) Council Regulation (ECSC, EEC, Euratom) No 3517/85 introducing special and temporary measures applicable to the recruitment of officials of the European Communities as a result of the accession of Spain and Portugal;²
- (ii) Council Regulation (ECSC, EEC, Euratom) No 3518/85 introducing special measures to terminate the service of officials of the European Communities as a result of the accession of Spain and Portugal.²

By the first Regulation the Council adopted temporary measures derogating from the staff regulations in the interests of the recruitment of Spanish and Portuguese nationals.

The second Regulation allows Community institutions to take measures to terminate the service of officials who meet certain age and seniority criteria, to assist the gradual integration of Spanish and Portuguese officials.

¹ OJ L 162, 21.6.1985.

² OJ L 335, 13.12.1985.

Tables

Table 1

**NUMBER OF DAYS SPENT ON COUNCIL MEETINGS AND
MEETINGS OF PREPARATORY BODIES**

Year	Ministers	Ambassadors and ministerial delegations	Committees and working parties
	EEC/EAEC/ECSC	EEC/EAEC/ECSC	EEC/EAEC/ECSC
1958	21	39	302
1959	21	71	325
1960	44	97	505
1961	46	108	655
1962	80	128	783
1963	63 ¹ / ₂	146 ¹ / ₂	744 ¹ / ₂
1964	102 ¹ / ₂	229 ¹ / ₂	1 002 ¹ / ₂
1965	35	105 ¹ / ₂	760 ¹ / ₂
1966	70 ¹ / ₂	112 ¹ / ₂	952 ¹ / ₂
1967	75 ¹ / ₂	134	1 233
1968	61	132	1 253
1969	69	129	1 412 ¹ / ₂
1970	81	154	1 403
1971	75 ¹ / ₂	127 ¹ / ₂	1 439
1972	73	159	2 135
1973	79 ¹ / ₂	148	1 820
1974	66	114 ¹ / ₂	1 999 ¹ / ₂
1975	67 ¹ / ₂	118	2 079 ¹ / ₂
1976	65 ¹ / ₂	108 ¹ / ₂	2 130
1977	71	122	2 108 ¹ / ₂
1978	76 ¹ / ₂	104 ¹ / ₂	2 090
1979	59	107 ¹ / ₂	2 000
1980	83	106 ¹ / ₂	2 078 ¹ / ₂
1981	83	110	1 976
1982	86	107	1 885
1983	121 ¹ / ₂	105 ¹ / ₂	1 912 ¹ / ₂
1984	133	86	1 868 ¹ / ₂
1985	118	117	1 892

Table 2

INTERIM COMMITTEE FOR THE COMMUNITY PATENT
NUMBER OF MEETINGS

Period	Plenary	Groups
1979	1	11
1980	2	4
1981	—	2
1982	1	2
1983	1	4
1984	1	6
1985	5	14

List of abbreviations

— A —

ACP

African, Caribbean and Pacific States

Asean

Association of South-East Asian Nations

ASOR

Agreement on the International Carriage of
Passengers by road by means of Occasional
Coach and Bus Services

— B —

Brite

Basic research in industrial technologies for
Europe

— C —

CAP

Common agricultural policy

CCT

Common Customs Tariff

CDI

Centre for the Development of Industry

CFPE

Community financing projects for the en-
vironment

cif

Cost, insurance and freight

CIUTS

Collective investment undertaking for
transferable securities

CMEA

Council for Mutual Economic Assistance
(Comecon)

Comett

Community programme in education and
training for technology

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 —

EAEC

European Atomic Energy Community

EAGGF

European Agricultural Guidance and Guar-
antee Fund

ECE

Economic Commission for Europe

ECSC

European Coal and Steel Community

ECU

European currency unit

EDF

European Development Fund

EEC

European Economic Community

EFTA

European Free Trade Association

EIB

European Investment Bank

EMS

European Monetary System

ERDF

European Regional Development Fund

ESC

Economic and Social Committee

ESF

European Social Fund

Esprit

European strategic programme for research
and development in information technology

— F —

FADN

Farm accountancy data network

FAO

Food and Agriculture Organization

FAST

Forecasting and assessment in the field of
science and technology

— G —

GATT

General Agreement on Tariffs and Trade

GCC

Gulf Cooperation Council

— I —

IADF

International Agricultural Development Fund

Iccat

International Commission for the Conserva-
tion of Atlantic Tuna

ICES

International Council for the Exploration of
the Sea

Icseaf

International Commission for South East
Atlantic Fisheries

IDA

International Development Association

IDC

Industrial Development Centre

ILO

International Labour Organization

IMF

International Monetary Fund

IMP

Integrated Mediterranean programmes

IOOC

International Olive Oil Council

IWO

International Wine Office

— J —

JET
Joint European Torus
JRC
Joint Research Centre

— L —

LAES
Latin-American Economic System
LDC
Least-developed country
LEI
Local employment initiative

— M —

MCA
Monetary compensatory amount
MTN
Multilateral trade negotiations

— N —

NAFO
North-West Atlantic Fisheries Organization
NCI
New Community Instrument
NEAFC
North-East Atlantic Fisheries Commission
NGO
Non-governmental organization

— O —

OCTS
Overseas countries and territories
OECD
Organization for Economic Cooperation and Development

— P —

psr
Produced in specific regions (quality wines)

— R —

R&D
Research and development

— S —

SDR
Special drawing rights
SRS
Search and rescue services
Stabex
Stabilization of export earnings
Sysmin
System of stabilization of export earnings from mining products

— T —

TAC
Total allowable catch
TCA
Technical centre for agricultural and rural aid

TCDD

Tetrachlorodibenzodioxine

— U —

Unctad

**United Nations Conference on Trade and
Development**

UNEP

United Nations Environment Programme

Unido

**United Nations Industrial Development
Organization**

UNRWA

**United Nations Relief and Works Agency for
Palestine Refugees in the Near East**

— W —

WHO

World Health Organization

WIPO

World Intellectual Property Organization

Index

The numbers refer to paragraphs. When a subject is dealt with in several successive paragraphs, only the first is given.

— A —

Accession	see Enlargement
ACP-EEC Conventions	240
ACP-EEC Council of Ministers	244, 256
ACP-EEC Internal Agreement	261
ACP-EEC Joint Assembly	246
ACP States	21, 240
Aflatoxine	248
Africa	214, 223, 230, 238
Agreements	25, 40, 196, 209, 261, 264, 272
Agricultural markets	311
Agricultural products	10, 90, 187, 265, 267, 317, 368
Agriculture	108, 181, 311
Aid	224, 227, 301, 315, 366
Aid — financial and technical	238
Air transport	145
Aircraft	90
Alcohol	339
Algeria	272
Aluminium	178
Amending budget for 1986	392
Anchovies	296
Anti-dumping measures	195
Architects	5, 52
Argentina	332
Arrack	242, 250, 262
Asbestos	43, 106, 159
Asean	22, 288
Asia	238, 288
Association Agreements	267
Atmospheric pollution	42, 155, 162, 170
Audio-visual productions	173
Audio-visual programmes	76
Audio-visual pirating	70
Austria	142

— B —

Baltic Sea	291, 309
Bananas	242, 360
Bangladesh	289
Bankruptcy Convention	62
Beans	249, 346
Beef and veal	208, 229, 313, 317, 330, 349
Belgo-Luxembourg	
Economic Union	342
Books	176
Border areas	110
Brucellosis	357
Brussels Convention	34
Budgets	231, 260, 370
Budget — 1983	407
Budget — 1985	12, 370
Budget — 1986	18, 386
Budgetary discipline	74
Building sector	120
Butter	318, 329
Butteroil	229

— C —

Canada	152, 208, 305, 310
Canary Islands	349
Cancer	178
Canning plants	301
Capital	49
Catalogues	174
Central America	25, 287
Centre for the development of industry	258
Cereals	203, 224, 228, 312, 335, 349, 363
Chad	226
Cheese	360
Chemical Industry	337
Chicory	361

China	22, 209
Chlorofluorocarbons	163
Chocolate	247
Citrus fruit	204, 312, 360
CMEA	212
Coal	122, 124, 148
Cocoa	216, 247
Cod	291
Coffee	361
Colza	312
Commercial operators	56
Comett programme	95
Common agricultural policy	10, 311, 317
Common Customs Tariff	253
Common fisheries policy	110, 294, 300
Community patent	63
Community transit	201
Company law	60, 86
Completion of internal market	354, 364
Consumers	71, 179
Containers	158
Convention for the conservation of salmon in the North Atlantic Ocean	309
Cooperation agreements	25, 264, 272
Copyright	69
Corsica	368
Cotton	267
Council of Europe	23, 44, 108
Court of Justice	13, 31, 134
Credit institutions	50
Credit insurance	91
Crisis	143, 216, 230
Customs Conventions	40
Customs cooperation	40
Customs duties	204, 299
Customs duty exemptions	39
Customs union	5, 36, 265, 270
Cyclamens	163
Cyprus	265, 270

— D —

Dangerous substances	43, 162, 171
Data processing	174
Defective products	71

Dehydrated potatoes	346
Denmark	47
Dentists	53
Desertification	165, 224
Developing countries	15, 144, 187, 203, 227, 307
Development	6, 8, 105, 128, 151, 192, 237
Development Committee	81
Distillation	323
Doctors	53
Dried grapes	348
Driving time	135
Duty-free allowances	39

— E —

Economic Commission for Europe	40, 169
Economic and Social Committee	32, 114, 239
Economic policy	5, 75
ECU	6, 78, 312, 320
Education	54, 172
EFTA	199
Eggs	334
Egypt	273
Electrical equipment	43
Energy and energy policy	3, 113, 121, 147, 158
Enlargement	33, 137, 181, 191, 243, 270, 319, 349
Environment	3, 146, 154, 169
Epizootics	357
Equal treatment and opportunities for men and women	100
Ethiopia	226
Euro-Arab dialogue	283
European cooperation in the field of scientific and technical research	4, 151
European Council	6, 33, 54, 74, 181, 212, 224, 354, 377
European Development Funds	261
European Economic Interest Grouping	60
European Investment Bank	268, 272, 276,

European Investment Bank	268, 272, 276, 278	GATT	186, 352
European Monetary System	6, 78	Generalized preferences	239, 251
European Parliament	104, 114, 183, 261, 239, 268, 280, 323, 331, 384	Germany	52, 74, 84, 110, 368
European Patent	63	Goatmeat	332, 349
European Regional Development Fund	111	Greece	77, 83, 324, 330, 367
European Social Fund	6, 96	Green Paper	311, 317, 330
European Union	6	Greenland	30, 102, 304
Exchange restrictions	79	Groundnut products	248
Exhaust gases	155	Guinea-Bissau	308
Exports	45, 197	Gulf States	284
		Gum	360
		Guyana	307

— F —

Faeroe Islands	303
Fairs and exhibitions	198
Famine	215, 226
Farm prices	312, 317, 328, 336
Fauna	166
Feedingstuffs	151, 329
Financial and technical cooperation	261, 264
Financial Regulations	231, 258, 405, 408
Finland	151
Fish	229
Fisheries	108, 181, 253, 266, 290
Fishery products	295, 368
Flavouring agents	362
Flora	166
Fodder plants	364
Food aid	224, 228, 343
Food security	224
Foodstuffs	151, 360
Foot-and-mouth disease	357
Foreign languages	172
France	110, 326, 338, 368
Fraud	40
Freedom of movement	53
Frontier formalities	5, 27
Fruit and vegetables	316, 347, 363

— G —

Gambia	308
--------	-----

— H —

Harmomization of customs legislation	38
Harmonized Commodity Description and Coding System	40
Health	155, 161, 177
Herring	291, 295
Higher education	54, 172
Hormones	359
Hungary	332
Hydrocarbons	162

— I —

India	289
Indian Ocean	308
Industrial products	10
Information	174
Infringement	65
Institutions	1
Insurance	57
Insurance contracts	58, 179
Integrated Mediterranean programmes	9, 23, 377
Intellectual property	67
Interest rates	89
Internal market	36, 354
International Agreement on Tropical Timber	219
International agreements	25
International conventions	40, 163, 309

International Vine and Wine Office	350	Luxembourg Protocol	342
Investments	49		
Ireland	110, 328, 367	— M —	
Isoglucose	325	Macaroni	204
Israel	22, 274	Madagascar	308
Italian Presidency	1, 4, 19, 183	Maghreb	272
Italy	110, 132, 326, 338, 368	Maize	335
		Malawi	253
— J —		Mali	227
Jamaica	253	Malta	25, 265, 268
Japan	22, 130, 187, 206, 307	Mashreq	272
Joint Declaration of 30 June 1982	390, 399	Mauritius	253
Jordan	273	Mediterranean policy	263
		Megrim	292
— K —		Mesh sizes	310
Kenya	253	Midwives	53
Kiribati	256	Migrant workers	101
		Milk	312, 327, 349, 356
— L —		Milk powder	228, 232, 329
Labelling	340, 361	Monetary compensatory amounts	10, 84, 320
Latin America	22, 238, 287	Monkfish	292
Law of the Sea	35	Morocco	272
Lead	156	Motor vehicles	155, 162
Leave for family reasons	100	Mountain and hill farming	366
Legumes	232	Mozambique	226
Lemons	204	Munich Convention on the European Patent	63
Less-favoured farming areas	367	Museums	175
Letter of amendment No 1 to the preliminary draft budget for 1985	382	Musts	339
Letter of amendment No 3 to the preliminary draft budget for 1985	370		
Libraries	174	— N —	
Loans	48, 76, 103, 108, 126, 271, 276	NAFO	309
Lomé II Convention	240	Natamycine	360
Lomé III Convention	240	Natural gas	117
Luxembourg Convention on the Community patent	63	Netherlands	322
Luxembourg Presidency	1, 3, 5, 13, 20, 36, 274	Neutral margin	320
		New technologies	16
		New Zealand	329
		Niger	226
		Nitrogen oxides	155, 170
		Noise at work	98
		Non-member countries	52, 78, 83, 101, 130, 196, 204, 282, 302, 339, 359, 363

North Yemen	286
North Sea	291
North-South Dialogue	15, 214
Northern Ireland	110, 330, 368
Norway	22, 151, 291, 303
Nuclear power	80, 147
Nurses	53
Nutrition	151

— O —

OECD	88, 171, 189
Officials	409
Oil and gas	117, 121, 128, 162
Oil imports	129
Oil products	76
Oils and fats	343, 349
Oilseed plants	364
Olives	345, 351
Olive oil	318, 344, 351
Olive Oil Agreement	351
Overseas countries and territories	262
Own resources	74, 108, 182, 268
Ozone	163

— P —

Paints and varnishes	43
Parliamentary committees	19
Passport	29
Patent law	63
Peas and field beans	346
Pensions	409
Pesticides	363
Petrol	156
Pharmacists	5, 53
Pigmeat	333, 358
Plaice	291
Plant health	363
Plant products	335
Plasma technologies	149
Plastic materials	362
Poland	211, 377
Pollution	4, 42, 155, 162, 170
Polysorbates	360

Portugal	63, 97, 109, 137, 181, 239, 281, 292, 319, 332, 349, 402
	— see also Enlargement
Potatoes	335, 346
Poultry	334, 355
Processed fruit and vegetables	348
Public limited-liability companies	61

— R —

Racism	101
Radioactive waste	152
Rail transport	141
Recruitment	412
Recycling	158
Refining	130
Regional development	110
Regional policy	108
Research	5, 8, 146, 151, 378
Retraining	93
Rhine	140
Right of abode	26, 35
Right of establishment	49, 52
Road safety	135
Road transport	135, 141
Romania	210, 332
Rubber	216, 218
Rum	242, 250, 262
Rural areas	368

— S —

Safety	5, 133, 136
San José Conference	238
San Marino	282
Sardines	296
Sausages	360
Scandinavian countries	22, 144, 151, 281, 291, 303
Scientific research	146
Scrap	47
Sculpture	173
Sea transport	143
Seal pups	160
Seeds	349, 364

Senegal	308
Seychelles	308
Sheepmeat	332, 349
Shipbuilding	110
Shoes	207
Shrimps	307
Single administrative document	38
Skins	160
Slaughter-houses	359
Small and medium-sized businesses	60, 108, 288
Social policy	11, 16, 92
Social security	55, 101, 409
Solid fuels	121
Soya oil	360
Spain	97, 109, 137, 181, 239, 292, 319, 326, 332, 349, 402 — see also Enlargement
Sparkling wine	340, 350
Special drawing rights	89
Spirits	339
Sri Lanka	289
Stabex	241, 256
Staff Regulations	410
Starch	335
Steel	202, 239
Steel industry	3, 46, 124, 190
Steel policy	46
Suckler cows	330
Sudan	226
Sugar	216, 228, 232, 255, 316, 325, 336, 349
Sugar beet	364
Sulphur	170
Sweden	151, 281, 303
Swine fever	349, 357
Switzerland	34, 151
Syria	273
Sysmin	257

— T —

TACs	291, 310
Tafia	242, 250, 262
Tax exemptions	83
Tax frontiers	82
Tax harmonizations	82

Technical Centre for Agricultural and Rural Cooperation	260
Technical barriers	5, 41
Technical standards	42
Technological development	6, 128
Technology	16, 146
Telecommunications	4, 146
Teleinformatics	151
Telematics	45
Textiles	110, 197, 239, 267
Thermal power stations	159
Thermonuclear fusion	149
Thiabendazole	360
Third World	105
Tied aid credits	88
Tin	216
Titanium dioxide	162
Tobacco	313, 316
Tokyo Round	189
Tomatoes	312, 348
Toxicology	178
Toys	43
Trade	186
Trade Agreement	209
Trade-marks	67
Training	94, 272
Transferable securities	79
Transhumance	367
Transit	133, 201
Transport	13, 132
Treaty of Rome	8
Tropical timber	216, 219
Tufted carpet	253
Tuna	253, 297
Tunisia	272
Turkey	267

— U —

Unemployment	3, 6, 75
Unemployment insurance	410
United Kingdom	74, 110, 329
United States	90, 149, 190, 202, 306
Universities	95
Used oils	43

— V —	
VAT	39, 84, 374, 388
Vegetable oils	229, 232, 343
Vegetables	312, 347, 363
Veterinary Surgeons	53
Video recorders	207
Vines	319, 324, 350, 368

— W —	
Waste	152, 159, 169
Water	166, 271
Weights and dimensions of road vehicles	139
Wheat	233, 315, 335
Wine	23, 311, 316, 318, 338, 350

Wine-making	360
Women	236
Workers	94, 98, 101
Working conditions	6, 98
Working time	92
World Bank	81

— X —

Xenophobia	101
------------	-----

— Y —

Young farmers	366
Young people	96
Yugoslavia	276

European Communities – Council

**Thirty-third Review of the Council's work
1 January – 31 December 1985**

Luxembourg: Office for Official Publications of the European Communities

1987 – 243 pp. – 14.8x21 cm

DA, DE, GR, EN, FR, IT, NL

ISBN 92-824-0384-X

Catalogue number: BX-47-86-317-EN-C

Price (excluding VAT) in Luxembourg

ECU 6.80 BFR 300 IRL 4.80 UKL 4.30 USD 7

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.

Venta y suscripciones · Salg og abonnement · Verkauf und Abonnement · Πωλήσεις και συνδρομές
Sales and subscriptions · Vente et abonnements · Vendita e abbonamenti
Verkoop en abonnementen · Venda e assinaturas

BELGIQUE / BELGIE

Moniteur belge / Belgisch Staatsblad
 Rue de Louvain 40-42 / Leuvensestraat 40-42
 1000 Bruxelles / 1000 Brussel
 Tél. 512 00 26
 CCP / Postrekening 000-2005502-27

Sous-dépôts / Agentschappen

**Librairie européenne /
Europese Boekhandel**

Rue de la Loi 244 / Wetstraat 244
 1040 Bruxelles / 1040 Brussel

CREDOC

Rue de la Montagne 34 / Bergstraat 34
 Bte 11 / Bus 11
 1000 Bruxelles / 1000 Brussel

DANMARK

Schultz EF-publikationer

Montergade 19
 1116 København K
 Tlf: (01) 14 11 95
 Telecopier (01) 32 75 11

BR DEUTSCHLAND

Bundesanzeiger Verlag

Breite Straße
 Postfach 10 80 06
 5000 Köln 1
 Tel (02 21) 20 29-0
 Fernschreiber ANZEIGER BONN 8 882 555
 Telecopierer 20 29 278

GREECE

G.C. Eleftheroudakis SA

International Bookstore
 4 Nikis Street
 105 63 Athens
 Tel 322 22 55
 Telex 219410 ELEF

Sub-agent for Northern Greece

Molho's Bookstore

The Business Bookshop
 10 Tsimiski Street
 Thessaloniki
 Tel 275 271
 Telex 412885 LIMO

ESPAÑA

Boletín Oficial del Estado

Trafalgar 27
 28010 Madrid
 Tel (91) 446 60 00

Mundi-Prensa Libros, S.A.

Castelló 37
 28001 Madrid
 Tel (91) 431 33 99 (Libros)
 431 32 22 (Suscripciones)
 435 36 37 (Dirección)

Télex 49370-MPLI-E

FRANCE

Journal officiel

**Service des publications
des Communautés européennes**
 26, rue Desaix
 75727 Paris Cedex 15
 Tél (1) 45 78 61 39

IRELAND

Government Publications Sales Office

Sun Alliance House
 Molesworth Street
 Dublin 2
 Tel 71 03 09

or by post

Government Stationery Office

Publications Section
 6th floor
 Bishop Street
 Dublin 8
 Tel 78 16 66

ITALIA

Licosa Spa

Via Lamarmora, 45
 Casella postale 552
 50 121 Firenze
 Tel 57 97 51
 Telex 570466 LICOSA I
 CCP 343 509

Subagenti

Libreria scientifica Lucio de Biasio - AEIQU

Via Meravigli, 16
 20 123 Milano
 Tel 80 76 79

Libreria Tassi

Via A. Farnese, 28
 00 192 Roma
 Tel 31 05 90

Libreria giuridica

Via 12 Ottobre, 172/R
 16 121 Genova
 Tel 59 56 93

**GRAND-DUCHÉ DE LUXEMBOURG
et autres pays / and other countries**

**Office des publications officielles
des Communautés européennes**

2, rue Mercier
 L-2985 Luxembourg
 Tél. 49 92 81
 Télex PUBOF LU 1324 b
 CCP 19190-B1
 CC bancaire 81L 8-109/6003/200

Abonnements / Subscriptions

Messageries Paul Kraus

11, rue Christophe Plantin
 L-2339 Luxembourg
 Tél 49 98 888
 Télex 25 15
 CCP 49242-63

NEDERLAND

Staatsdrukkerij- en uitgeverijbedrijf

Christoffel Plantijnstraat
 Postbus 20014
 2500 EA 's-Gravenhage
 Tel. (070) 78 98 80 (bestellingen)

PORTUGAL

**Imprensa Nacional
Casa da Moeda, E. P.**

Rua D. Francisco Manuel de Melo, 5
 1092 Lisbon Codex
 Tel 69 34 14
 Telex 15328 INCM

Distribuidora Livros Bertrand Lda.

Grupo Bertrand, SARL

Rua das Terras dos Vales, 4-A
 Apart 37
 2700 Amadora CODEX
 Tel. 493 90 50 - 494 87 88
 Telex 15798 BERDIS

UNITED KINGDOM

HM Stationery Office

HMSO Publications Centre
 51 Nine Elms Lane
 London SW8 5DR
 Tel (01) 211 56 56

Sub-agent:

Alan Armstrong & Associates Ltd

72 Park Road
 London NW1 4SH
 Tel. (01) 723 39 02
 Telex 297635 AAALTD G

UNITED STATES OF AMERICA

**European Community Information
Service**

2100 M Street, NW
 Suite 707
 Washington, DC 20037
 Tel. (202) 862 9500

CANADA

Renouf Publishing Co., Ltd

61 Sparks Street
 Ottawa
 Ontario K1P 5R1
 Tel. Toll Free 1 (800) 267 4164
 Ottawa Region (613) 238 8985-6
 Telex 053-4936

JAPAN

Kinokuniya Company Ltd

17-7 Shinjuku 3-Chome
 Shinjuku-ku
 Tokyo 160-91
 Tel. (03) 354 0131

Journal Department

PO Box 55 Chitose
 Tokyo 156
 Tel. (03) 439 0124

Price (excluding VAT) in Luxembourg
ECU 6.80 BFR 300 IRL 4.80 UKL 4.30 USD 7



OFFICE FOR OFFICIAL PUBLICATIONS
OF THE EUROPEAN COMMUNITIES

L-2985 Luxembourg

ISBN 92-824-0384-X

