

General Secretariat of the Council  
of the European Communities

**THIRTY-FOURTH REVIEW  
OF THE  
COUNCIL'S WORK**

1 JANUARY — 31 DECEMBER 1986





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# Introduction

*In 1986 considerable progress was made in many areas of European integration, but there were two major events which undoubtedly stand out: on 1 January, the accession to the Community of two new Member States whose presence was of key importance, and the signing of the Single European Act, which is a major step forward in many areas. The accession of Spain and Portugal, bringing the number of Member States to 12, testifies to the fact that the Community is intent on pressing forward with European integration, which is dear to the heart of everyone in Europe. In order to provide themselves with the means to pursue this policy of European Union, the Member States signed the Single European Act on 17 and 28 February 1986. This Act was the outcome of the Intergovernmental Conference held to revise the Treaties establishing the European Communities. It sets out as its main objectives the completion of the internal market by 1992 and the opening of the way to significant progress both in the monetary field and in new technologies. To this end, it makes the Community decision-making machinery more flexible in a number of sectors, as well as institutionalizing political cooperation in the Community.*

*The plan to create the internal market by 1992 gave rise to numerous discussions in the Council, resulting in the measures it has since adopted in a large number of fields covering as wide a range as customs legislation, the right of establishment of architects and pharmacists, the equivalence of qualifications, the elimination of certain technical barriers, etc. The creation of a great internal area without frontiers - the keystone of industrial development, especially in the field of new technologies - is bound, in conjunction with other measures, to produce more jobs. A single market without frontiers also means greater solidarity between the member countries.*

*In this connection, the adoption of new programmes to develop certain less-favoured regions will help to narrow the gaps between such regions and enable them to catch up. In particular, the adoption of a coherent set of decisions on the structural Funds aimed at increasing the effectiveness and the economic impact of these Funds should provide the Community with more suitable means of achieving greater economic and social cohesion. But the internal market is not the Council's only concern, and many other questions have been examined in depth, for example the common agricultural policy, the restructuring of problem sectors, the Community's financial situation, etc.*

*The economic environment outside the Community underwent profound changes during the year in the wake of the fall in oil prices, the decline of the dollar and the drop in interest rates. As a result, there was a considerable improvement in the Community's terms of trade, although this did not prevent a worsening in real terms of the balance of goods and*

*services. In fact, the Community's export markets were, on the whole, somewhat weak, and it was thanks to fairly lively internal demand that the recovery in the Community's economy was maintained.*

*The year 1986 saw the Community making considerable progress towards convergence in certain economic indicators. As a result of the management of overall economic policy and the operation of the EMS, in which it twice proved necessary to realign exchange rates, most Member States' inflation rates fell.*

*On the other hand, although there was a marked improvement in the supply situation, it was not enough to bring about the sustained job-creating growth which is necessary if unemployment is to be reduced at the desired rate. It is true that the fight against unemployment is beginning to meet with some success, but jobs are still increasing at a lower rate than the working population. This is why the Community introduced in 1986 a cooperation and employment strategy calling on governments, workers and employers to find joint solutions to the problem of unemployment.*

*This policy takes particular account of the importance of reducing the gap between the various regions and enabling the least-favoured regions to catch up. But it also stresses the creative potential of businesses in general and small and medium-sized businesses in particular, including cooperatives and local job-creation schemes. The Council would also like to see greater flexibility in the labour market without workers' fundamental rights being threatened, an improvement in vocational training, and fair treatment of the handicapped. It has also adopted a second action programme to promote equal opportunities for women and two directives on the application of the principle of equal treatment for men and women.*

*The Council devoted special attention to the question of aid to shipbuilding, particularly aid designed to keep the Community's shipbuilding industry competitive in the long term. It continued its efforts to ensure the survival of the coal and steel industries.*

*The political agreement of April 1986 on farm prices and associated measures for the 1986/87 marketing year and the agreement of December 1986 on reforms in the dairy and beef sectors reflect the Council's desire to continue its adopted course of reforming the common agricultural policy and curbing farm spending.*

*Thus the prices of most products were maintained at their previous level. A 9.5% reduction in milk production over two years was adopted in order to tackle the imbalance in the dairy sector. The Council intends to set up, over the next six years, a Community vineyard register, which should improve the operation of the common organization of the market in wine.*

*Furthermore, the CAP regulations were adjusted to take account of the accession of Spain and Portugal.*

*During the second half of the year there was a thorough debate on the reform of social and structural policy as a means of backing up the market reforms, and this enabled the Council to achieve a broad consensus on the sort of rules which should be aimed at in practice.*

*The Council also adopted several regulations both on the financing of EAGGF measures and on the agri-monetary system.*

*Following the accident at the Chernobyl nuclear power station, the Council laid down import conditions for agricultural products from non-member countries.*

*The Council also adopted measures, to run for five years from 1 January 1987, to protect Community woodlands from fires and atmospheric pollution.*

*With regard to fisheries, the Council drew on the experience gained since the introduction of the common fisheries policy in 1983 to revise or add to some of the mechanisms involved. It adopted a range of measures on, among other things, mesh sizes, the minimum size of fish landed, and the limitation of certain by-catches. It decided further to step up checks on compliance with the provisions of TACs and quotas, and adopted a new policy on structures to run for 10 years.*

*The Council clearly demonstrated the political will of the Community and the Member States to continue their restructuring of the energy sector to ensure greater security of supplies. The new objectives for 1995 are still geared to one main goal: to ensure more secure conditions of supply and reduce the risks of sudden fluctuations in energy prices.*

*The Council noted that since the first oil crisis in 1973 efficiency in the use of energy in the Community had risen by 20%. However, it considers that the present situation in the oil market may not last and that there is still much scope for worthwhile measures to improve energy efficiency, since the efficient use of energy increases security of supply, improves the competitiveness of European industry and is good for the environment.*

*In the discussions which followed the Chernobyl accident, the Council agreed that if nuclear energy was to be developed and used, the highest safety and environmental standards must be maintained and there must be cooperation at both Community and international levels. Stressing the urgency of these matters, it therefore asked the Commission for detailed and properly documented proposals of practical benefit to the people of the Community.*

*The transport sector remains almost totally dependent on petroleum products. In view of the increase in traffic, and thus in the overall consumption of petroleum products, the Council agreed on the need to look further into ways of saving energy. This can be achieved in particular by coordinating energy policy with other Community policies. Another approach is to bring home to the consumer the problem of using fuel efficiently.*

*The Council adopted four regulations on shipping which are the first practical steps towards a common policy in this field. The aim is to maintain and further develop a competitive and efficient Community shipping industry and to guarantee the provision of competitive shipping services in the Community's commercial interest.*

*In the field of intra-Community road transport, the Council agreed to the final organization of the market in road transport between Member States, i.e. the introduction, by 1992 at the latest, of a free market without quantitative restrictions.*

*As regards air transport, the Council confirmed the need for gradually setting up a coherent Community system capable of promoting greater competition in intra-Community air services as regards fares, capacity and market access.*

*The Council actively pursued the Community's environmental protection policy. It adopted major new measures to step up the fight against water pollution caused by the dumping of dangerous substances, including hydrocarbons. As regards the fight against atmospheric pollution, the Council reinforced Community legislation on the disposal of used oil. For the first time it adopted measures to protect the soil from pollution through modern farming methods. The Council also dealt with increased surveillance of and checks on dangerous waste exported from the Community to non-member countries. Furthermore, it adopted an important directive to increase the protection of animals used for experimental purposes.*

*As part of its special consumer protection policy, the Council adopted a directive introducing Community rules in the use of credit cards. It also set up a Community system of information on accidents in the home involving consumer products.*

*With regard to cooperation between universities and industry in technology training, the Council adopted the Comett programme with a view to giving a European dimension to such cooperation.*

*The Council and the Ministers for Cultural Affairs meeting within the Council adopted measures in preparation for European Cinema and Television Year (1988). European cooperation on the architectural heritage, the preservation of works of art, and business sponsorship of cultural activities were the subject of a number of resolutions.*

*The Council and the Health Ministers adopted several resolutions on public health, particularly on cancer, alcoholism and the European emergency health card.*

*In the field of external relations, the major event which will dominate trade policy in the next few years was the adoption of the Punta del Este Declaration launching the Uruguay Round. This Declaration is in line with the Community's constant wish to maintain and reinforce the multilateral trade system and to curb protectionism. The renewal of the Multifibre Arrangement (MFA) for five years will mean a gradual liberalization of trade in textiles with the ultimate aim of applying GATT rules, while at the same time making sure that this trade develops in an orderly and fair manner, and will encourage the economic and social development of developing countries, especially by granting particularly favourable treatment to the least-developed countries.*

*The Community's bilateral relations with its EFTA partners continue to develop harmoniously. Two major events were the signing in July 1986 of the Additional Protocols following the accession of Spain and Portugal and, in September 1986, the adoption by the Council of a Declaration affirming the Community's determination to strengthen cooperation with its major trading partners as the Community progresses towards completion of its internal market.*

*Trade relations with the United States are in the main pursuing a smooth course under GATT, although in certain sectors they remain sometimes very strained.*

*The Community remains open to dialogue, rejecting any unilateral measures, and is pleased that it proved possible during 1986 to arrive at satisfactory arrangements with regard to semi-finished steel products and to citrus fruits and pasta, the latter arrangement involving recognition by the United States of the political and economic importance of the Community's agreements with its Mediterranean partners and of the legality of these agreements under the terms of GATT.*

*The Community remains extremely concerned at the considerable imbalance which persists in its trade with Japan. This situation — which the Community will take into account in the Uruguay Round — nonetheless needs to be put right without delay and calls for immediate measures reflecting a radical change of direction.*

*The Community's determination, in the wake of its enlargement, to strengthen cooperation with the countries of the Mediterranean basin and to foster harmonious relations and trade was reflected in the adjustments which the Council made to the negotiation directives adopted in November 1985. This should make it possible in the near future to conclude the Protocols of Adaptation which, with the renewal of the third-generation Financial Protocols, will provide the basis for new and closer cooperation.*

*The most important event in relations with the ACP States was the entry into force on 1 May 1986 of the Third Lomé Convention, which got off to an excellent start. The special attention which the Community accords to the problems of Africa was also reflected in the rapid implementation of the rehabilitation and revival plan for the African countries worst affected by drought, in the launching of a long-term European action plan to combat desertification, in the active role played by the Community in adopting the 1986-90 action programme, and in the extraordinary session of the United Nations General Assembly on Africa.*

*The Council has continued to devote attention to adapting the Community's cooperation instruments to the situation and priority needs of developing countries. Special mention should be made of the reform of Community rules governing food aid with a view to catering more appropriately for development requirements, in particular the need to ensure security of food supplies.*

*The Council has continued to devote very close attention to extending and improving cooperation with its Asian and Latin American partners. The European Council held in The Hague in June 1986 asked the Commission to submit a communication on the strengthening of relations with Latin America.*

*Lastly, it is interesting to note the progress achieved in the normalization of relations between the Community and the countries of Eastern Europe, as demonstrated in particular by the wish expressed by several of them to conclude bilateral agreements with the Community. At the same time talks continue at expert level on the draft joint Community/CMEA declaration proposed by the CMEA.*

*At its 79 meetings in 1986, the Council adopted 473 regulations, 184 decisions and 74 directives.*

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

# Chapter I — Work of the institutions

## A — Council

1. In the first half of 1986 the Presidency of the Council was held by the Netherlands, and in the second by the United Kingdom.

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

Mr F. Bolkestein	Minister for External Trade
Mr G. Braks	Minister for Agriculture and Fisheries
Mr W. J. Deetman	Minister for Education and Science
Mr M. Jopling	United Kingdom Minister for Agriculture, Fisheries and Food
Mr J. de Koning	Minister for Social Affairs and Employment
Mr H. Ruding	Minister for Finance
Mrs E. M. Schoo	Minister for Development Cooperation
Mrs N. Smit-Kroes	Minister for Transport and Public Works
Mr G. M. V. van Aardenne	Deputy Prime Minister, Minister for Economic Affairs
Mr H. van den Broek	Minister for Foreign Affairs
Mr J. P. van der Reijden	State Secretary for Public Health
Mr W. F. van Eekelen	State Secretary for Foreign Affairs
Mr P. H. van Zeil	State Secretary for Economic Affairs
Mr P. Winsemius	Minister for Housing, Regional Planning and the Environment

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

Mr P. Brooke	Minister of State at the Treasury
Mr A. Clark	Minister of State at the Department of Trade and Industry (Minister for Trade)

Mr K. Clarke	Paymaster General
Mr M. Howard	Parliamentary Under-Secretary of State for Corporate and Consumer Affairs
Sir G. Howe	Secretary of State for Foreign and Commonwealth Affairs
Mr M. Jopling	Minister for Agriculture, Fisheries and Food
Mr N. Lawson	Chancellor of the Exchequer
Lord Lucas of Chilworth	Parliamentary Under-Secretary of State at the Department of Trade and Industry
Mr R. Luce	Minister for the Arts
Mr J. Moore	Secretary of State for Transport
Mr P. Morrison	Minister of State at the Department of Trade and Industry
Mr C. Patten	Minister for Overseas Development
Mr G. Pattie	Minister of State at the Department of Trade and Industry, Minister for Information Technology
Mrs A. Rumbold	Minister of State at the Department of Education and Science
Mr G. Shaw	Minister of State at the Department of Trade and Industry
Mr W. Waldegrave	Minister for the Environment, Countryside and Local Government
Mr P. Walker	Secretary of State for Energy

The 79 meetings held during 1986 were devoted to the following topics:

11 Foreign affairs

11 Agriculture

8 Economic and financial problems

8 Internal market<sup>1</sup>

6 Industry

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<sup>1</sup> Including a joint meeting on the internal market and consumer protection.



- 5 Fisheries
- 5 Budget
- 4 Research
- 4 Transport
- 3 Environment
- 3 Energy
- 2 Labour and social affairs
- 2 Information and consumer protection<sup>1</sup>
- 2 Development cooperation
- 2 Education
- 1 Cultural affairs
- 1 Health
- 1 General matters
- 1 GATT negotiations

## **B — Institutional affairs**

### **Special rights of citizens**

#### **Right of abode**

2. The Council continued its examination of the remaining problems regarding 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**

3. The problems raised by the proposal for a directive on the easing of checks and formalities for citizens of the Member States crossing Community frontiers were examined in detail.

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<sup>1</sup> Including a joint meeting on the internal market and consumer protection.

## European passport

4. On 14 July 1986 the Representatives of the Governments of the Member States meeting within the Council adopted a resolution supplementing the Resolutions of 1981 and 1982 on the introduction of a uniform passport, to take account of the accession of Spain and Portugal to the Community.

## Signs at the external and internal frontiers of the Community

5. The Council and the Representatives of the Governments of the Member States meeting within the Council adopted a Resolution on the erection of suitable signs at the external and internal frontiers of the Community to indicate that the Member States belong to the European Communities.

## Flag

6. The Institutions of the European Communities decided to adopt as their flag that of the Council of Europe. This flag was raised for the first time as such on 29 May 1986.

## Single European Act

7. The Single European Act was signed in Luxembourg on 17 February 1986 by Belgium, France, Germany, Ireland, Luxembourg, the Netherlands, Portugal, Spain and the United Kingdom, and in The Hague on 28 February 1986 by Denmark, Greece and Italy.

# C — Parliamentary affairs

## Statements to the European Parliament on the Presidency's programmes

### Programme of the Netherlands Presidency

8. On 16 January 1986 Mr Van den Broek, Netherlands Minister for Foreign Affairs and President-in-Office of the Council, outlined to the European Parliament the programme of the Netherlands Presidency for its term of office.

Mr van den Broek placed particular emphasis on the recent decisions on institutional and structural matters and stated that the time had come to start putting into practice the conclusions of the Intergovernmental Conference. Referring to the objectives which had been set in Luxembourg by the Heads of State or Government, he stressed the importance for the process of European integration of completing the internal market by the deadline of 1992, opening the way to significant progress on monetary matters, and setting up a secretariat for European political cooperation.

In his remarks on the forthcoming entry into force of the Single Act, Mr Van den Broek also stated that the right to second reading which it would confer on Parliament would profoundly alter the Community legislative process and implied a considerable increase in Parliament's powers.

### **Programme of the United Kingdom Presidency**

9. On 8 July 1986 Sir Geoffrey Howe, United Kingdom Secretary of State for Foreign and Commonwealth Affairs, presented the programme of the Presidency at a plenary session of Parliament, setting out the main themes on which the Council's work should be concentrated during the coming six months.

Sir Geoffrey laid particular stress on budgetary priorities, above all on the need to lay down a financial framework which would allow the Community to meet the obligations arising from its objectives and the policies chosen for achieving them.

Speaking of the CAP, Sir Geoffrey said that it was in nobody's interests to continue the present situation in which half of the total Community budget was devoted to the storage and disposal of farm surpluses, and emphasized that the Council had approved the payments from the structural Funds proposed by the Commission.

Turning to social matters, he outlined ways of helping the growth of employment, in particular by the completion of the internal market, which was the key to industrial development, especially in the sensitive sector of the new technologies. In this connection, he spoke of the need to stimulate the ability of European industry to compete in the world market, which would be impossible unless it was first able to compete in its own markets.

## **Review of the Presidency**

### **Statement reviewing the Netherlands Presidency**

10. On 11 June 1986 Mr Van den Broek reviewed the Netherlands Presidency.

Referring to the progress made on the completion of the internal market, he reminded Parliament that a number of decisions could still be taken by the Council before the end of the Netherlands Presidency.

In the agricultural sector, he stressed the importance of the decision, adopted by a qualified majority, fixing the prices for the 1986/87 marketing year. He admitted, however, that the Community had found it difficult to arrive at an immediate response to the Chernobyl accident.

### **Statement reviewing the United Kingdom Presidency**

11. On 10 December 1986 Sir Geoffrey Howe set out the record of the six months of the United Kingdom Presidency. He underlined the practical progress made in cooperation

between interior ministries, notably in the fight against terrorism. He said that decisions reached in the December Agriculture Council on beef and milk marked an important step in tackling the problems of agricultural subsidization and the resulting surpluses. Further difficult decisions would be needed, but the problem was a worldwide one which had to be tackled on a global scale and without resort to protectionism. He commented that the launching of the Uruguay Round, the completion of the Multifibre Agreement and the settlement of the citrus/pasta dispute provided an encouraging background for the resolution of the remaining commercial differences between the Community and the United States and Japan. He recalled that, in addition to opening negotiations with member states of the CMEA, the Community had also held an Association Council with Turkey for the first time in five years and had set up a special trade and aid provision for the Palestinians of the West Bank and Gaza.

Concluding the debate, Mrs Chalker, Minister of State for Foreign Affairs, recalled that the pace of decision-making in the Council had accelerated during the British Presidency, with about 50 decisions on the internal market and a significant increase in the number of decisions taken by qualified majority.

## **Statements on the work of the European Council**

### **European Council in The Hague**

12. On 8 July 1986 Mr Lubbers, President-in-Office of the European Council, presented to Parliament the results of the European Council in The Hague.

He emphasized that the core of the European Council's work had been centred on economic questions and the employment situation in Europe. In this connection, particular attention had been given to the problems of long-term unemployment and unemployment among women.

Speaking of means of halting the increase in unemployment, Mr Lubbers reaffirmed the prime importance of European technological cooperation, where progress was needed in four areas — the completion of the internal market, the adoption of common standards, the opening-up of public contracts throughout the Community and the implementation of specific research programmes. To this end, he stated, the European Council had instructed the Council of Ministers to draw up a multi-annual research programme.

Mr Lubbers went on to say that the discussions of the European Council had also concerned problems relating to the cohesion and harmonious development of the Community and, with this in mind, the strengthening of the structural Funds.

Lastly, Mr Lubbers expressed his satisfaction that during the Netherlands Presidency agreement had been reached on farm prices and the associated measures, and that the Community had presented a united front for the negotiations with the United States and the forthcoming GATT discussions.

## European Council in London

13. On 9 December 1986 the President-in-Office of the European Council, Mrs Thatcher, the United Kingdom Prime Minister, presented to Parliament the work of the European Council held in London at the beginning of December.

On the subject of agriculture, she emphasized that, with a view to re-focusing the objectives of the CAP, the European Council had asked the Ministers for Agriculture to take decisions as a matter of urgency on adjusting the markets in milk and in beef and veal.

She also said that the European Council's main work had concerned the Community's social policies and in particular the need to boost economic activity so as to create jobs. In this connection she stressed above all the need to free firms from unnecessary burdens so that they could take on new people.

With regard to the completion of the internal market, she called for a speeding-up of the work, in particular on air transport. Mrs Thatcher welcomed the decisions reached by the Internal Market Council on 1 December.

On the subject of health, she spoke of the work of the European Council on policies to be implemented on drug abuse, cancer and AIDS.

## Other debates

### Netherlands Presidency

#### *Internal market - Telecommunications*

14. On 14 January 1986, in the course of a debate in Parliament on telecommunications and the internal market, Mr Van Eekelen, State Secretary for Foreign Affairs of the Kingdom of the Netherlands and President-in-Office of the Council, said that the process of achieving a large Community market was well under way. He mentioned the progress already made on simplifying customs procedures, freedom of establishment for architects and pharmacists, the equivalence of academic qualifications, etc. He added that the increased flexibility of the Community's decision-making processes introduced by the Single Act would also help in the pursuit of this objective in the telecommunications sector.

#### *Reform of the CAP*

15. On 15 January 1986 Mr Braks, Netherlands Minister for Agriculture and Fisheries, spoke in the debate on the reform of the CAP. He considered that there had been a profound change in the situation regarding the European agricultural market. From being an importer the Community had become an exporter of food products. He also spoke of the difficulties of having a market and prices policy which was based solely on social considerations.

## *Southern Africa*

16. On 19 February 1986, in his remarks to Parliament on the attitude of the Twelve to the situation in Southern Africa, Mr Van den Broek emphasized the importance of the decision reached in Harare on the implementation of a five-year strategy. This was to include training programmes and agricultural projects for the front-line States aimed at reducing their dependence on South Africa.

## *Agriculture*

17. On 15 April 1986 Mr Braks told Parliament that the Council did not disagree with the principle of co-responsibility levies or that of reducing milk production quotas. On the question of reducing stocks of surplus agricultural products, he considered that providing additional financial resources for this purpose could only work if there were guarantees that stocks would not be built up again. Lastly, he emphasized the fact that the survival of the CAP depended to a large extent on solving the problem of farm incomes.

## *Armaments industry*

18. On 14 May 1986 Mr Van Eekelen, speaking in Parliament's debate on the proposal to set up a European Strategic Defence Force, said that the appropriate bodies to deal with defence matters were basically NATO and the WEU. He also spoke of the need to strengthen Europe's industrial capacity in general.

## *Nuclear energy*

19. On 15 May 1986, in the debate on the accident at the Chernobyl nuclear power station, Mr Van Eekelen listed the measures adopted by the Council to deal with its consequences, including:

- (i) the temporary ban on imports of certain foodstuffs from various countries bordering on the disaster area,
- (ii) the application of national standards to intra-Community trade.

He considered it essential to strengthen existing international procedures on the exchange of information and the safety of nuclear reactors, and emphasized the need for the Twelve to agree on the Euratom Treaty standards and to reach a common position in preparation for the IAEA Conference in Vienna.

## **British Presidency**

### *1986 budget*

20. Mr Peter Brooke, Minister of State at the Treasury, announced on 10 July that the Council and Parliament had finally reached agreement on the 1986 budget.

### *Social Fund*

21. On 9 September 1986 Mr Lang, Under-Secretary of State, speaking in the debate on the Social Fund, said that if it was to remain a real Community instrument it would have to help to tackle serious unemployment whenever and wherever it arose, and not just in certain selected areas.

### *GATT*

22. On the same date, during the parliamentary debate on the forthcoming GATT negotiations, Mr Lang stated that the existing instability and tension on the world market should be put down to the fact that supply was far in excess of demand. In this connection he emphasized the need to reform the CAP and to shift the balance of trade more in favour of the developing countries.

### *Drugs*

23. On 7 October 1986 Mr Mellor, Minister of State at the Home Office, took part in the debate on drugs and described an eight-point plan for stepping up the fight against this menace.

### *Internal market*

24. On 21 October 1986 Mr Clark, Minister for Trade, stated that significant progress had been made on the internal market and that the barriers on the road to its completion were of a technical nature, concerning *inter alia* government purchasing policies and freedom of movement for goods and services.

### *Employment*

25. On 11 November 1986 Mr Clarke, Paymaster General, told Parliament that unemployment continued to be the Community's top priority. He welcomed the Commission's programme to help SMEs and expressed his approval of increasing aid to the long-term unemployed and the funds for improving vocational training.

### *1987 budget*

26. On 10 September 1986 Mr Brooke outlined to Parliament the draft budget for 1987 which the Council had adopted at first reading.

On 12 November Mr Brooke took part in the debate on the budget and emphasized that the Council, like Parliament, attached great importance to the reform of the CAP. He also said that one of the Council's fundamental guiding principles on budgetary matters was to ensure a rational balance between payment and commitment appropriations.

On 9 December 1986 Mr Brooke said that the Council had made considerable efforts at its second reading of the budget to meet Parliament's wishes and had accepted 97% of the appropriations requested for research. It had gone beyond the Commission's proposal on appropriations for the Social and Regional Funds, and, while maintaining development aid at its 1986 level, had taken a further step towards increasing the appropriations for reducing farm surpluses and stocks.

Lastly, Mr Brooke stated that the Council could not agree to increasing the maximum rate for non-compulsory expenditure and that, in view of Parliament's vote on second reading, the budgetary procedure for 1987 had not been completed.

### *Agriculture*

27. On 11 December 1986 Mr Jopling, United Kingdom Minister for Agriculture, Fisheries and Food, gave a progress report to Parliament on the work of the Agriculture Council, which had adjourned for a short while.

## **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 1986:



28. NETHERLANDS PRESIDENCY  
(First half of 1986)

Committee	President-in-Office	Date and place
Environment, Public Health and Consumer Protection	<b>Consumer protection</b> Mr R. H. van Zeil State Secretary for Economic Affairs	22 January, Brussels
External Economic Relations	Mr F. Bolkestein State Secretary for Economic Affairs	23 January, Brussels
Social Affairs and Employment	Mr J. de Koning Minister for Social Affairs and Employment	30 January, Brussels
Economic and Monetary Affairs and Industrial Policy	<b>Industry</b> Mr G. M. V. van Aardenne Deputy Prime Minister, Minister for Economic Affairs	30 January, Brussels
Institutional Affairs	Mr W. F. van Eekelen State Secretary for Foreign Affairs	7 February, Brussels
Agriculture, Fisheries and Food	Mr G. J. M. Braks Minister for Agriculture and Fisheries	27 February, Brussels
Environment, Public Health and Consumer Protection	<b>Environment</b> Mr P. Winssemius Minister for Housing, Regional Development and the Environment	26 February, Brussels
Youth, Culture, Education, Information and Sport	<b>Culture</b> Mr L. C. Brinkman Minister for Welfare, Public Health and Culture	28 February, Brussels
Development and Cooperation	Mrs E. M. Schoo Minister for Development Cooperation	19 March, Brussels
Political Affairs	Mr H. van den Broek Minister for Foreign Affairs	19 March, Brussels (1st Colloquy)
Economic and Monetary Affairs and Industrial Policy	<b>Monetary affairs</b> Mr H. Ruding Minister for Finance	19 March, Brussels

Committee	President-in-Office	Date and place
Transport	Mrs N. Smit-Kroes Minister for Transport and Public Works	18 March, Brussels
Youth, Culture, Education, Information and Sport	<b>Education</b> Mr W. J. Deetman Minister for Education and Science	10 April, Brussels
Women's Rights	<b>Education</b> Mrs Kappeyne van de Coppello State Secretary for Social Affairs and Employment	3 April, Brussels
Agriculture, Fisheries and Food	Mr G. J. M. Braks Minister for Agriculture and Fisheries	21 May, Brussels (2nd meeting)
Environment, Public Health and Consumer Protection	<b>Environment</b> Mr P. Winsemius Minister for Housing, Regional Development and the Environment	22 May, Brussels (2nd meeting)
Political Affairs	Mr H. van den Broek Minister for Foreign Affairs	27 May, The Hague (2nd Colloquy)
Legal Affairs and Citizens' Rights	Mr F. Korthals Altes Minister for Justice	27 May, Brussels
Energy, Research and Technology	<b>Research — Industry — Energy</b> Mr G. M. V. van Aardenne Deputy Prime Minister, Minister for Economic Affairs	27 May, Brussels
Youth, Culture, Education, Information and Sport	<b>Education</b> Mr W. J. Deetman Minister for Education and Science	6 June, Strasbourg: (2nd meeting)
Subcommittee on Fisheries	Mr G. J. M. Braks Minister for Agriculture and Fisheries	25 June, Luxembourg (meeting with the Subcommittee Bureau)
Environment, Public Health and Consumer Protection	<b>Consumer protection</b> Mr B. H. van Zeil State Secretary for Economic Affairs	25 June, Brussels (2nd meeting)

29. UNITED KINGDOM PRESIDENCY  
(Second half of 1986)

Committee	President-in-Office	Date and place
Committee of inquiry into measures to combat drugs in Europe	Mr D. Mellor MP Parliamentary Under-Secretary of State, Home Office	14 July, Brussels
Budgetary Control	Mr P. Brooke MP Minister of State, Treasury	21 July, Brussels
Economic and Monetary Affairs and Industrial Policy	Mr P. Morrison MP Minister of State for Industry	18 July, Brussels
Political Affairs	Mrs L. Chalker MP Minister of State for Foreign and Commonwealth Affairs	24 July, Brussels (1st Colloquy)
Energy, Research and Technology	Mr G. Pattie MP Minister of State for Industry and Information Technology	17 September, Brussels
Subcommittee on Fisheries	Mr M. Jopling MP Minister for Agriculture, Fisheries and Food	17 September, Brussels
Agriculture, Fisheries and Food	Mr M. Jopling MP Minister for Agriculture, Fisheries and Food	17 September, Brussels
Women's Rights	Mr K. Clarke MP Paymaster General	19 September, Brussels
Social Affairs and Employment	Mr K. Clarke MP Paymaster General	19 September, Brussels
Transport	Mr J. Moore MP Secretary of State for Transport	23 September, Brussels
Economic and Monetary Affairs and Industrial Policy	Mr A. Clark MP Minister for Trade	24 September, Brussels
External Economic Relations	Mr A. Clark MP Minister for Trade	25 September, Brussels
Legal Affairs and Citizens' Rights	Sir Patrick Mayhew Solicitor General	26 September, Brussels
Regional Policy and Regional Planning	Mr G. Shaw MP Minister of State for Industry	14 October, Brussels

29. UNITED KINGDOM PRESIDENCY  
(Second half of 1986)

Committee	President-in-Office	Date and place
Development and Cooperation	Mr C. Patten MP Minister for Overseas Development	30 October, London
Youth, Culture, Education, Information and Sport	Mr R. Luce MP Minister for the Arts	30 October, Brussels
Environment, Public Health and Consumer Protection	The Hon. W. Waldegrave MP Minister of State for the Environment, the Countryside and Planning	30 October, Brussels
Youth, Culture, Education, Information and Sport	Mrs A. Rumbold MP Minister of State, Department of Education and Science	31 October, Brussels
Development and Cooperation	Mr C. Patten MP Minister for Overseas Development	18 November, Brussels (2nd Colloquy)
Environment, Public Health and Consumer Protection	Mr M. Howard MP Parliamentary Under-Secretary of State for Corporate and Consumer Affairs	19 November, Brussels
Agriculture, Fisheries and Food	Mr D. Roberts Minister (Agriculture) at the Permanent Representation of the United Kingdom	19 November, Brussels
Subcommittee on Security and Disarmament	Mrs L. Chalker MP Minister of State for Foreign and Commonwealth Affairs	25 November, Brussels
Economic and Monetary Affairs and Industrial Policy	Mr I. Stewart MP Economic Secretary, Treasury	26 November, Brussels
Budgets (delegation)	Mr P. Brooke MP Minister of State, Treasury	26 November, Brussels
Budgetary Control	Mr P. Brooke MP Minister of State, Treasury	2 December, Brussels
Political Affairs	Sir Geoffrey Howe Secretary of State for Foreign and Commonwealth Affairs	9 December, Strasbourg (2nd Colloquy)

## **Joint association bodies**

30. Mr van Eekelen, Netherlands State Secretary for Foreign Affairs, represented the Council at the meeting of the ACP-EEC Joint Assembly in Ezulwini (Swaziland) from 27 to 30 January 1986.

Mr Patten, British Minister for Overseas Development, in his capacity as the EEC President of the ACP-EEC Joint Council, attended the meeting of the ACP-EEC Joint Assembly in Vouliagmeni (Greece) from 22 to 24 September 1986.

## **Parliamentary delegations**

31. Mr Van den Broek, Netherlands Minister for Foreign Affairs, represented the Council at the 26th meeting of the Delegations of the European Parliament and the United States Congress in Dublin from 6 to 9 January 1986.

Mr van Eekelen, Netherlands State Secretary for Foreign Affairs, attended the meeting of the Delegations of the European Parliament and the Republic of Austria in Strasbourg on 14 May 1986.

On 11 June Mr Van den Broek met a delegation from the Swedish Parliament in Strasbourg.

Mrs Chalker, President-in-Office of the Council, met a delegation from the Yugoslav Parliament which was in Strasbourg on 21 and 22 October 1986.

Mrs Chalker had a discussion with Mr Taleb-Ibrahimi, Algerian Minister for Foreign Affairs, when he visited the European Parliament in Strasbourg on 11 November 1986.

## **Ceremonial occasions**

32. On 14 May 1986 Mr van Eekelen, President-in-Office of the Council, attended the special sitting of Parliament on the occasion of the visit of King Juan Carlos of Spain.

On 11 June 1986 Mr Van den Broek attended the ceremony organized by the European Parliament to commemorate the 100th anniversary of the birth of Robert Schuman.

On the same day Mr Van den Broek, together with the President of Parliament and the Commission, signed the joint Declaration against racism and xenophobia.

## **Conciliation procedures**

33. On 8 April 1986 the Conciliation Committee met to discuss a proposal for a Decision on a multi-annual programme on the environment and one on raw materials (special substances).

On 15 December 1986 the Conciliation Committee met again to discuss a proposal for a regulation on food-aid policy and management.

## **Parliamentary questions**

34. In 1986 the Council replied to 242 questions raised at Question Time, and to 181 written questions and 32 oral questions.

## **D — Court of Justice**

### **Matters concerning the operation of the Court**

35. The conference of the Representatives of the Governments of the Member States decided:

- (i) on 1 January 1986, to appoint Mr José Carlos de Carvalho Moitinho de Almeida Judge to the Court of Justice, to determine the length of his term of office when appointing the other judge, and to appoint Mr José Luis da Cruz Vilaça Advocate-General of the Court of Justice for the period from 1 January 1986 to 6 October 1988 inclusive;
- (ii) on 15 January 1986, to appoint Mr Gil Carlos Rodriguez Iglesias Judge for the period from 15 January 1986 to 6 October 1991, as drawn by lot in accordance with Article 384 (2) of the Treaty of Accession, and to lay down 6 October 1988 as the date of expiry of the term of office of Mr José Carlos de Carvalho Moitinho de Almeida.

### **Cases brought before the Court**

36. During 1986 the Council appeared before the Court in 37 cases.

In five cases the Member States brought proceedings against the Council under Article 173 of the EEC Treaty. In one of these the proceedings were brought against both the Council and the Commission.

In 13 cases private firms established in the Community or in non-Community countries brought proceedings against the Council under Article 173 of the EEC Treaty. In five of these the proceedings were brought against both the Council and the Commission. Similarly, four private companies brought proceedings against the Council under Article 215 of the EEC Treaty. In two of these the proceedings were brought against both the Council and the Commission.

In addition, the Commission brought proceedings against the Council on two occasions, and the Council brought proceedings against the Parliament once.

Lastly, in five cases officials brought proceedings against the Council, and the Council was involved in seven cases relating to requests for a preliminary ruling within the meaning of Article 177 of the EEC Treaty.

## **E — Economic and Social Committee**

37. On 10 and 11 March 1986 the Council approved an amendment to the Rules of Procedure of the Economic and Social Committee which the Committee had adopted at its plenary sessions on 29 and 30 January and 26 and 27 February 1986. The main purpose of this amendment was to adapt the rules governing the internal organization of the Committee following the enlargement of the European Communities.

In the course of its plenary sessions on 14 and 15 March and 21 and 22 April the Committee held ceremonies to install the Portuguese and Spanish members following the accession of these countries to the Community. The Netherlands Presidency was represented at these formal occasions.

On 15 September 1986, in agreement with the Commission, the Council appointed the Economic and Social Committee. The new Committee's term of office runs from 21 September 1986 to 20 September 1990.

The Presidency sent its congratulations to the new Committee.

The Committee then elected its Bureau, its President (for two years) and its two Vice-Presidents.

Mrs Lynda Chalker, President-in-Office of the Council, made a speech at the plenary session of the Economic and Social Committee in December.

## **F — Conventions**

### **Brussels Convention on jurisdiction and the enforcement of judgments in civil and commercial matters**

38. Following the lodging of the ratification instruments by Belgium, Denmark and the United Kingdom, the Convention of 9 October 1978 on the accession of Denmark, Ireland and the United Kingdom to the Brussels Convention of 27 September 1968 on Jurisdiction and the Enforcement of Judgments in Civil and Commercial Matters and the Protocol of 3 June 1971 concerning its interpretation by the Court of Justice entered into force on 1 No-

ember 1986 in the relations between the six original Community Member States and Denmark, and on 1 January 1987 in the relations between these seven States and the United Kingdom.

## Convention parallel to the Brussels Convention

39. The negotiations between the Member States of the Community and the EFTA countries on a Convention parallel to the Brussels Convention on Jurisdiction and the Enforcement of Judgments in Civil and Commercial Matters, which began in 1985, made good progress in a series of meetings held by the joint *ad hoc* Group of Experts, in which all these countries are represented. The purpose of the parallel Convention is to extend the scope of the Brussels Convention and thereby make judgments enforceable in practically all the countries of Western Europe. The rules of the parallel Convention will replace the various arrangements under the bilateral Conventions concluded by the EFTA countries with the Community, thus establishing an overall system to meet the needs of international jurisdiction which can be applied directly by judges, and an automatic mechanism for recognizing and executing judgments without the judge concerned having to re-examine the substance of the case.

## G — Information policy

40. During the period under review 10 meetings on information policy were held by the Working Party on Information. In 1986, as in previous years, its work helped to give Community information activities the stimulus needed for spreading the European message, both within the Community and outside. Since strengthening cooperation in the field of information between Community departments and the Member States continues to be one of its prime objectives, during this period the Working Party examined information campaigns organized by the Commissions in Denmark and Crete. The aim of these campaigns is to heighten public awareness of the building of Europe. Similarly, the Working Party also gave its attention to the organization of 'European days' to mark the centenary of the birth of Robert Schuman on 29 June 1986. With regard to Community information activities in non-member countries, one of the most interesting undertakings is a film magazine produced by the Commission which is distributed regularly in the ACP States via the embassies of the Member States and the Commission delegations. Entitled *Contact Magazine*, this programme is concerned with development cooperation and was launched in 1985. It is reviewed periodically by the Working Party on Information in order to help ensure that it is increasingly capable of fulfilling its basic purpose.



# 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

41. In 1986 the Council continued its efforts to ensure the completion of the internal market by the end of 1992, as set out in the Commission's White Paper. The Council held seven meetings on the internal market, on 18 March, 6 May, 23 June, 24 July, 7 October, 3 November and 1 December 1986. Its work in this field was guided by the ongoing programme laid down by successive Presidencies, starting with the Luxembourg Presidency in December 1985, followed by the Netherlands Presidency in June 1986. In December 1986 the British Presidency presented the programme for 1987 which it had worked out in collaboration with the subsequent presidencies, i.e. those of Belgium and Denmark.

In addition, the Council adopted specific measures in the industrial sector, in particular in the fields of high technology, steel and shipbuilding. The Council held five meetings on these topics, on 3 March, 9 June, 20 October, 18 November and 22 December 1986.

### Customs union

#### Common Customs Tariff

42. In 1986 the Council adopted one regulation amending the Common Customs Tariff, seven regulations temporarily suspending the autonomous duties of this tariff, and 69 regulations opening or increasing Community quotas for certain products or amending such regulations.

#### Harmonization of customs legislation

43. On 4 February 1986 the Council adopted a Decision relating to the coordinated development of computerized administrative procedures (CD project). The aim of this Decision is to create a framework for specifying and adopting the necessary measures for the computerization of customs procedures in both intra-Community trade with non-Community countries. It follows on from the measures initiated by the 'single document' opera-

tion and marks a significant step towards a situation in which trade within the Community will be carried on without any documents.<sup>1</sup>

On 17 February 1986 the Council adopted a regulation amending the list in the Annex to Regulation (EEC) No 2763/83 as regards arrangements for processing under customs control.<sup>2</sup>

On 3 March 1986 the Council adopted a regulation on the rules of origin for trade between Spain and Portugal in the period during which the transitional measures are applied,<sup>3</sup> which it amended by adopting Regulation No 2474/86 on 24 July 1986.<sup>4</sup>

On 8 April 1986 the Council adopted a regulation amending Regulation (EEC) No 1900/85 introducing Community export and import declaration forms.<sup>5</sup>

On 17 April 1986 the Council adopted a regulation amending Regulation (EEC) No 754/76 on the customs treatment applicable to goods returned to the customs territory of the Community.<sup>6</sup>

On 9 June 1986 the Council adopted a regulation abolishing certain postal fees for customs presentation.<sup>7</sup>

On 24 July 1986 the Council adopted a regulation on outward processing relief arrangements and the standard exchange system. This regulation, which replaces Directives 76/119/EEC (outward processing) and 78/1018/EEC (standard exchange system), constitutes a new and important element in the process of codifying existing customs legislation in the form of regulations and, following on Regulation No.1999/85, adopted in July 1985, on inward processing and Regulation No 2763/83 of September 1983 on processing under customs control, completes the series of regulations on customs arrangements for processing.<sup>8</sup>

On 7 October 1986 the Council adopted a regulation amending Regulation (EEC) No 1430/79 on the repayment or remission of import or export duties.<sup>8</sup>

On 24 November 1986 the Council adopted a regulation laying down provisions for the implementation of Regulation (EEC) No 1999/85 on inward processing relief arrangements.<sup>9</sup>

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<sup>1</sup> OJ L 33, 8.2.1986.

<sup>2</sup> OJ L 43, 20.2.1986.

<sup>3</sup> OJ L 83, 27.3.1986.

<sup>4</sup> OJ L 212, 2.8.1986.

<sup>5</sup> OJ L 97, 12.8.1986.

<sup>6</sup> OJ L 105, 22.4.1986.

<sup>7</sup> OJ L 157, 12.6.1986.

<sup>8</sup> OJ L 286, 9.10.1986.

<sup>9</sup> OJ L 351, 12.12.1986.

On 1 December 1986 the Council adopted a regulation concerning the abolition within the framework of the TIR Convention of customs formalities on exit from a Member State at a frontier between two Member States.<sup>1</sup>

44. On 1 December 1986 the Council adopted a regulation laying down measures to prohibit the release for free circulation in the Community of counterfeit goods. The purpose of this regulation is to protect the owners of trade marks registered in the Member States against imports into the Community of counterfeit goods. It lays down provisions to be applied, at the request of the owner of a trade mark, to goods which are recognized to be counterfeit. These may be destroyed, disposed of outside the channels of commerce, or subjected to other measures designed to deprive the importer of the economic benefits of the transaction.<sup>2</sup>

On 22 December 1986 the Council adopted a regulation amending Regulation (EEC) No 360/85 laying down rules for the application by Spain and Portugal of quantitative restrictions on fishery products.<sup>3</sup>

#### **International customs conventions**

45. On 20 January 1986 the Council adopted a Decision accepting, on behalf of the Community, the Customs Cooperation Council recommendation of 16 June 1982 concerning the production of goods declarations by means of computer or other automatic printers.<sup>4</sup>

On 24 March 1986 the Council adopted a decision accepting, on behalf of the Community, Annex F 2 to the International Convention on the Simplification and Harmonization of Customs Procedures.<sup>5</sup>

On 6 May 1986 the Council adopted a decision concerning the accession of the European Economic Community to the Agreement on the temporary importation, free of duty, of medical, surgical and laboratory equipment for use on free loan in hospitals and other medical institutions for the purposes of diagnosis or treatment.<sup>6</sup>

On 18 June 1986 the Council adopted a decision accepting, on behalf of the Community, the recommendation of the Customs Cooperation Council of 16 June 1982 concerning the use of a code for the representation of modes of transport.<sup>7</sup>

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<sup>1</sup> OJ L 341, 4.12.1986.

<sup>2</sup> OJ L 357, 18.12.1986.

<sup>3</sup> OJ L 371, 31.12.1986.

<sup>4</sup> OJ L 18, 24.1.1986.

<sup>5</sup> OJ L 88, 3.4.1986.

<sup>6</sup> OJ L 131, 17.5.1986.

<sup>7</sup> OJ L 167, 24.6.1986.

The Council also took the following decisions:

- (i) on 3 March 1986, to authorize the Commission to negotiate with the EFTA countries an agreement on the introduction, in trade between the Community and these countries, of a single administrative document in place of the existing declarations;
- (ii) on 1 December 1986, the Community would take part in negotiations on a new temporary importation convention.

## Free movement of goods

### Elimination of technical barriers to trade

46. The Council continued its work on the proposals for directives which were still outstanding concerning the elimination of technical barriers to trade. Twenty directives were adopted or approved in the course of the year, and the number of measures adopted by the Council in this field now totals 197. At the end of the year only six proposals were still being examined by the Council's subordinate bodies, and four of these had already been discussed at ministerial level. Two of these proposals — concerning simple pressure vessels and the safety of toys — were forwarded to the Council by the Commission during the year in implementation of the new approach to technical standardization and harmonization.

### *Lifting appliances*

47. On 22 December 1986 the Council adopted a directive on the approximation of the laws of the Member States relating to self-propelled industrial trucks.<sup>1</sup> This directive, the purpose of which is to establish common safety provisions for these appliances as from 1 January 1989, also includes an element of the new approach, i.e. the reference to the standards to be established by the CEN (European Committee for Standardization) concerning pedals.

### *Measuring instruments*

48. On 26 May 1986 the Council adopted a directive on tyre pressure gauges for motor vehicles.<sup>2</sup> This directive lays down the technical specifications in respect of manufacture and operation which tyre pressure gauges for motor vehicles must satisfy in order to be EEC-approved and imported, marketed and used freely in the Community.

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<sup>1</sup> OJL 384, 31.12.1986.

<sup>2</sup> OJL 152, 6.6.1986.

### *Construction plant and materials*

49. On 26 May 1986 the Council adopted two directives, one concerning roll-over protective structures (ROPS) for certain construction plant, and the other concerning falling-object protective structures (FOPS) for such plant.<sup>1</sup>

The ROPS Directive makes protective structures compulsory for all construction plant placed on the market. The two directives specify the ISO standards concerning laboratory tests, performance criteria and deflection-limiting volume which this equipment must meet, and also the Community authorization procedures for placing them on the market and bringing them into service.

On 22 December 1986 the Council adopted a directive on the limitation of the noise emitted by hydraulic excavators, rope-operated excavators, dozers, loaders and excavator-loaders.<sup>2</sup> This directive lays down the admissible levels of noise emitted in the environment by the various categories of plant concerned, as well as the method of measurement.

### *Good laboratory practice*

50. On 17 December 1986 the Council adopted a directive on the harmonization of laws, regulations and administrative provisions relating to the application of the principles of good laboratory practice and the verification of their applications for tests on chemical substances.<sup>3</sup> The aim of this directive is to incorporate into Community legislation the decisions of the OECD in this field.

### *Tractors*

51. In 1986 the Council adopted three directives on the approximation of the laws of the Member States relating to wheeled agricultural and forestry tractors. The Community specifications concern:

- (i) the power take-offs of such tractors and their protection;<sup>1</sup>
- (ii) the installation, location, operation and identifications of the controls;<sup>4</sup>
- (iii) rear-mounted roll-over protection structures of narrow-tracked wheeled agricultural and forestry tractors.<sup>5</sup>

### *Household appliances*

52. On 1 December 1986 the Council adopted a directive on airborne noise emitted by household appliances.<sup>5</sup> This directive contains provisions on the general principles regard-

<sup>1</sup> OJ L 186, 8.7.1986.

<sup>2</sup> OJ L 384, 31.12.1986.

<sup>3</sup> OJ L 15, 17.1.1987.

<sup>4</sup> OJ L 240, 26.8.1986.

<sup>5</sup> OJ L 344, 6.12.1986.

ing the publication of information on the airborne noise emitted by household appliances and lays down, in implementation of the new approach, the essential features of the general method for measuring airborne noise and the method of checking the declared noise level. The CEN has the task of working out the details of these methods. The directive is discretionary, in that the Member States are free to decide whether or not to require the publication of information on the airborne noise emitted by these appliances.

### *Pharmaceutical products*

53. On 22 December 1986 the Council adopted directives as follows:<sup>1</sup>

- (i) on the approximation of national measures relating to the placing on the market of high-technology medicinal products, particularly those derived from biotechnology;
- (ii) amending Directive 75/318/EEC in the approximation of the laws of the Member States relating to analytical, pharmaco-toxicological and clinical standards and protocols in respect of the testing of proprietary medicinal products;
- (iii) amending Directive 81/852/EEC on the approximation of the laws of the Member States relating to analytical pharmaco-toxicological and clinical standards and protocols in respect of the testing of veterinary medicinal products;
- (iv) amending Directive 65/65/EEC on the approximation of provisions laid down by law, regulation or administrative action relating to proprietary medicinal products.

These directives constitute an important step towards the creation of the common market in medicines, particularly high-technology medicinal products, by enabling these products to be evaluated at EEC level.

54. In addition, three amendments were made to existing directives in 1986.

- (i) On 10 March 1986 the Council adopted a directive amending Directive 73/404/EEC on the approximation of the laws of the Member States relating to detergents.<sup>2</sup>
- (ii) On 18 March 1986 the Council adopted a directive amending Directive 80/232/EEC on the approximation of the laws of the Member States relating to the ranges of nominal quantities and nominal capacities permitted for certain prepackaged products.<sup>2</sup>
- (iii) On 17 December 1986 the Council adopted a directive amending Directive 78/1015/EEC on the approximation of the laws of the Member States relating to the permissible sound level and exhaust system of motorcycles.<sup>3</sup>

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<sup>1</sup> OJ L 15, 17.1.1987.

<sup>2</sup> OJ L 80, 25.3.1986.

<sup>3</sup> OJ L 24, 27.1.1987.

## Sectoral activities

### Telecommunications and information technology

55. On 24 July 1986 the Council adopted a directive on the initial stage of the mutual recognition of type approval for telecommunications terminal equipment.<sup>1</sup>

This directive, which concerns the mutual recognition of the results of conformity tests on terminal equipment, constitutes the first stage in the establishment of a single market in this sector. With regard to the next stage, the directive stipulates that the Commission is to submit new proposals within a period of two years following its adoption covering, in particular, the implementation of mutual recognition of type approval for mass-produced terminal equipment.

At its meeting on 3 November 1986 the Council adopted a directive on the adoption of common technical specifications of the MAC/packet family of standards for direct satellite television broadcasting and for the redistribution of such programmes by cable.<sup>2</sup>

This directive applies until 31 December 1991, and the Commission is invited to submit to the Council, in advance of that date, proposals for measures to be adopted to replace it.

At its meeting on 22 December 1986 the Council adopted a decision aimed at promoting standardization in Europe by means of the preparation and application of common technical standards and specifications in the field of information technology and telecommunications.<sup>3</sup>

At the same meeting the Council adopted a recommendation on the coordinated introduction of the integrated services digital network (ISDN) in the European Community with a view to establishing a European market in data-processing equipment.<sup>4</sup>

At its meeting on 9 June 1986 the Council adopted a resolution inviting the Member States to implement an initial operational intergovernmental video-conference and videophone system in order to make more efficient the exchange of information between the Governments of the Member States and the Community institutions.

In addition, at its meeting on 22 December the Council reaffirmed its determination to pursue, under the responsibility of the Commission, the process of coordinating the activities of the Member States and the Community institutions in the Insis (Integrated Services Information System) programme.

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<sup>1</sup> OJ L 217, 5.8.1986.

<sup>2</sup> OJ L 311, 6.11.1986.

<sup>3</sup> OJ L 36, 7.2.1987.

<sup>4</sup> OJ L 382, 31.12.1986.

## Steel industry

56. Since the beginning of 1986 transitional arrangements have been in force to help to complete the process of restructuring the industry and gradually returning, in an orderly manner, to a free market.

With regard to the system of production quotas, the Council reached general agreement on 20 October 1986 on the need to continue the process of liberalization in the light of the market situation and other factors, and on 18 November 1986 it gave its assent to the liberalization of Category I c (galvanized sheet) as from 1 January 1987 and decided to postpone further discussion on the Commission proposals for liberalization of Categories III (small sections), IV (wire rod) and VI (merchant bars) until its next meeting in March 1987.

On 18 November 1986 the Council also gave its assent to the deletion of Article 15B of Decision No 3485/85/ECSC on the system of production quotas, under which the Member States were authorized to submit complaints to the Commission if deliveries varied from the traditional patterns.

57. With regard to restructuring and aid, on 20 October 1986 the Council took note of a report from the Commission on the application of the new code on aid. The Council welcomed the Commission's determination to ensure that Article 4 (c) of the ECSC Treaty and the new code would continue to be rigorously and strictly applied. It called upon the Commission to use its powers under Articles 92 and 93 of the Treaty of Rome to ensure that any aid for steel production activities not covered by the ECSC Treaty did not have the effect of undermining these provisions, to exercise the greatest possible vigilance in these matters and, in consultation with Member States, to keep under regular review the situation with respect to public aid to the steel industry in Member States in the light of the rules laid down in the code.

On 18 November 1986 the Council took note of an initial report and analysis by the Commission of the proposal to reduce capacity made to it by Eurofer. Considering that this initiative merited further consideration on the basis of more detailed proposals to be made by Eurofer and that independent producers could be involved as appropriate, the Council expressed the hope that a detailed and specific proposal would be made available to the Commission not later than 1 March 1987.

58. With regard to the monitoring system, on 3 March 1986 the Council gave its assent<sup>1</sup> under Article 95 of the ECSC Treaty to two draft Commission decisions amending for the fifth and sixth times respectively Decision No 3717/83/ECSC introducing, for steel undertakings and steel dealers, a production certificate and an accompanying document for deliveries of certain steel products.

The Council also gave its assent on 3 March 1986,<sup>1</sup> under Protocols 10 and 20 respectively to the Treaty of Accession of Spain and Portugal, to two draft Commission decisions es-

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<sup>1</sup> OJ C 64, 19.3.1986.



establishing the delivery levels for 1986 of ECSC steel products to the rest of the common market at 850 000 tonnes for Spain and 90 000 tonnes for Portugal.

59. With regard to the social aspects the Council, having taken note on 20 October 1986 of a communication from Vice-President Narjes on the importance and urgency of a Council decision, on 16 December 1986 held a discussion on the proposals for decisions on the transfer from the general budget to the ECSC budget of funds to continue the cofinancing of social measures connected with the restructuring of the steel industry. Since no agreement appeared possible on the proposals, the Council invited the Commission to take account of the problems of the regions affected by restructuring measures when preparing its future proposals concerning the structural Funds.<sup>1</sup>

60. Lastly, in the course of the year the Council gave its assent to the following measures:

- (i) under Article 54, 2nd paragraph, of the ECSC Treaty, the granting of global loans to:
  - (a) Investors in Industry Group PLC, London,<sup>2</sup>
  - (b) Bank für Gemeinwirtschaft AG, Frankfurt,<sup>3</sup>
  - (c) Mediocredito Centrale for the financing of investment programmes which contribute to facilitating the marketing of Community steel,<sup>4</sup>
  - (d) Sezione Speciale per il Credito Industriale della Banca Nazionale del Lavoro for the financing of investment programmes which contribute to facilitating the marketing of Community steel,<sup>5</sup>
  - (e) Kredietbank SA, Brussels,<sup>6</sup>

and the cofinancing of an investment project by LKAB, Lulea (Sweden) in the iron ore mine at MalMBERGET (Sweden).<sup>6</sup>

- (ii) under Article 55 (2) (c) of the ECSC Treaty
  - (a) obtaining financial aid for the implementation of an iron and steel research programme;<sup>7</sup>
  - (b) the granting of financial aids for the implementation of a programme of pilot and demonstration projects in the iron and steel industry.<sup>8</sup>

## Shipbuilding

61. The Council gave particular attention to the question of aid for shipbuilding, since the current arrangements for supporting this sector were due to expire at the end of 1986.

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<sup>1</sup> See also paragraph 138 of this Review.

<sup>2</sup> OJ C 64, 19.3.1986.

<sup>3</sup> OJ C 50, 4.3.1986.

<sup>4</sup> OJ C 147, 14.6.1986.

<sup>5</sup> OJ C 247, 3.10.1986.

<sup>6</sup> OJ C 275, 31.10.1986.

<sup>7</sup> OJ C 122, 22.5.1986.

<sup>8</sup> OJ C 197, 6.8.1986.

On 3 March 1986 the Council held a general exchange of views on the question of aid, with particular regard to the prospects for this sector, in order to guide the Commission in its work on new arrangements to come into force in 1987.

On 9 June 1986 the Council held a detailed discussion on the main aspects of the new strategy to be implemented in this field, which were outlined orally by the Commission representative. These discussions produced a degree of consensus on the need to fix a ceiling for production aids, whether direct or indirect, and to authorize aid for restructuring under certain conditions, one of these being a direct link between the granting of aid and the reduction of capacity, with due regard to social problems.

Subsequently, at the Council's request, the Commission forwarded a communication on an aid strategy for shipbuilding after 1986 and a proposal for a sixth Directive. The Council discussed these communications on 20 October and 18 November 1986.

62. On 22 December 1986, following a further discussion, the Council approved by qualified majority the sixth Directive on aid to shipbuilding, which introduces the new system of aid for this major sector of industry.<sup>1</sup>

The purpose of the Directive is to contribute to the long-term maintenance of a competitive shipbuilding industry in the Community and to create the right conditions for continuing the restructuring of the shipyards in the Member States and directing them towards those sectors of the market where they are most competitive. It accepts production aid for shipbuilding and ship conversion as compatible with the common market provided that the total amount does not exceed a common maximum ceiling of 28% of the value of a contract before aid. There is to be an annual review, with the aim of progressively reducing the ceiling.

This ceiling covers both aid from national governments and that from regional and local authorities and applies to all forms of production aid — sectoral, general or regional aid schemes — whether granted directly to shipyards or to shipowners, provided it is used for the construction or conversion of ships in Community shipyards. Operating aid granted to shipyards must also be within the ceiling.

Additional aids may be granted, under certain conditions, if they encourage restructuring, i.e. investment aid, aid for closures, and research and development aid.

In the case of Spain and Portugal, since they are new Member States there will be a derogation for the period of validity of the Directive (four years) in respect of the ceiling, but the other provisions will apply.

### **Small and medium-sized enterprises (SMEs)**

63. On 3 November 1986 the Council adopted a resolution concerning the action programme for small and medium-sized enterprises (SMEs),<sup>2</sup> in which it approved the main

<sup>1</sup> OJ L 69, 12.3.1987.

<sup>2</sup> OJ C 287, 14.11.1986.

lines of the policy followed and the strategy in the action programme presented by the Commission, subject to the approval of individual proposals and their financial implications, and invited the Commission to report periodically on the realization of the objectives.

## **B — Right of establishment and freedom to provide services<sup>1</sup>**

### **Financial institutions**

#### **Directives adopted**

##### *Banks' annual accounts*

64. On 8 December 1986 the Council adopted a Directive on the annual accounts and consolidated accounts of banks and other financial institutions.<sup>1</sup>

This Directive supplements the fourth and seventh Directives on company law (78/660/EEC<sup>2</sup> and 83/349/EEC<sup>3</sup> respectively) by extending to credit institutions harmonized arrangements for the presentation of balance sheets, profit-and- loss accounts and consolidated accounts.

In view of the differing traditions in this field in the various Member States, it was necessary to achieve a balance between the Member States which demanded the publication of very detailed information and those which agreed to the publication of information in a more condensed form.

Pending subsequent coordination, Member States may exercise the option of undervaluing certain assets (constitution of 'concealed' reserves) where this is considered appropriate, having regard to the particular risks associated with banking (Article 37). However, the Member States in question must, as an alternative approach, permit the introduction of an item entitled 'Funds for general banking risks'. There is also provision for other options, concerning in particular currency conversion.

The Member States must adopt the provisions necessary for them to comply with a directive by 31 December 1990, since the directive is to be implemented by 1993 at the latest.

There is provision for examination and, if necessary, revision of the directive on a proposal from the Commission in the light of the experience acquired in implementing it, in particular with regard to those articles which provide options for the Member States. This examination must take place after 1 January 1998.

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<sup>1</sup> OJ L 372, 31.12.1986.

<sup>2</sup> OJ L 222, 14.8.1978.

<sup>3</sup> OJ L 193, 18.7.1983.

## Work in progress

### *Undertakings for collective investment in transferable securities (Ucits)*

65. The Council's subordinate bodies began their examination of two proposals for directives to supplement Directive 85/611/EEC,<sup>1</sup> one concerning the investment policy of certain Ucits, and the other concerning jurisdiction in respect of litigation arising from the marketing of units in certain Ucits.

### *Mortgages*

66. The Council's subordinate bodies began their examination of the proposal for a directive on freedom of establishment and the right to provide services in the field of mortgage loans, which constitutes an essential complement to Directive 77/780/EEC.<sup>2</sup> The object of this proposal is to abrogate all the institutional and technical provisions which prevent a credit institution from operating in the field of mortgage loans throughout the Community, or which restrict the exercise of these activities.

### *Securities*

67. The Council's subordinate bodies continued their examination of the proposal for a directive on the prospectus to be published when securities are offered to the public, which constitutes a supplement to Directive 80/390/EEC.<sup>3</sup> Its aim is to coordinate at Community level the information to be published when securities which are not admitted to official stock exchange listing are offered to the public for subscription or sale.

## Liberal and craft professions

### Directives adopted

#### *General practitioners*

68. On 15 September 1986 the Council adopted a Directive establishing in the Community specific training in general medical practice.<sup>4</sup> This supplements the two 1975 Directives<sup>5</sup> on freedom of movement for medical practitioners, which established mutual recognition of diplomas for medical practitioners and specialists and the minimum requirements regarding the training of such practitioners.

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<sup>1</sup> OJ L 375, 31.12.1985.

<sup>2</sup> OJ L 322, 17.12.1977.

<sup>3</sup> OJ L 100, 17.4.1980.

<sup>4</sup> OJ L 267, 19.9.1986.

<sup>5</sup> OJ L 167, 30.6.1975.

The new training in general medical practice will last two years and will be compulsory from 1 January 1995, subject to the recognition of acquired rights, for anyone wishing to practise as a general medical practitioner under a national social security scheme.

### *Commercial agents*

69. On 18 December 1986 the Council also adopted the Directive on the coordination of the laws of the Member States relating to self-employed commercial agents.<sup>1</sup> This is aimed at reducing the differences between national laws concerning commercial representation, which have a considerable effect on competition within the Community, and is also designed to give commercial agents added protection in their relations with their principals.

### **Work in progress**

#### *General system for the recognition of higher-education diplomas*

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

The proposed general system is based on the comparability of training and on mutual confidence, and makes no provision for the coordination of training arrangements or the conditions for engaging in professional activities for either employed or self-employed persons in the professions concerned. Any disparities may be counterbalanced by an additional period of professional experience in the case of differing lengths of study or by a trainee period in the host country in the case of differing conditions for engaging in professional activities.

### *Engineers*

71. In the light of the Council's adoption in 1985 of the Directive on architects,<sup>2</sup> its subordinate bodies began a re-examination of the proposal for a directive on the right of establishment and freedom to provide services in the technical field (engineers).

## **Insurance**

### **Work in progress**

72. The Council's subordinate bodies resumed their work on the proposals for directives on credit insurance and legal protection insurance. These two directives, which amend the first Directive of 1973 on non-life insurance, are aimed at abolishing the specialization re-

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<sup>1</sup> OJ L 382, 31.12.1986.

<sup>2</sup> OJ L 223, 21.8.1985.

quirement which still applies for these two branches in the Federal Republic of Germany and thus eliminating obstacles to the full exercise of the right of establishment.

On the other hand, work remained in abeyance on the directive on the provision of services in the field of insurance, since the Court of Justice did not hand down its judgments on co-insurance and the provision of services until 4 December 1986. It was agreed that the examination of this directive would be resumed in the light of these judgments in January 1987.

With regard to the draft agreement with the Swiss Confederation on insurance other than life insurance, the Council agreed that the text produced in the course of the negotiations was, from the technical point of view, in accordance with the negotiating brief given to the Commission. However, a new provision needed to be inserted to guarantee that the Community's autonomous legislative power would not be affected by this agreement. The Commission was given a new brief to this effect.

## Company law

### Work in progress

#### *Structure of public limited-liability companies*

73. 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, which aims at introducing at the same time a minimum of worker participation in the decision-making process in public limited-liability companies.

## Public contracts

74. The Council reached a broad consensus on the content of the proposal for a directive amending Directive 77/62/EEC<sup>1</sup> coordinating procedures for the award of public supply contracts and abrogating certain provisions in Directive 80/767/EEC.<sup>2</sup>

## Transborder broadcasting

75. The Council's subordinate bodies began their examination of the proposal for a directive on the coordination of certain laws, regulations and administrative provisions of the Member States relating to broadcasting. The essential aim of this proposal is to establish the freedom to receive and relay in all the Member States broadcasts, in particular television broadcasts, which conform to the provisions of the directive.

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<sup>1</sup> OJ L 13, 15.1.1977.

<sup>2</sup> OJ L 215, 18.8.1980.

## Tourism

76. Further to the Resolution on tourism of 10 April 1984,<sup>1</sup> the Commission presented to the Council a number of proposals, all of which were accepted. Thus the Council adopted:

- (i) the Council Resolution of 22 December 1986 on a better seasonal and geographical distribution of tourism;<sup>2</sup>
- (ii) the Council Recommendation of 22 December 1986 on standardized information in existing hotels;<sup>3</sup>
- (iii) the Council Decision of 22 December 1986 establishing a consultation and cooperation procedure in the field of tourism.<sup>4</sup>

The Council also adopted a Recommendation on fire safety in existing hotels, the proposal for which it had received in 1984.

## C — Intellectual property

### Patent law

77. Following the Intergovernmental Conference on the Community patent held in Luxembourg in December 1985, work on the Community patent continued at two different levels. On the one hand, work at the political level took the form of contacts between the delegations holding the Presidency of the Council and certain Member States with a view to determining the conditions under which the Agreement on Community Patents, which was initialled in December 1985,<sup>4</sup> might be signed by the 12 Member States; on the other, work of a technical nature was carried out by the Interim Committee for the Community Patent, which held two meetings in 1986, and its two working parties endeavoured to resolve the outstanding technical questions. With more particular regard to the question of translating Community patents, the Interim Committee held consultations with the non-governmental international organizations representing the interested parties.

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<sup>1</sup> OJ C 115, 30.4.1984.

<sup>2</sup> OJ C 340, 31.12.1986.

<sup>3</sup> OJ L 384, 31.12.1986.

<sup>4</sup> Published by the Council through the Office for Official Publications of the European Communities, Catalogue No BX-45-86-814.

## Trade mark law

78. The Working Party on Intellectual Property (Trade marks) finished its second reading of the amended proposal for a regulation on the Community trade mark and carried out a large part of the third reading. At the same time it completed its first reading of the amended proposal for a first Directive approximating the laws of the Member States on national trade marks.

With regard to further work on this matter, on 3 November 1986 the Council adopted a timetable under which it would be in a position to act on these two proposals and other related matters by the end of 1987.

## World Intellectual Property Organization (WIPO)

79. The Member States and the Commission coordinated their positions, following the usual procedures, for the three meetings organized by the WIPO, namely:

- (i) first and second meetings of the WIPO Working Party on the links between the Madrid Arrangement for the international registration of trade marks and the proposed Community trade mark (Geneva, 29 to 31 January and 2 to 4 July 1986);
- (ii) 17th meeting of the Assembly of the Union of Madrid (Geneva, 9 September 1986).

The coordination work covered matters of Community-wide interest, including in particular the links between the Madrid Arrangement for the international registration of trade marks and the proposed regulation on the Community trade mark.

## Legal protection of the topographies of semiconductor products

80. At its meeting on 15 and 16 December 1986 the Council adopted a Directive on the legal protection of topographies of semiconductor products.<sup>1</sup> This directive, designed as a framework text specifying certain basic parameters regarding the type of protection to be offered, offers the Member States a range of options, broadly equivalent in their effects, regarding the legal instruments (protection based on copyright or on a registration system) for granting an exclusive right to the creator of an original topography.

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<sup>1</sup> OJ L 24, 27.1.1987.



# Chapter III: Economic and social policy

## A — Economic, financial and fiscal questions and export credits

### Economic and financial questions

#### Coordination of the economic policies of the Member States

81. The external economic environment of the Community changed radically during 1986 due to the sharp decline in oil prices, the fall in the value of the dollar and the drop in interest rates. As a result of these trends there was a noticeable improvement in the Community's terms of trade, although this did not prevent a downturn in the real balance of goods and services. Nevertheless, the Community's current balance of payments showed a surplus amounting to 1.2% of GDP.

The economic activity of the Community continued to expand, with real growth in GDP reaching 2.5%. The main generator of growth was internal demand, in particular investment in capital goods, which rose by 6.1%, and private consumption, which grew by 3.7%.

However, the marked improvement in supply-side conditions and the positive repercussions of the fall in oil prices were still not sufficient for the Community to achieve a level of employment-generating growth which would reduce unemployment at the desired rate. Thus, while the number of people in employment rose by approximately 0.8%, the working population continued to expand, leaving the average unemployment rate at the very high level of 11%. The Community responded to these problems by adopting a co-operative strategy for growth and employment centred on close cooperation between the Community, the national governments and the two sides of industry. This strategy was approved in the annual economic report for 1985-86 and reaffirmed in the economic report for 1986-87.

82. 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,<sup>1</sup> the Council regularly assessed and examined the economic and monetary situation in the Community, in particular when making its quarterly reviews of the situation. In its examination of 7 July 1986 the Council paid particular attention to the Member States' budgetary policy

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

and, on 22 December 1986, adopted the economic report for 1987 together with the economic policy guidelines for both the Community as a whole and each individual Member State.<sup>1</sup>

### **Liberalization of capital movements**

83. On 17 November 1986 the Council adopted a directive amending the Directive of 11 May 1960 on the implementation of Article 67 of the EEC Treaty.<sup>2</sup> This Directive forms part of a programme for the liberalization of capital movements proposed by the Commission in connection with the moves to complete the internal market by 1992.

The extension of the obligation to liberalize capital movements provided for in this Directive covers three categories of operation: long-term commercial credits, transactions in securities and the admission of securities to capital markets.

Long-term commercial credits now enjoy the same complete absence of restrictions as short and medium-term commercial credits. For transactions in securities, restrictions have been fully removed on all transactions involving the acquisition of medium and long-term securities. As regards the admission of securities to capital markets, full liberalization now applies to bonds, shares and other securities dealt in or being admitted on a stock exchange in a Member State, and to units in undertakings for collective investment in transferable securities (Ucits) covered by the coordinating Directive on Ucits adopted in 1985.<sup>3</sup>

### **New Community Instrument**

84. On 8 December 1986 the Council approved a common position on the New Community Instrument (NCI IV), under which NCI loans totalling 750 million ECU would be granted to small and medium-sized undertakings. The Council also invited the European Investment Bank to make a further 750 million ECU available from its own resources, on condition that the loans it granted were of the same scale and carried the same terms as those specified in the Decision on NCI IV. The Council forwarded its guidelines to the European Parliament so as to allow the latter to initiate the conciliation procedure if it so desired.

In taking these Decisions, the Council took account of the priority given by the Commission to the encouragement of small and medium-sized undertakings, and achieved the essential objective of the Commission's proposal on NCI IV, which was to make available to these undertakings loans totalling 1 500 million ECU. As a result of these new loan facilities, funds can be allocated to investment projects which contribute to industrial adjustment and the Community's competitiveness, in particular through the application of new

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<sup>1</sup> OJ L 385, 31.12.1986

<sup>2</sup> OJ L 332, 26.11.1986.

<sup>3</sup> OJ L 372, 31.12.1985.

technologies, innovation and the rational use of energy resources. Priority was to be given to projects submitted by small undertakings.

### **Community loan to Greece**

85. On 8 December 1986 the Council was informed by the Commission of the results of the economic recovery programme implemented by the Greek Government. The Commission received the Council's assent to release the second instalment of the Community loan granted to Greece on 9 December 1985.<sup>1</sup>

### **European Monetary System**

86. Two realignments within the EMS were agreed during the year. The first, which took place on 6 April, involved a 3% devaluation of the French franc, a 3% revaluation of the German mark and the Netherlands guilder and a 1% revaluation of the Belgian-Luxembourg franc and the Danish krone, and the second, on 2 August, an 8% devaluation of the Irish punt.

### **Medium-term financial assistance**

87. On 8 December the Council extended the validity of this mechanism until 31 December 1988,<sup>2</sup> at the same time lowering the commitment ceilings for each Member State from 15 925 million ECU to 13 925 million ECU, which is the amount by which the ceiling for the Community loan mechanism was raised in April 1985.<sup>3</sup> It should be noted that these two mechanisms provide for medium-term financing facilities allowing the Member States to meet balance-of-payments problems.

### **International economic and monetary problems**

88. 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.

The Council prepared the Community's position on economic and monetary questions, in particular as regards international debt, for the Tokyo Economic Summit from 4 to 6 May.

At its meetings of 28 April and 16 June 1986 the Council also examined monetary and financial relations with Japan, basing its considerations on a report submitted by the Monetary Committee and a Commission communication.

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<sup>1</sup> OJ L 341, 19.12.1985

<sup>2</sup> OJ L 382, 31.12.1986

<sup>3</sup> OJ L 118, 1.5.1985

## **Own resources: amendment of Regulation No 2891/77**

89. On 8 December the Council approved as a common position the text of a regulation amending Regulation No 2891/77 implementing the Decision of 21 April 1970 on the replacement of the financial contributions of the Member States by the Communities' own resources. This amendment involves a number of technical modifications concerning, in particular, adjustments to the monthly records of own resources, corrections to the annual statements of VAT own resources and the settling of the final balance to be carried over to the next financial year.

## **Budgetary discipline**

### *Reference framework*

90. In accordance with its conclusions of 4 December 1984 on budgetary discipline, the Council laid down the reference framework for the financial year 1987 at its meetings of 28 April and 7 July. Without prejudice to budgetary procedure, this reference framework represents the maximum permissible expenditure under the 1987 budget. The Council also amended the reference framework for 1986 to take account of exceptional circumstances and the Decision of the Court of Justice on the 1986 budget.

### *Opinions on financial consequences*

91. On 17 November the Economic and Financial Affairs Council delivered its opinion on the financial consequences of the Commission's proposals regarding:

- (a) an outline programme for R&D for the period 1987-91;
- (b) Community measures aimed at improving fisheries structures.

The opinion of the Council was delivered in accordance with Article 8 of the Conclusions on Budgetary Discipline.<sup>1</sup>

## **Tax harmonization**

92. During the first half of 1986 the Council's work in the area of fiscal affairs centred on examination of the Commission's White Paper (Part 3: Removal of fiscal barriers).

Following on from the work of the *ad hoc* working party responsible for preparing the Council's work in this field, the Council noted, after wide-ranging discussion, that the Commission would submit to it before 1 April 1987 detailed proposals on the rates and structure of indirect taxes and on the system of compensation, and that these proposals should take account of the report drawn up by the Chairman of the *ad hoc* working party.

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<sup>1</sup> See Conclusion of the President of the Economic and Financial Affairs Council of 13.10.1986 on expenditure under the common agricultural policy (Press Release 143).

The Council further noted that it was on this basis that the Member States would be able to adopt a position on the approach recommended by the Commission in Part 3 of the White Paper. This should not be taken to prejudice the positions that the delegations would adopt in due course with regard to this set of proposals.

In the meantime, the working party responsible was to pursue its examination of the proposals already submitted in the fields of VAT and excise duties.

93. With regard to VAT, on 16 June 1986 the Council adopted Directive 86/247/EEC<sup>1</sup> concerning deferment to 1 January 1987 of the introduction of the common system of VAT in Greece.

On 21 July 1986 the Council adopted Decision 86/356/EEC<sup>2</sup> authorizing the United Kingdom to apply flat-rate measures in respect of non-deductible VAT charged on fuel expenditure in company cars.

Finally, on 17 November 1986 the Council adopted the thirteenth Directive on VAT (Directive 86/560/EEC)<sup>3</sup> defining the arrangements for the refund of value-added tax to taxable persons not established in the territory of the Community.

Under the terms of the sixth Directive on VAT (Directive 77/388/EEC of 17 May 1977), each Member State is entitled, in the case of taxable persons not established in the territory of the Community, to refuse refunds or impose special conditions. The thirteenth Directive harmonizes at Community level the arrangements for the refund of VAT to such persons, basing its provisions on those of the eighth Directive (Directive 79/1072/EEC), which defines the arrangements for refunds to taxable persons established in the territory of the Community. The thirteenth Directive thus eliminates the differences existing in this field in the various Member States, which were likely to give rise to deflections of trade within the Community and to difficulties in the Community's trade with non-member countries.

94. As regards the harmonization of excise duties, the Council re-extended, by Directive 86/246/EEC<sup>4</sup> of 16 June 1986, the second stage of harmonization of the structures of excise duty on manufactured tobaccos, which had been in force since 1 July 1978.

## Export credits

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.

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<sup>1</sup> OJ L 164, 20.6.1986, p. 27.

<sup>2</sup> OJ L 212, 2.8.1986, p. 35.

<sup>3</sup> OJ L 326, 21.11.1986, p. 40.

<sup>4</sup> OJ L 164, 20.6.1986, p. 26.

## Arrangement on guidelines for officially supported export credits

### *Consolidated version of the text of the Arrangement*

95. In March 1986 the parties to the above Arrangement gave their assent to a consolidated text of the Arrangement comprising all the amendments introduced since 1978 and the texts of the sectoral agreements on those fields for which special measures had been agreed upon by the parties.

This consolidated text of the Arrangement was adopted into Community law by a Council Decision of 13 October 1986.<sup>1</sup>

### *Tied aid credits*

96. In accordance with the conclusions of the OECD Council, meeting at ministerial level in April 1985, and with a view, in particular, to increasing clarity and discipline, the parties to the Arrangement continued their work during 1986 in the field of tied aid credits. The Community took part in this work on the basis of the negotiating Directives adopted by the Council on 5 April 1986.<sup>1</sup>

### *Interest rates*

97. The parties to the Arrangement on guidelines have been engaged for some time in revising the system for determining 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. The Community's position with regard to revision of the system of CIRRs is based on the negotiating brief adopted by the Council on 20 January 1986.<sup>1</sup>

During the period under review the parties to the Arrangement on guidelines achieved substantial results, with agreements being reached for most of the currencies and discussions continuing for the remainder.

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

### *Sectoral agreements*

98. In 1986 the parties to the Arrangement concluded a sectoral agreement for civil aircraft, including helicopters. This agreement incorporates and supplements the agreement concluded in 1985 for large-capacity aircraft.

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<sup>1</sup> This Act of the Council was not published in the *Official Journal of the European Communities*.

The implementation of this sectoral agreement in the Community was the subject of a Council Decision of 10 March 1986.<sup>1</sup>

### Intra-Community consultations

99. As in the past, there were consultations in accordance with Decision 73/391/EEC<sup>2</sup> 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

100. The problems of employment (in particular the vocational training of young people and disabled persons), women's affairs and health and safety protection at work occupied the Council's attention throughout 1986, and it devoted the bulk of its meetings on 5 June 1986 in Luxembourg and 11 December 1986 in Brussels to these questions.

In addition, at three informal meetings — in The Hague on 17 and 18 February 1986, in Brussels on 23 April 1986 and in Edinburgh on 22 and 23 September 1986 — the Ministers for Labour and Social Affairs held exchanges of views, in particular as regards employment policy and the European Social Fund.

At an informal meeting in The Hague on 10 and 11 March 1986 the Ministers responsible for women's affairs discussed, *inter alia*, the proposal for a directive on self-employed women and non-working spouses of self-employed persons, as well as the question of sexual harassment at the work-place.

The dialogue between management and labour continued in the Standing Committee on Employment, which devoted its 31st meeting (on 24 April 1986) to future policy with regard to the labour market, and its 33rd meeting (on 7 November 1986) to the topic 'Employment growth and priority action to combat unemployment'.

### Employment and vocational training

101. Following its meeting of 11 December 1986, on 22 December 1986 the Council adopted a Resolution concerning an action plan for employment growth.<sup>3</sup>

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<sup>1</sup> This Act of the Council was not published in the *Official Journal of the European Communities*.

<sup>2</sup> OJ L 345, 17.12.1973.

<sup>3</sup> OJ C 340, 31.12.1986.

In this Resolution, the Council:

- (i) acknowledged its attachment to the Community's cooperative strategy for employment growth;
- (ii) undertook to concentrate its work on the following areas: promoting new businesses and employment growth, improving the efficiency of labour markets, training, and more help for the long-term unemployed;
- (iii) stressed the importance of the social dialogue and of economic and social cohesion;
- (iv) laid down the procedures for implementation of the programme.

In the measures to be taken, which would strengthen those already taken pursuant to previous Council acts, particular attention would be paid to:

- (i) the potential for future employment growth in large and, in particular, small and medium-sized businesses, including cooperatives and local job-creation schemes;
- (ii) the encouragement of more adaptable patterns of work, without putting at risk the basic rights of workers;
- (iii) improvements in vocational training;
- (iv) additional measures to help the growing number of long-term unemployed persons.

The Council invited the Commission to submit to it before the next Council meeting (Labour and Social Affairs) the first proposals for implementation of the programme, and, more especially, proposals and communications on the training of young people and adults and on long-term unemployment.

The Council undertook to act on the Commission's proposals as soon as possible.

102. Following its meeting of 5 June 1986, on 24 July 1986 the Council adopted a Recommendation on the employment of disabled people in the Community.<sup>1</sup>

In this text, the Council recommended that the Member States:

- (i) take all appropriate measures to promote fair opportunities for disabled people in the field of employment and vocational training;
- (ii) continue and, if necessary, intensify and re-examine their policies to help disabled people, which should provide, in particular, on the one hand for the elimination of negative discrimination and on the other for positive action for disabled people.

This positive action would include both the fixing of realistic percentage targets for the employment of disabled people in undertakings with a minimum number of employees and the provision of a guide or code of good practice for the employment of disabled people.

The Council invited the Commission:

- (i) to coordinate the exchange of information and experience between national authorities on the rehabilitation and employment of disabled people;

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<sup>1</sup> OJ L 225, 12.8.1986, p. 43.



(ii) to maintain appropriate aid from the European Social Fund to assist disabled people of whatever age.

## **Improvement of living and working conditions**

103. In the field of health and safety at work, on 12 May 1986 the Council adopted the Directive on the protection of workers from the risks related to exposure to noise at work,<sup>1</sup> which it had approved at its meeting of 5 December 1985.

## **Information and consultation of employees**

104. On 21 July 1986 the Council adopted Conclusions on procedures for informing and consulting the employees of undertakings with complex structures.<sup>2</sup>

The Council pointed out that the problem of informing and consulting employees was of great political and economic importance, and stressed the importance of a social area in the context of completion of the Community internal market.

It invited the Commission:

- (i) to continue its work on this subject and to follow closely developments in national legislation and agreements concluded between management and labour;
- (ii) to continue its close contacts with management and labour.

It was agreed to resume discussion at the beginning of 1989 either of the amended proposal for a Directive (the 'Vredeling' Directive) or of any other proposal which the Commission might submit to it.

## **Equal treatment for men and women**

105. On 24 July 1986 the Council adopted a second Resolution on the promotion of equal opportunities for women (1986-90 action programme).<sup>3</sup>

This Resolution followed the Council Resolution of 12 July 1982 on a first action programme (1982-85) to promote equal opportunities for women.

The Council confirmed the need to intensify action at Community and national level through a systematic, wide-ranging policy designed to eliminate *de facto* inequalities, and supported the broad outlines of the Commission communication concerning a new medium-term programme (1986-90) on equal opportunities for women.

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<sup>1</sup> OJ L 137, 24.5.1986, p. 28.

<sup>2</sup> OJ C 203, 12.8.1986, p. 1.

<sup>3</sup> OJ C 203, 12.8.1986.

The Council called on the Member States to take appropriate action, agreed to develop more systematic cooperation on Member States' policies and actions on equal opportunities and instructed the Commission to organize such cooperation with all bodies concerned.

106. On 24 July 1986 the Council adopted the Directive on the implementation of the principle of equal treatment for men and women in occupational social security schemes.<sup>1</sup>

This Directive is aimed at the elimination of all discrimination on the basis of sex, by reference, in particular, to marital or family status, especially as regards:

- (i) the scope of the schemes and the conditions of access to them;
- (ii) the obligation to contribute and the calculation of contributions;
- (iii) the calculation of benefits and the conditions governing the duration and retention of entitlement to benefits.

The Directive also obliges the Member States to take all necessary steps to eliminate provisions contrary to the principle of equal treatment in collective agreements, company rules or any other arrangements relating to occupational schemes.

107. On 11 December 1986 the Council adopted the Directive on the application of the principle of equal treatment between men and women engaged in an activity, including agriculture, in a self-employed capacity, and on the protection of self-employed persons during pregnancy and motherhood.<sup>2</sup>

This Directive provides for the elimination of all provisions contrary to the principle of equal treatment in respect of the establishment, equipment or extension of a business, or the extension of any other form of self-employed activity including financial facilities.

It also stipulates, without prejudice to the specific conditions for access to certain activities which apply equally to both sexes, that the conditions for the formation of a company between spouses may not be more restrictive than those applying to the formation of a company between unmarried persons.

The Directive also contains provisions on the social security position of the spouses without professional status of self-employed workers, and on the recognition of the work performed by such persons.

Finally, the Directive provides for the protection during pregnancy and motherhood of female self-employed workers and the wives without professional status of self-employed workers.

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<sup>1</sup> OJ L 225, 12.8.1986, p. 40.

<sup>2</sup> OJ L 359, 19.12.1986.

## **Migrant workers**

108. On 11 December 1986 the Council adopted Regulation (EEC) No 3811/86<sup>1</sup> amending Regulations (EEC) Nos 1408/71 and 574/72, with a view to laying down rules to cover persons who are simultaneously employed in the territory of one Member State and self-employed in the territory of another.

## **ECSC aid**

109. Under the terms of Article 56 (2) (a) of the ECSC Treaty, the Council received from the Commission approximately 10 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 429 million ECU, with individual amounts varying between 8.88 and 100 million ECU.

## **Other activities**

### **Combating poverty**

110. Following its meeting of 11 December 1986 and in response to the accession of Spain and Portugal, on 22 December 1986 the Council adopted a Decision aimed at increasing by 4 million ECU the appropriations of 25 million ECU set aside for a programme to combat poverty (1985-88).

### **Information instruments**

111. On 24 November 1986 the Council adopted Regulation (EEC) No 3605/86 on the organization of a labour force sample survey in the spring of 1987.<sup>2</sup>

### **Advisory committees in the field of social affairs: enlargement**

112. The Council appointed the full and alternate Portuguese members of the advisory committees in the field of social affairs.

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<sup>1</sup> OJ L 355, 16.12.1986.

<sup>2</sup> OJ L 335, 28.11.1986, p.1.

## **Work on matters connected with international organizations**

113. As in previous years, the Member States coordinated their position in Brussels and Geneva on the topics discussed at the 1986 International Labour Conference, in particular safety in the use of asbestos, the promotion of small and medium-sized undertakings and the problems relating to young people. The same procedure was followed for the topics discussed at the Preparatory Technical Maritime Conference of the International Labour Organization.

The Member States also coordinated their position in Brussels and Vienna on the topics discussed at the 31st meeting of the United Nations Commission on the Status of Women.

On 22 December 1986 the Council adopted a Decision agreeing with the Commission on the procedure to be followed in preparing for conventions of the International Labour Organization.

## **C — Regional policy**

### **Regional Development Fund**

114. 1986 was a year of consolidation for the ERDF as regards implementation of the new regulations which had entered into force at the beginning of the previous year.

As agreed at the time of the ERDF reform, an initial exchange of views between the three institutions — Council, Commission and Parliament — took place on 21 April 1986 on the operation of the new fund. During the year the first Decisions were taken on the launching of Community programmes.

#### **Community regional development programmes**

115. Acting on a proposal from the Commission, on 27 October 1986 the Council adopted two Regulations instituting the first Community regional development programmes provided for in Regulation No 1787/84 on the ERDF<sup>1</sup>. These programmes are aimed at the development of certain less-favoured regions of the Community, one through improving access to advanced telecommunication services (STAR programme, instituted by Regulation (EEC) No 3300/86<sup>2</sup>) and the other through exploiting endogenous energy potential (Valoren programme, instituted by Regulation (EEC) No 3301/86<sup>3</sup>).

In accordance with Article 7 of the Fund Regulation (Regulation No 1787/84), these Regulations lay down the basic elements of each programme, namely:

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<sup>1</sup> See 32nd Review, paragraphs 134, 135 and 137.

<sup>2</sup> OJ L 305, 31.10.1986, p. 1.

<sup>3</sup> OJ L 305, 31.10.1986, p. 6.

- (i) their objectives (Article 2), which are to contribute to the structural improvement of less-favoured regions by linking regional development objectives and Community policy guidelines to two key sectors, namely telecommunications and energy;
- (ii) the regions concerned (Article 3), which are determined in accordance with Community criteria specific to each programme and tally broadly with those acknowledged as the principal ERDF aid regions;
- (iii) the eligible operations (Article 4), which are those mainly — but not exclusively — devoted to the establishment of infrastructures and basic equipment;
- (iv) the Community contribution levels (Article 5), which are fixed in accordance with the operation concerned (55% of investments in infrastructures, 50% of the public expenditure on investment in productive sectors and 50 to 70% for feasibility studies and consultancy services) so as not to exceed the overall maximum level of 55% of the public expenditure provided for in the basic Regulation.

Within the above framework, contracts (including a financing plan) are to be concluded between the Commission and the Member States in question for action programmes for each of the regions concerned. At current estimates, Community expenditure over a period of five years until 1990 will amount to 780 million ECU for the STAR programme and 400 million ECU for the Valoren programme.

### **Eleventh annual report of the ERDF**

116. On 27 October 1986 the Commission presented its 11th annual report on the activities of the European Regional Development Fund in 1985. After 1984, which was the assessment year for the first decade of activity, 1985 was a pivotal year for the ERDF which was marked by implementation of the new regulation. The report contains an updated balance sheet and full data, broken down by operation and country, on the Fund's activities during the financial year in question.

### **Integrated approach to development**

117. Two documents on this subject (also forwarded to the European Parliament) were forwarded to the Council by the Commission:

- (i) an information memo, forwarded on 31 July 1986, on the content and implementation procedures of the integrated approach implicit in the new Fund Regulation. This memo, which the Council examined, concerns the Commission's view of how, pending implementation of the Single Act, the integrated approach should be provisionally understood and applied within the framework of existing regulations;
- (ii) a communication, forwarded on 6 August 1986, on the strengthening of Community structural measures to assist steel restructuring areas. In this communication, which is a practical example of an integrated approach, specific details are given of the overall framework for implementation of the supporting measures to assist those steel areas most affected by the crisis and the restructuring measures.

# D — Development of a Community energy policy

## New Community energy objectives for 1995

118. These horizontal and sectoral objectives, which relate to both the Community's energy policy and the convergence of the Member States' policies, were the subject of a Resolution adopted by the Council on 16 September 1986.<sup>1</sup> This marked a new stage in relation to the objectives previously set, which, under the terms of a Council Resolution of 1980, were to apply until 1990.

Nevertheless, the new objectives for 1995 are still based on one principal aim, namely to ensure more secure conditions of supply and reduced risks of sudden fluctuations in energy prices through:

- (i) the development of the Community's energy resources under satisfactory economic conditions;
- (ii) the geographical diversification of the Community's external sources of supply;
- (iii) appropriate flexibility of energy systems and, *inter alia*, the development as necessary of network link-ups;
- (iv) effective crisis measures, particularly in the oil sector;
- (v) a vigorous policy for energy saving and the rational use of energy;
- (vi) diversification between the different forms of energy.

119. In addition, the new energy objectives also offer indicative guidelines for Community action and national policies without taking the form of rigid planning instruments. Thus, although ambitious, they are sufficiently flexible to respond to such changes as may alter the energy market.

At its meeting of 26 November 1986 the Council also held an exchange of views on the implementation of these objectives, concluding its discussion as follows:

- (i) It recalled that by adopting the Resolution of 16 September 1986, it had clearly demonstrated the political will of the Community and the Member States to pursue the policy of energy restructuring to ensure more secure conditions of supply;
- (ii) it took note that the Commission:
  - (a) would submit to a forthcoming meeting a more detailed assessment of the impact of the new market conditions and an appraisal of the work needed to achieve the 1995 objectives;
  - (b) would carry out at the end of 1987 an examination of the Member States' energy policies with a view to identifying the problems encountered and progress achieved in relation to the objectives.

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<sup>1</sup> OJ C 241, 25.9.1986.

# Energy saving

## Problems of energy efficiency

120. At its meeting of 26 November 1986 devoted to energy questions, in which an exchange of views was held on the broad outlines of progress achieved and initiatives envisaged in the field of energy efficiency in the Community as a whole and in the individual Member States, the Council adopted a Statement.

In this Statement the Council noted that energy efficiency in the Community had increased by over 20% since the first oil crisis of 1973, following which the Council had decided (in 1974) that the Community and its Member States would implement a structured and integrated energy efficiency programme. This commitment had been reaffirmed in 1980 and 1985.

121. Despite this progress, the Council considered in its Statement that current conditions in the oil market could not continue and that, in any event, there was still ample scope for economically profitable energy efficiency measures. It also stressed that efficient use of energy enhanced the security of supplies, improved the competitiveness of European industries and had a beneficial effect on the environment. The Council noted that these factors made it even more important for the Community and the Member States to continue and, if necessary, intensify their efforts to improve energy efficiency by 20% by 1995, thus fulfilling the new Community energy objectives laid down for that year.

To this end, the Council agreed in its Statement that the Community and the Member States should:

- (i) increase public awareness of the need for improved energy efficiency by providing all the necessary information and advice on how this could be achieved;
- (ii) facilitate the application of sound techniques and new and existing technologies in order to make full use of their potential for further energy saving;
- (iii) conduct regular exchanges of information at all levels, in particular through the Commission, on practical methods of improving energy efficiency, so that all concerned could draw the appropriate lessons;
- (iv) reassess the methods currently used and examine new methods of private finance in this field.

The Council recalled the need to encourage by various means technological innovation resulting from R&D, demonstration projects and a rapid dissemination of results throughout the Community, and reaffirmed the usefulness of the programmes currently being implemented at national and Community levels.

Finally, the Council noted that the Member States and the Commission should ensure that particular attention was paid to keeping the general public informed of the measures they intended to take to put these commitments into practice.

## **Improving energy efficiency in industrial firms**

122. At its meeting of 15 and 16 September 1986 the Council adopted a Resolution<sup>1</sup> on improving energy efficiency in industrial firms in the Member States.

This Resolution is in line with general policies on the rational use of energy, which were already formulated in 1974 and whose lines of action were defined by the Council Resolutions of 9 June 1980<sup>2</sup> and 15 January 1985.<sup>3</sup>

Under the terms of the latter, this Resolution constitutes a new example of sectoral implementation, following on from that embodied in the Resolution of 15 March 1985 on the rational use of energy in the building sector.

With this new Resolution the Council invited the Member States, in the current context of falling energy prices, to increase their efforts to promote the efficient use of energy, in particular in industrial firms where it is economically justifiable.

It noted the Commission's intention to focus its future energy saving activities in the industrial sector around a number of well-defined criteria.

Finally, it invited the Commission to keep it regularly informed on the progress of these activities and of the results obtained.

## **Rational use of energy in transport**

123. After examining a Commission communication on the rational use of energy in road, rail and inland waterway transport, the Council adopted a number of Conclusions at its meeting of 26 November 1986 devoted to energy questions.

The Council first of all noted that:

- (i) for structural reasons in particular, the transport sector remained almost wholly dependent on petroleum products;
- (ii) despite the progress achieved in improving energy efficiency in specific sectors, particularly that of motor vehicles, the overall consumption of petroleum products in the transport sector had increased considerably since the first oil crisis, primarily as a result of increased traffic volume;
- (iii) this situation did not accord with the trends recorded in the industrial and domestic consumption sectors, which showed a marked reduction in energy consumption and a major lessening of the dependence on petroleum products;
- (iv) the increase in the consumption levels for petroleum products in the transport sector was alarming.

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<sup>1</sup> OJ C 240, 24.9.1986, p. 1.

<sup>2</sup> OJ C 149, 18.6.1980, p. 1.

<sup>3</sup> OJ C 20, 22.1.1985, p. 1.



124. On the basis of the above, the Council agreed on the need to continue work aimed at assessing the scope for energy saving and reducing dependence on petroleum products. In the light of the options already identified by the Commission in its communication, it requested, in particular, that the following factors be taken into consideration:

- (i) the link with other Community policies, in particular in the fields of transport, the environment and research, and the division of responsibilities among different public bodies at central and local levels, as well as the action undertaken by these bodies;
- (ii) the vital part played by consumers, the numerous factors which influence their behaviour (including the effects of consumer reactions to lower petroleum product prices) and the continued need to increase consumer awareness of the problem of efficient use of fuels;
- (iii) the link between consumer fuel prices and consumption in the transport sector;
- (iv) the part which government and industry should play in developing and marketing improved techniques, particularly in the light of the progress achieved as regards R&D and demonstration projects;
- (v) the examination of other options put forward by the Member States.

125. Finally, the Council noted that the Commission would:

- (i) examine in detail the options and other important questions which had emerged from discussion of the abovementioned communication;
- (ii) complete its investigation into the rational use of energy in transport and extend this investigation to the air and sea transport sectors, including coastal traffic;
- (iii) carry out an evaluation of the effects of the fall in petroleum product prices on consumption trends in the field of transport.

#### **Indication by labelling of the energy consumption of household appliances**

126. At its meeting of 26 November 1986 devoted to energy questions, during which attention was given to a number of unsolved questions impeding the adoption of three implementing Directives for Directive 79/530/EEC on the indication by labelling of the energy consumption of household appliances, the Council instructed the Permanent Representatives Committee to seek solutions to these questions so that the three implementing Directives could be adopted as soon as possible.

This work was successfully completed following this Council meeting, and with the final political difficulties on this question overcome, these proposals for directives can now be submitted to the Council for approval once the technical details have been settled.

## Problems specific to the various energy sectors

### Solid fuels

#### *ECSC (coal sector)*

##### 1. New Community rules for State aid to the coal industry

127. At its meeting of 15 June 1986 the Council gave its assent<sup>1</sup> under Article 95, first paragraph, of the ECSC Treaty, as requested by the Commission in its communication of 27 September 1985, to a draft Commission Decision (ECSC) on new Community rules for State aid to the coal industry. These rules, which supersede those established by Decision No 528/76/ECSC, entered into force on 1 July 1986 for a period of seven and a half years, i.e. until the end of 1993.

However, the Commission will be submitting to the Council before the end of 1990 a report on the experiences and problems encountered in applying the new rules, and might propose appropriate amendments in accordance with the procedure provided for in the abovementioned Article of the ECSC Treaty.

The new rules stipulate that State aid to the coal industry may only be regarded as Community aid, and hence compatible with the proper functioning of the common market, if it helps to achieve at least one of the following objectives:

- (i) improving the competitiveness of the coal industry and thus helping to ensure improved security of supplies;
- (ii) creating new capacities, provided they are economically viable;
- (iii) solving the social and regional problems associated with developments in the coal industry.

Such aid must satisfy the criteria laid down in the Decision and may only be implemented in accordance with the procedures which the Decision itself establishes. The latter stipulates that the following types of aid may be regarded as Community aid and therefore granted by the Member States under the terms laid down by the Decision:

#### ● Deficit subsidies

128. Aid to cover operating losses may be regarded as compatible if it does not exceed, for each tonne produced and for each individual coal region or undertaking, the difference between foreseeable average costs and foreseeable average return in the following financial year.

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<sup>1</sup> OJ 167, 5.7.1986, p. 8.

- Sales aid

129. Aid for supplying coal and coke to the Community's iron and steel industry may be regarded as compatible where there is no actual competition at the place of use from coal or coke from non-member countries, and provided such aid does not exceed the rebates granted on the list prices or production costs of undertakings and does not result in prices lower than those which could be charged for coal from non-member countries or coke made from such coal.

- Investment aid

130. Investment aid for the rationalization of an existing capacity or for the opening-up of further, economically viable, proven capacities may be regarded as compatible provided it covers no more than 50% of the investment costs and that the Commission has been notified of the investment and has delivered a favourable opinion.

- Aid for underground mineworkers

131. Aid granted under existing schemes to maintain the underground labour force in deep mines may be regarded as compatible where it takes a specific form allowing it to be calculated separately from other aid.

- Financing of social benefits

132. Aid to finance social benefit schemes specific to the coal industry may be regarded as compatible provided that, for coal undertakings, it brings the ratio between the burden per mineworker in employment and the benefits per person in receipt of benefit into line with the corresponding ratio in other industries.

- Inherited liabilities

133. Finally, aid to coal undertakings to cover the costs arising from the restructuring of the coal industry which are not related to current production may be regarded as compatible provided the amount of aid does not exceed such costs.

- Notification, appraisal and authorization procedures

134. Under the new rules, all Member States intending to grant aid to coal undertakings in 1986 must submit to the Commission by October 1986 a statement of intentions and objectives for the industry for the period 1987-93, as well as information on all measures they propose to take in the following year to give direct or indirect support to the coal industry. The rules for submission of subsequent requests by the Member States will be laid down in the light of such information.

The Decision governs the procedures whereby the Commission will appraise and authorize the measures planned by the Member States. It lays down pricing provisions stipulating, in particular, that aid must not lead to discrimination, within the meaning of the ECSC Treaty, between Community buyers or users of coal or coke. To that end, the Commission may, if necessary, require undertakings to comply with minimum prices.

The Decision leaves open to the Commission the possibility of revoking approval of aid or amending its terms if it no longer fulfils the conditions imposed.

Finally, the Commission is to report annually to the Council, the European Parliament and the ECSC Consultative Committee on the application of the new rules.

135. At its meeting of 21 and 22 July 1986 the Council also granted (under Article 28, first paragraph, of the ECSC Treaty) the consultation<sup>1</sup> requested by the Commission in its communication of 6 June 1986 on a draft Commission Decision (ECSC) applying Commission Decision No 2064/86/ECSC on the new Community rules referred to above.

2. Measures taken by the Member States under Decision No 528/76/ECSC to assist the coalmining industry (system in force until 30. 6. 1986)

136. At its meeting of 15 and 16 September 1986 the Council granted (under Article 6, paragraph 1, of Commission Decision No 528/76/ECSC of 25 February 1976 regarding the Community system of measures taken by the Member States to assist the coalmining industry) the consultation<sup>2</sup> requested by the Commission in its communication of 24 June 1986 on the financial aid granted by the United Kingdom to the coal industry in 1985.

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

137. 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 loan for the partial financing of an investment project of Steag Aktiengesellschaft, Essen, involving the construction of a 410 MW thermal generating unit at its Walsum site (assent of 6 March 1986);
- (ii) the granting of a loan for the partial financing of the Wolfsburg-West coal-fired thermal power station (assent of 20 October 1986);
- (iii) the granting of a loan for the partial financing of an investment project of VEBA-Kraftwerke Ruhr AG, Gelsenkirchen, involving the construction of a 224 MW coal-fired, district-heating power station at Gelsenkirchen-Buer (assent of 20 October 1986).

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<sup>1</sup> OJ C 197, 6.8.1986, p. 6.

<sup>2</sup> OJ C 244, 30.9.1986, p. 15.

#### 4. Financing of the measures connected with the restructuring of the coal and steel industries

- Social aspects (coal)

138. 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 taken 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.

In order to avoid cancellation of the appropriations provided for in the 1985 budget, at its meeting of 21 and 22 April 1986 the Council approved a Commission request to carry over to the 1986 general budget of the Communities the amounts already charged to the 1985 budget, of which 60 million ECU would be for the coal sector.

At its meeting of 15 and 16 December 1986 the Council again examined at the Commission's request the problems arising in connection with the Commission proposals on contributions to the ECSC budget to be borne by the general budget of the Communities to finance measures connected with the restructuring of the coal and steel industries.<sup>1</sup>

- Lignite and peat

139. Following the Council's conclusions as regards solid fuels policy at its meeting of 11 November 1985 devoted to energy questions, on 26 February 1986 the Commission forwarded to the Council a report on the Community's lignite and peat industries.

After an initial exchange of views on this report at its meeting of 20 March 1986, the Council, at its meeting of 3 June 1986:

- (i) confirmed that lignite and peat could play a useful part in achievement of the Community's energy objectives;
- (ii) took note that the Commission maintained its proposal of 10 September 1984 on Community financial support to assist industries producing solid fuels;
- (iii) agreed to request the Commission to examine which of the various Community financial instruments could best assist the solid fuel sector in developing the Community's peat and lignite resources. Where appropriate, new proposals specifically concerning peat and lignite were to be drawn up and submitted to the Council.

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<sup>1</sup> See also paragraph 59 of this Review.

Finally, at its meeting of 26 November 1986 the Council agreed to re-examine this question as soon as it received the results of a Commission analysis of the relative efficiency of the various Community instruments available for this sector.

## Oil and gas

### *Situation of the oil market*

140. The Council reviewed the situation of the oil market at its meetings on 3 June and 26 November 1986 devoted to energy questions.

### *Refining and imports of petroleum products*

The Council also considered this question at its abovementioned meetings, stressing the importance of further progress in restructuring the refining sector and reaffirming the need to convince those non-member countries which are major consumers of petroleum products to maintain a liberal position as regards imports of these products, in order to avoid a disproportionate influx onto the Community market of such products from non-member producer countries.

## Nuclear questions

### *Negotiation of a safeguards agreement between the EAEC, the Kingdom of Spain and the International Atomic Energy Agency*

141. On 25 June 1986 the Council adopted a decision (under Article 101, 2nd paragraph, of the EAEC Treaty) authorizing the Commission to negotiate a safeguards agreement between the EAEC, the Kingdom of Spain and the International Atomic Energy Agency.

### *Follow-up to the accident at Chernobyl*

142. The Council examined this question at its meetings of 3 June and 26 November 1986.

Following the exchange of views which took place on this question at the latter meeting, the President summarized the conclusions as follows:

The Council:

- (i) held a useful discussion of nuclear issues in the aftermath of the Chernobyl accident;
- (ii) agreed that the development and use of nuclear power involved maintaining the highest standards of safety and environmental protection, as well as cooperation within the Community and internationally;

- (iii) took note of the Commission's progress report on the outline programme of 16 June 1986, and invited the Commission to submit detailed proposals, emphasizing that they should be soundly based and be of practical benefit to the peoples of the Community;
- (iv) instructed the Permanent Representatives Committee to examine the Commission's proposals and forward them to the Council as soon as possible for discussion;
- (v) agreed that it should keep the matters discussed in these communications under urgent review, in view of their importance for both safety in the nuclear industry and health and environmental protection.

### Community orientation to develop new and renewable energy sources

143. At its meeting of 26 November 1986 devoted to energy questions, the Council adopted a Resolution<sup>1</sup> on a Community policy for the development of new and renewable energy resources specifying, in particular, the following objectives:

- (i) to optimize the exploitation of these sources in the Community, taking into account availability in each Member State;
- (ii) to operate on as economic a basis as possible, avoiding duplication of effort and allowing all potential operators in the Community to profit from the experience gained;
- (iii) to ensure coordination at Community level, so that any national measures of a legislative, financial or communicative nature are mutually consistent;
- (iv) where appropriate, to prepare Community measures (without prejudice to those already taken) aimed at encouraging the use of new and renewable energy sources;
- (v) to facilitate industrial cooperation and the expansion of markets.

At the same time, the Council noted that the Commission would organize at the beginning of 1987 a meeting of senior scientists responsible for new and renewable energy sources in the various Member States, with a view to conducting an exchange of information on corresponding programmes currently underway in the Community.

## E — Transport

144. In 1986 the Council held four meetings devoted to transport matters, on 14 March, 18, 19 and 30 June, 10 and 11 November and 15 and 16 December 1986.

The Ministers for Transport also met informally in The Hague on 8 and 9 January and in London on 3 October.

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<sup>1</sup> OJ C 316, 9.12.1986, p. 1.

## Inland transport

### Intra-Community carriage of goods by road

145. Continuing its work to establish 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,<sup>1</sup> on 30 June 1986 the Council expressed its agreement with the arrangements for the final organization of the market for the carriage of goods by road between Member States, i.e. the establishment of a free market with no quantitative restrictions by 1992 at the latest.

Thus, the Council agreed that:

- (i) during the transitional period, the annual percentage increase in the Community quota should be raised progressively, with effect from 1987, from 15 to 40%; the Council invited the Commission to examine whether the effects of both the annual increase and the distribution of the Community quota among Member States were likely to be sufficient to allow a smooth transition to the final phase (1992 at the latest), and to submit an initial report on this subject before 1 January 1988;
- (ii) the system of bilateral quotas applied during the transitional period should match the requirements of trade and transport between the Member States concerned, including the full range of all the Member States' transit requirements.

With completion of the internal market in mind, the Council also invited the Commission to study the problems relating to Community transit by non-member countries, and to submit to it appropriate proposals.

Finally, the Council considered that distortions of competition should be fully eliminated during the transitional period. It therefore agreed to pursue its policy of tax harmonization in cooperation with the Finance Ministers, and requested the Commission to submit to it before 1 January 1987 an appropriately formulated note on the taxation of motor vehicles, on excise duties on fuels and on tolls.

146. On 19 November 1986 the Commission submitted to the Council the proposal for a Council regulation on access to the market for the carriage of goods by road between Member States, covering both the transitional period and the definitive arrangements.

At its meeting of 15 and 16 December 1986 the Council instructed the Permanent Representatives Committee to continue its work in such a way as to enable the Council to take its first decisions on the basis of this Commission proposal, if possible during the first quarter of 1987.

Pending application of the 40% increase in the Community quota for 1987, which was decided by the Council on 30 June 1986, on 16 December 1986 the Council, under Article 3,

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<sup>1</sup> See 33rd Review, paragraph 134.



paragraphs 5 and 6, of Regulation (EEC) No 3164/76,<sup>1</sup> fixed the number of additional authorizations for 1987 at 2 009.<sup>2</sup>

## Weights and dimensions of road vehicles

### *Weight on the driving axle*

147. On 24 July 1986 the Council adopted Directive 86/360/EEC<sup>3</sup> amending Directive 85/3/EEC on the weights, dimensions and certain other technical characteristics of certain road vehicles.<sup>4</sup>

This Directive fixes at 11.5 tonnes the weight per driving axle of all five or six-axle vehicles with effect from 1 January 1992.

Due to inadequacies in part of the road system in the Republic of Ireland and the United Kingdom, the Directive contains a derogation in favour of these two Member States, for which application of this standard has been temporarily deferred under arrangements to be laid down by the Council by 30 June 1988.

In this context, for as long and insofar as they make use of the derogations granted them, the Irish and United Kingdom Governments undertook to take suitable steps to ensure that vehicles covered by the Directive and used for trade with other Member States did not exceed, when on their territory, the lower limit values for total laden weight and weight per driving axle provided for in the derogations (38 and 10.5 tonnes respectively).

### *Proof of compliance of vehicles with Directive 85/3/EEC*

148. On 24 July 1986 the Council also adopted Directive 86/364/EEC<sup>5</sup> relating to proof of compliance of vehicles with Directive 85/3/EEC.

In order to facilitate checks, this Directive provides for recognition of the manufacturer's plate as proof of compliance as well as for alternative proofs of compliance in the form of a single plate or a document containing the same information as that given on the manufacturer's plate.

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<sup>1</sup> Council Regulation (EEC) No 3164/76 of 16.12.1976 on the Community quota for the carriage of goods by road between Member States (OJ L 357, 29.12.1976, p. 1), last amended by Regulation (EEC) No 3677/85 of 20.12.1985 (OJ L 354, 30.12.1985, p. 46).

<sup>2</sup> Decision 86/646/EEC (OJ L 382, 31.12.1986).

<sup>3</sup> OJ L 217, 5.8.1986, p. 19.

<sup>4</sup> See 32nd Review, page 168.

<sup>5</sup> OJ L 221, 7.8.1986.

## Combined transport

149. On 10 November 1986 the Council adopted Directive 86/544/EEC<sup>1</sup> amending Directive 75/130/EEC on the establishment of common rules for certain types of combined transport of goods between Member States.

This Directive aims in particular to extend, with effect from 1 July 1987, application of the rules governing combined transport by inland waterway and road, which currently apply only to containers of 20 feet or more, to cover lorries, trailers and semi-trailers (with or without tractor) and swap bodies.

## Monitoring of the transport market

150. On 18 June 1986 Council adopted Resolution No 86/C160/02 on the extension of the system for observing the markets for the carriage of goods by rail, road and inland waterway between the Member States.<sup>2</sup>

Under the terms of this Resolution:

- (i) the system of experimental monitoring of transport markets, gradual implementation of which had begun in 1978<sup>3</sup> and which was initially extended in 1981, would be extended for a further period ending on 31 December 1988;
- (ii) before 1 July 1988, acting on a Commission proposal and after an in-depth review of the existing system, the Council would take a decision on the establishment of a system adapted to the final arrangements for organization of the inland transport market, taking into account the requirements of users and the need to reduce running costs to a minimum.

## Community policy on rail transport

151. Within the context of the conclusions adopted on 15 December 1986 on policies affecting the financial situation of the railways, the Council approved a set of general principles for improving the financial situation of the railways. It also indicated the fields in which measures should be taken to implement these principles, and considered that the next stage in drawing up a Community policy for rail transport should be to define — on the basis of new Commission proposals — the general rules to be applied in these fields.

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<sup>1</sup> OJ L 320, 15.11.1986, p. 33.

<sup>2</sup> OJ C 160, 27.6.1986, p. 2.

<sup>3</sup> See 26th Review, paragraph 181.

## Carriage of coal and steel

### *Through international railway tariffs for the carriage of coal and steel*

152. Following the accession of Spain and Portugal, on 17 April 1986 the Representatives of the Governments of the Member States of the ECSC, meeting within the Council, approved the texts of two supplementary protocols relating respectively to the ECSC/Switzerland Agreement of 28 July 1956 and the ECSC/Austria Agreement of 26 July 1957 on the establishment of through international railway tariffs for the carriage of coal and steel. These protocols have not yet been signed.

On 18 June 1986 the Representatives also approved the Fifth Supplementary Agreement amending the Agreement of 21 March 1955 on the establishment of through international railway tariffs for the carriage of coal and steel.<sup>1</sup>

The new Supplementary Agreement makes limited changes to the 1955 Agreement aimed at allowing the Deutsche Bundesbahn to reform its national tariff system.

## Transport infrastructure

153. On 22 December 1986 the Council adopted a Regulation granting financial support of 90 million ECU to a number of transport infrastructure projects<sup>2</sup> from the 1985 budget.

The Council is also pursuing its examination of the Commission proposal of 4 July 1986 on the granting of financial support under a medium-term programme for transport infrastructure.

## Sea transport

### Common transport policy (sea transport)

154. On 22 December 1986 the Council adopted four Regulations in the field of sea transport:

*Regulation No 4055/86/EEC applying the principle of freedom to provide services to maritime transport between Member States and between Member States and third countries*

Under this Regulation, restrictions on the freedom to provide services to maritime transport between Member States and between Member States and non-member countries would be eliminated at the latest in accordance with the following timetable:

- (i) carriage between Member States by vessels flying the flag of a Member State: 31 December 1989;

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<sup>1</sup> OJ L 167, 24.6.1986.

<sup>2</sup> OJ L 378, 31.12.1986

- (ii) carriage between Member States and non-member countries by vessels flying the flag of a Member State: 31 December 1991;
- (iii) carriage between Member States and between Member States and non-member countries in other vessels: 1 January 1993.

The Regulation also provides for cargo-sharing arrangements contained in existing bilateral agreements concluded by Member States with non-member countries to be phased out or aligned with the provisions of the Regulation, and prohibits the inclusion of such arrangements in any future agreement with non-member countries in exceptional circumstances.

*Regulation No 4058/86/EEC concerning coordinated action to safeguard free access to cargoes in ocean trades*

This Regulation provides for coordinated action on the part of the Member States when action by a non-member country or by its agents restricts or threatens to restrict free access by shipping companies of Member States (or by ships registered in a Member State in accordance with its legislation) to the carriage of:

- (i) liner cargoes in Code trades, except where such action is taken in accordance with the United Nations Convention on a Code of Conduct for Liner Conferences;
- (ii) liner cargoes in non-Code trades;
- (iii) bulk cargoes and any other cargo on tramp services;
- (iv) passengers;
- (v) persons or goods to or between offshore installations.

*Regulation No 4057/86/EEC on unfair pricing practices in maritime transport*

This Regulation provides for application of a redressive duty when unfair pricing practices by shipowners from non-member countries engaged in international cargo liner shipping seriously disrupt the freight pattern on a route serving the Community and thus cause or threaten to cause major injury to Community shipowners operating on that route and to Community interests.

*Regulation No 4056/86/EEC laying down detailed rules for the application of Articles 85 and 86 on the Treaty to maritime transport*

This Regulation lays down detailed rules for the application of Articles 85 and 86 of the Treaty to international maritime transport services from or to one or more Community ports, other than tramp vessel services.

Subject to a number of terms and conditions, it provides, in particular, for exemption from the prohibition in Article 85 (1) of the Treaty regarding agreements between carriers on the operation of scheduled maritime transport services.

## **Data collection arrangements for cargo-liner shipping**

155. On 16 December 1986 the Council adopted a Decision extending until 31 December 1988 the data collection arrangements in the field of maritime transport.

## **Relations with non-member countries on maritime affairs**

156. The Council and the Member States — together, in certain cases, with the governments of 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.

## **Transparency of financial relations between ports and the public authorities**

157. On 16 December 1986 the Council adopted conclusions on the transparency of financial relations between ports and the public authorities. Under the terms of these conclusions the Council noted and approved the Commission's intention to continue its endeavours to increase the transparency of such relations, and invited the Commission to submit a report before 31 December 1987.

# **Air transport**

## **Common transport policy (air transport)**

158. At its meeting of 30 June the Council confirmed the need for a coherent Community system based on a balanced set of measures, which, while complying with the rules on competition laid down in the Treaty, would promote the competitiveness of intra-Community air transport services as regards tariffs, capacity and market access. The Council considered that such a system should be established gradually, and to this end agreed to provide for an initial three-year implementation period, during which it would monitor progress and decide on other measures aimed at achieving its objective of completing the internal market by 1992.

At its meetings of 10 and 11 November and 15 and 16 December 1986 the Council made progress as regards the various measures to achieve the system described above, but was not able to reach agreement on all the elements under discussion.

## **Scheduled interregional services**

159. The Council's subordinate bodies began their examination of a proposal for a Council Directive amending Directive 83/416/EEC concerning the authorization of scheduled interregional air services for the transport of passengers, mail and cargo between Member States.<sup>1</sup>

<sup>1</sup> OJ 237, 26.8.1983.

## General questions

### Facilitation of inspections and administrative formalities at frontiers in respect of the carriage of goods

160. On 15 December 1986 the Council adopted Directive 87/53/EEC<sup>1</sup> amending Directive 83/643/EEC on the facilitation of physical inspections and administrative formalities in respect of the carriage of goods between Member States.<sup>2</sup> This Directive is aimed at achieving further progress towards the elimination of inspections and administrative formalities at the Community's internal frontiers within the context of completion of the internal market by 1992, and introduces improvements to the 1983 Directive by providing for the following:

- (i) scope for adapting the minimum opening periods of airport frontier posts to match the flow of traffic;
- (ii) the establishment of a procedure for informing national and Community authorities of any problems encountered when crossing a frontier;
- (iii) powers of delegation entitling one or other of the services represented at frontier posts to carry out certain summary checks in the absence of the authorities responsible;
- (iv) the settlement of any amounts payable in respect of the inspections and formalities by means of guaranteed or certified international cheques made out in the currency of the Member State concerned.

## F — Research

### Science and technology

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

161. Four Council meetings on research were held in 1986, on 8 April, 10 June, 21 October and 9 December.

At its meetings in 1986 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 for a machine translation system of advanced design (Eurotra) (amendment of Decision 82/752/EEC following the accession of Spain and Portugal);
- (ii) framework programme for Community action in the field of technological R&D (1987-91).

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<sup>1</sup> OJ L 24, 27.1.1987.

<sup>2</sup> See 31st Review, paragraph 179.

**Table of research programmes adopted by the Council during 1986**

Field	Date of decision	Expenditure (million ECU)	Staff	Duration (years)	OJ reference
1. Concerted-action programme in the field of shore-based navigational guidance systems (COST 301) (extension of one year)	20.1.1986	+ 0.2 <sup>1</sup>	—	+ 1 <sup>1</sup>	L 18, 24.1.1986
2. Materials Raw materials and advanced materials	10.6.1986	70	23	4	L 159, 14.6.1986
3. Environment	10.6.1986	75	19	5	L 159, 14.6.1986
4. Eurotra (amendment following the accession of Spain and Portugal)	26.11.1986	+ 4.5 <sup>1</sup>	+ 6 <sup>1</sup>	+ 1.5 <sup>1</sup>	L

<sup>1</sup> These figures indicate the difference between the amounts allocated to the original programmes and those allocated to the amended programmes.

## Research programmes

### Nuclear and non-nuclear programmes

162. In 1986 the Council adopted four multiannual research programmes involving 149 700 million ECU in commitment appropriations (see table above).

### ECSC

163. In order to encourage technical and economic research aimed at improving methods for the production, beneficiation and utilization of coal in the Community, on 6 May 1986 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 23 128 600 ECU for two research programmes on mining engineering and the beneficiation and utilization of coal. A sum of 104 200 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 41 478 200 ECU.

### External relations

#### *Cooperation with USDOE*

164. On 9 June 1986 the Council took note of the Commission's intention of signing, in accordance with Article 103 (3) of the EAEC Treaty, a Memorandum of Understanding

with the United States Department of Energy as regards research into the effects of radiation on health and the environment.

On 15 September 1986 the Council adopted the Decision approving the Cooperation Agreement concluded by the Commission between the EAEC and the United States Government in the field of controlled thermonuclear fusion.

#### *IEA Implementing Agreement*

165. On 4 February 1986 the Council took note of the Commission's intention to conclude an IEA Implementing Agreement between the EAEC and the Joint European Torus (JET) Joint Undertaking on the one hand and the United States Department of Energy and the Japanese Atomic Energy Research Institute on the other, concerning a programme of cooperation between the three large tokamaks: JET (Europe), JT-60 (Japan) and TFTR (USA).

#### *Cooperation with the Government of Canada*

166. On 20 January 1986 the Council adopted a Decision approving the Commission's conclusion of a Memorandum of Understanding between the EAEC and the Government of Canada on R&D cooperation in the field of fusion.

#### *Cooperation with Atomic Energy Canada Limited*

167. On 26 November 1986 the Council took note of the Commission's intention of signing, in accordance with Article 101 (3) of the EAEC Treaty, the Memorandum of Understanding on research into the effects of radiation on health and the environment.

#### *European cooperation in the field of scientific and technical research*

168. On 10 March 1986 the Council adopted Decisions concerning the concluding of framework agreements on scientific and technical cooperation with the Republic of Finland and the Kingdom of Norway.

On 20 January 1986 the Council adopted a Decision authorizing the Commission to open negotiations with a view to concluding a framework agreement on scientific and technical cooperation with the Republic of Austria.

The Council approved the concluding of this framework agreement on 14 July 1986.

On 24 February 1986 the Council adopted a Decision on the concluding of an agreement extending and amending the agreement between the Community and the Swiss Confederation on a concerted-action project in the field of detection of susceptibility to thrombosis.



On 5 June 1986 the Council adopted a Decision on the concluding of an agreement between the Community and the Swiss Confederation on a concerted-action project in the field of computer-assisted analytical cytology.

On the basis of the COST cooperation procedures, on 14 July 1986 the Council approved the concluding of Community-COST concertation agreements on:

- (i) a concerted-action project in the field of primary aquatic biomass (marine macro-algae) (COST 48);
- (ii) a concerted-action project in the field of in-vitro vegetable crops (COST 87).

## **G — Environment**

### **Introduction**

169. In 1986 the Council held three meetings specifically devoted to the environment, on 6 March, 12 June and 24 November.

At these meetings the Council adopted a number of directives, decisions and resolutions. Further to the discussions held at the meetings, agreement in principle was reached on other acts which were formally adopted later (see paragraphs 170 to 178).

The Council also continued its work at these meetings on other proposals from the Commission (see paragraph 179).

In addition, the Council acted on behalf of the Commission in a number of matters at international level (see paragraphs 180 to 191).

### **Directives, Decisions and Resolutions adopted by the Council during 1986**

**Decision establishing a Community information system for the control and reduction of pollution caused by the spillage of hydrocarbons and other harmful substances at sea.<sup>1</sup>**

170. This Decision, which had been approved in principle at the Council meeting of 28 November 1985, was formally adopted on 6 March 1986.

The information system established by the Decision extends the scope of the existing system recording pollution by hydrocarbons and provides for an inventory of resources for intervention in the event of the spillage at sea of harmful substances other than hydrocarbons. The system will be established gradually, in keeping with improved understanding of these substances.

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<sup>1</sup> OJ L 77, 22.3.1986.

## **Resolution on an action programme for the European year of the environment (1987)<sup>1</sup>**

171. In this Resolution, which was adopted on 6 March 1986, the Council expresses its support for the objectives and guidelines of the European year of the environment (March 1987 to March 1988) and stresses the importance of increasing public awareness of environmental protection, incorporating environmental protection policy in other Community policies, emphasizing the European dimension of environmental policy and demonstrating progress achieved through a programme of events and activities covering all the Member States.

## **Directive on limit values and quality objectives for discharges of certain dangerous substances included in List I of the Annex to Directive 76/464/EEC<sup>2</sup>**

172. This Directive, which was adopted on 12 June 1986, establishes a framework for facilitating application of the provisions of Directive 74/464/EEC to the various substances included in List I (i.e. substances which are especially dangerous when discharged into the aquatic environment owing to their toxicity, persistence and bio-accumulation properties). The Directive also fixes the limit values and quality objectives for three such substances: DDT, carbon tetrachloride and pentachlorophenol.

## **Directive on the protection of the environment, and in particular of the soil, when sewage sludge is used in agriculture<sup>3</sup>**

173. This Directive, which was adopted by the Council on 12 June 1986, is aimed at ensuring the correct use of sewage sludge in agriculture.

While encouraging the use of sludge with valuable agronomic properties, the Directive lays down a series of provisions concerning, in particular, the treatment of sludge, the establishment of limit values for heavy metals, utilization periods, etc. These provisions are aimed at preventing harmful effects on soil, vegetation, animals and man.

## **Directive amending Directive 84/631/EEC on the supervision and control within the European Community of the transfrontier shipment of hazardous waste<sup>4</sup>**

174. This Directive, which was adopted on 12 June 1986, tightens the supervision and control procedures laid down by Directive 84/631/EEC, in particular as regards the shipment of hazardous waste outside the Community for the purposes of disposal, in order to take account of possible pollution risks in non-member countries.

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<sup>1</sup> OJ C 63, 18.3.1986, p. 1.

<sup>2</sup> OJ L 181, 4.7.1986, p. 16.

<sup>3</sup> OJ L 181, 4.7.1986, p. 6.

<sup>4</sup> OJ L 181, 4.7.1986, p. 14.

**Decision amending Decision 77/795/EEC establishing a common procedure for the exchange of information on the quality of surface fresh water in the Community<sup>1</sup>**

175. The aim of this Decision, which was formally adopted on 24 November 1986, is to improve the procedure for the exchange of information established by Directive 77/795/EEC and harmonize the various methods of measurement used to determine the quality of surface fresh water.

**Directive on the approximation of laws, regulations and administrative provisions of the Member States regarding the protection of animals used for experimental and other scientific purposes<sup>2</sup>**

**Resolution of the Representatives of the Governments of the Member States of the European Communities, meeting within the Council, on the protection of animals used for experimental and other scientific purposes<sup>3</sup>**

176. The aim of these two acts, which were adopted by the Council on 23 November 1986, is to ensure that the use of animals for experimental purposes is subject to strict supervision. The Directive stipulates in particular that prior notice and authorization must be given for such experiments, and prohibits the uses of species threatened with extinction. It also contains provisions aimed at preventing unnecessary suffering and reducing as far as possible the number of animals used.

In the Resolution the Member States undertake to apply equally strict national provisions to experiments falling outside the scope of the Directive.

The Council also adopted acts relating to a Convention of the Council of Europe in the same field.<sup>4</sup>

**Directive amending Directive 75/439/EEC on the disposal of waste oils<sup>5</sup>**

177. The aim of this Directive, which was adopted on 22 December 1986, is to ensure that the collection and disposal of waste oils is carried out in as safe a manner as possible for man and the environment. In particular, the Directive stipulates that priority should be given as far as possible to the processing of waste oils by regeneration, which is the most rational way of re-using these substances, and lays down the conditions to which combustion of waste oils is subject. Finally, the Directive provides for specific measures for waste oils contaminated by PCB/PCTs.

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<sup>1</sup> OJ L 335, 28.11.1986, p. 44.

<sup>2</sup> OJ L 358, 18.12.1986, p. 1.

<sup>3</sup> Not published in the Official Journal of the European Communities.

<sup>4</sup> See paragraph 185 of this Review.

<sup>5</sup> OJ L 42, 12.2.1987.

## **Resolution on the strengthening of Community action in favour of the environment<sup>1</sup>**

178. In this Resolution, which was adopted on 22 December 1986, the Council welcomes the submission by the Commission of proposals for a fourth environmental action programme, and stresses the basic principles to which it will adhere in examining the action programme to determine guidelines and priorities for the next five years.

**Directive amending Directive 78/1015/EEC on the approximation of the laws of the Member States relating to the permissible sound level and exhaust system of motorcycles<sup>2</sup>**

## **Other Commission proposals examined by the Environment Council in 1986**

179.

- (i) 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.
- (ii) Proposal for a Directive on the limitation of emissions of pollutants into the atmosphere from large combustion plants.
- (iii) Proposal for a 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).
- (iv) Proposal for a Directive amending Directive 82/501/EEC on the risks of major accidents in certain industrial activities.
- (v) Proposal for a Directive on the prevention of pollution of the environment by asbestos.
- (vi) Proposal for a Directive amending Directive 70/220/EEC on the approximation of the laws of the Member States on measures to be taken against air pollution by gases from engines of motor vehicles.
- (vii) Proposal for a Directive on the approximation of the laws of the Member States on measures to be taken against the emissions of gaseous pollutants from diesel engines used to power motor vehicles (heavy goods vehicles).
- (viii) Proposal for a Directive amending Directive 70/220/EEC on the approximation of the laws of the Member States on measures to be taken against air pollution by gases from engines of motor vehicles (particulate emissions from diesel engines).

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<sup>1</sup> OJ C 3, 7.1.1987.

<sup>2</sup> See paragraph 54 of this Review.

## Work at international level

### Texts adopted by the Council

180. The Council took a series of Decisions and adopted several acts concerning the signing of international Conventions or otherwise relating to such Conventions.

*Protocol amending the Paris Convention for the prevention of marine pollution from land-based sources to extend its scope to include transboundary air pollution of the maritime zone*

181. By its Decision of 6 March 1986 the Council authorized the Commission to take part in the negotiations concerning this Protocol.<sup>1</sup> The Protocol was signed on 26 March 1986<sup>1</sup> and approved by a Decision concluding the Protocol on 22 December 1986.<sup>2</sup>

*Protocol to the Geneva Convention on long-range transboundary air pollution on long-term financing of the cooperative programme for monitoring and evaluation of the long-range transmission of air pollutants in Europe (EMEP)*

182. The Council approved the Protocol on 12 June 1986.<sup>3</sup>

*Convention on the protection of the Rhine against thermal pollution*

183. On 12 June 1986 the Council authorized the Commission to take part in the negotiations concerning this Convention.<sup>1</sup>

*Convention and Annexed Protocols for the protection, management and development of the marine environment and coastal zones of East Africa*

184. The Council decided on 19 June 1986 to authorize the signing of the Convention and its Protocols.<sup>1</sup>

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<sup>1</sup> Not published in the Official Journal of the European Communities.

<sup>2</sup> OJ L 24, 27.1.1987.

<sup>3</sup> OJ L 181, 4.7.1986, p. 1.

*European Convention for the protection of vertebrate animals used for experimental and other scientific purposes*

185. On 24 November 1986 the Council decided that the Community should sign the above Convention,<sup>1</sup> and in a Resolution adopted on the same date it requested the Member States which have not yet signed the Convention to do so at the earliest possible date.<sup>2</sup>

*Protocol on chlorofluorocarbons to the Vienna Convention on protection of the ozone layer*

186. On 24 November 1986 the Council authorized the Commission to take part in the negotiations concerning this Protocol.<sup>1</sup>

*Convention on hydro-economic cooperation in the Danube basin.*

187. On 22 December 1986 the Council decided that the Community should sign this Convention.<sup>1</sup>

#### **Work in international organizations**

188. The Member States and the Commission representatives acted together during 1986 in connection with the work undertaken by international organizations regarding environmental matters.

*United Nations Economic Commission for Europe (ECE): executive body of the Geneva Convention on long-range transboundary air pollution*

189. At the fourth meeting of the executive body in Geneva in November 1986, which was attended by the Community, the remit of the working party responsible for reduction of nitrogen oxide emissions was broadened, and it was instructed to draw up a Protocol on this subject.

*United Nations environment programme (UNEP): negotiation of a Protocol on chlorofluorocarbons to the Vienna Convention on protection of the ozone layer*

190. Within the framework of the Vienna Convention, the Community attended the first meeting (Geneva, 1 to 5 December 1986) of the working party responsible for drafting a Protocol to regulate the production, emissions and utilization of chlorofluorocarbons. Progress was made and work was to be resumed in 1987.

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<sup>1</sup> Not published in the Official Journal of the European Communities.

<sup>2</sup> OJ C 331, 23.12.1986, p. 1.

191. The Community took part in the OECD's work on the environment, in particular at the two annual meetings of the Environment Committee. Work in 1986 was focused on identifying future priorities. The Committee also discussed chemicals, transfrontier movements of dangerous waste and the relationship between environmental evaluation and development aid.

## **H — Other matters**

### **Education**

192. At its meeting of 9 June 1986 in Luxembourg the Council adopted a common position on the proposal for a Decision adopting the Comett programme (cooperation between universities and enterprises regarding training in the field of technology). Forty-five million ECU has been set aside for implementation of the programme, which consists of two phases, one preparatory (1986) and the other operational (1987-89). The aim of the programme is to strengthen and stimulate intra-Community cooperation between post-secondary education and training establishments and businesses as regards ongoing training in the field of technology. More specifically, the objectives of the programme are as follows:

- (i) to give a European dimension to cooperation between universities and enterprises in training relating to innovation and the development and application of new technologies;
- (ii) to foster the joint development of training programmes and the exchange of experience, and also the optimum use of training resources at Community level;
- (iii) to improve the supply of training at local, regional and national levels with the assistance of the authorities concerned, thus contributing to the balanced economic development of the Community;
- (iv) to develop the level of training in response to technological and social change by identifying the resulting priorities in existing training arrangements which call for supplementary action both within Member States and at Community level, and by promoting equal opportunities for men and women.

Since the Parliament did not wish to initiate a conciliation procedure on the matter, the Council adopted the Decision on 24 July 1986.<sup>1</sup>

193. At its meetings in Brussels on 9 June and 29 November 1986, the Council also examined the proposal for a Decision adopting the European Community action scheme for the mobility of university students (Erasmus).

Finally, on 9 June 1986 the Council and the Ministers for Education meeting within the Council adopted a Resolution on consumer education in primary and secondary schools.

<sup>1</sup> OJ L 222, 8.8.1986.

Under the terms of this Resolution, the relevant authorities in the Member States are invited, within the bounds of what is constitutionally possible, to encourage the inclusion of consumer education in primary and secondary school curricula, so that teaching in this field, while not constituting a subject in its own right, may be provided during the period of compulsory school attendance.

The relevant authorities in the Member States are invited to promote:

- (i) consumer education in the initial training of teachers and further training of those already in service;
- (ii) the development of appropriate teaching materials.

194. At Community level, as part of the second Community programme for a consumer protection and information policy, the Commission is to promote, within the scope of its available funds, a broad exchange of views on previous and current experiments, collaborate with the relevant national authorities over the next three years in the organization of pilot training schemes for teachers and the preparation of appropriate teaching materials and encourage establishments of higher education to include consumer affairs in their teaching programmes.

## Culture

195. After the Ministers responsible for Cultural Affairs had met informally in Amsterdam on 13 May 1986 and in Brussels on 13 November 1986, a meeting of these Ministers within the Council was held on 13 November 1986.

At this meeting, the Council and the Ministers responsible for Cultural Affairs adopted a Resolution on European Cinema and Television Year (1988). The objectives of the event, as set out in the Resolution, are as follows:

- (i) to promote awareness, particularly among political circles, cinema and television professionals and opinion leaders, of the importance of a strong audiovisual industry able to compete with the large overseas industries in this field;
- (ii) to reflect the European identity in the audiovisual media and facilitate creativity, working for a better balance among the large and small cultural areas in Europe;
- (iii) to promote progress in this field within the Community and the creation of conditions for the development of the European audiovisual sector, working for, *inter alia*, increased mobility of persons and goods connected with the audiovisual industry;
- (iv) to obtain better cooperation within Europe on the financing, production and distribution of audiovisual programmes, and a closer partnership between cinema and television.

For this event, the activities are to be prepared and implemented by national agencies in each Member State and by a European Steering Committee. The Commission will be responsible for any action taken at Community level in accordance with the Treaty, in particular to secure the free movement of persons and goods connected with audiovisual activities.



196. The Ministers responsible for Cultural Affairs meeting within the Council adopted three Resolutions concerning:

- (i) the protection of Europe's architectural heritage, in which the Ministers agree in particular to develop effective cooperation on aspects of Europe's architectural heritage;
- (ii) business sponsorship of cultural activities, in which the Ministers agree to encourage, *inter alia*, the promotion of greater business sponsorship of cultural activities by calling attention to sponsorship as an activity which provides benefits to both parties and helps to enhance cultural and economic activity;
- (iii) the conservation of works of art and artefacts, in which the Member States are requested to encourage the conservation of works of art and artefacts by, for example, coordinating initiatives in this field, preparing appropriate documentation and the exchange of information, encouraging the provision of training to meet identified needs and laying down disseminating guidelines in relevant specialist fields.

Finally, the Ministers responsible for Cultural Affairs meeting within the Council approved the designation of Glasgow as the European City of Culture for 1990 (following Athens in 1985, Florence in 1986, Amsterdam in 1987, Berlin in 1988 and Paris in 1989).

## Health

197. The Council and the Ministers for Health of the Member States devoted their meeting of 29 May 1986 to the examination of a series of Resolutions drawn up following the Milan European Council of 28 and 29 June 1985, which had stressed the vital role of health in a people's Europe.

198. On 7 July 1986 the Council and the Representatives of the Governments of the Member States meeting within the Council adopted a Resolution on a programme of action against cancer.<sup>1</sup>

This programme, the importance of which had been stressed by the Milan European Council of 28 and 29 June 1985, is based, *inter alia*, on the conclusions of the *Ad Hoc* Committee of Experts on Cancer and concentrates on the following priority fields:

- (i) the limitation and reduction of tobacco consumption (first priority),
- (ii) chemical substances,
- (iii) nutrition and alcohol,
- (iv) prevention and early diagnosis,
- (v) epidemiological data,
- (vi) health education,
- (vii) treatment and care,
- (viii) international collaboration.

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<sup>1</sup> OJ C 184, 23.7.1986, p. 19.

The programme is to run for a period of five years and will be carried out through annual work programmes to be submitted by the Commission in close collaboration with the Member States.

199. On 29 May 1986 the Representatives of the Governments of the Member States meeting within the Council adopted a Resolution on AIDS<sup>1</sup> in which, *inter alia*, they request the Member States and the Commission to examine:

- (i) the joint activities to be developed in the field on health information and education to bolster the campaign against AIDS;
- (ii) the joint initiatives to be taken to solve the problems of AIDS transmission by substances of human origin, as well as the medical, psychological and social problems of persons with a positive serology.

200. On 29 May 1986 the Council and the Representatives of the Governments of the Member States meeting within the Council adopted a Resolution on alcohol abuse,<sup>2</sup> which is a problem of particular concern to a number of Member States.

In this Resolution they invite the Commission:

- (i) to weigh carefully the interests involved in the production, distribution and promotion of alcoholic beverages on the one hand, and public health interests on the other, and to pursue a balanced policy to this end;
- (ii) to submit to the Council appropriate proposals to prevent alcohol abuse.

201. On 29 May 1986 the Council and the Representatives of the Governments of the Member States meeting within the Council adopted a Resolution on a programme of action of the European Communities on toxicology for health protection.<sup>3</sup>

The main objectives of this programme are to improve expertise, ensure the quality and comparability of data and testing methods, promote more rational and economic use of toxicological experiments and encourage the elimination of certain non-tariff barriers to trade.

To this end, with 1990 as its target date, the programme provides for a number of projects in the fields of experimental toxicology, clinical toxicology, training and information, to be carried out by means of annual work programmes.

202. On 16 June 1986 the Council and the Representatives of the Governments of the Member States meeting within the Council adopted a Resolution concerning the protection of dialysis patients by minimizing the exposure to aluminium.<sup>4</sup>

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<sup>1</sup> OJ C 184, 23.7.1986, o. 21.

<sup>2</sup> OJ C 184, 23.7.1986, p. 3.

<sup>3</sup> OJ C 184, 23.7.1986, p. 1.

<sup>4</sup> OJ C 184, 23.7.1986, p. 16.

This Resolution, which is aimed at helping the growing number of persons having to resort to dialysis, contains recommendations concerning the purity of dialysis solutions and water used for dilution purposes.

203. On 29 May 1986 the Council and the Representatives of the Governments of the Member States meeting within the Council adopted a Resolution concerning the adoption of a European emergency health card.<sup>1</sup>

The aim of this Resolution, which is based on an initiative of the European Parliament and constitutes an important element in the creation of a people's Europe, is to offer increased health protection to European citizens and enhance their freedom of movement.

In the Resolution it is recommended that Member States which consider it desirable to do so should make it possible for any person resident in their territories, whose health problems may need to be identified in an emergency, to obtain voluntarily a card to be completed by a doctor in accordance with the model annexed to the Resolution.

204. On 29 May 1986 the Council and the Representatives of the Governments of the Member States meeting within the Council approved a statement concerning the coordination of medical research and public health in which they:

- (i) support the Community coordination programmes in the fields of medical research and public health;
- (ii) consider it necessary to strengthen coordination between Community research activities on the one hand and public health on the other.

205. Finally, the Council's subordinate bodies began their work on combating drug addiction.

In this regard, on 22 December 1986 the Council adopted the Decision on Community participation in the international Conference on drug abuse and illicit trafficking and in the preparatory work for this Conference.

## Consumer policy

206. In 1986 the Council held two meetings on consumer policy, on 6 May (joint meeting on the internal market and consumer affairs) and 29 October. At these meetings it dealt in particular with the Community's new consumer protection and information guidelines, and approved two Resolutions on this subject.<sup>2</sup>

It also pursued discussions on two proposals for consumer protection Directives regarding the marking of prices on foodstuffs and non-food products.

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<sup>1</sup> OJ C 184, 23.7.1986, p. 4.

<sup>2</sup> See paragraph 207 of this Review.

Discussion of the proposal for a Directive on consumer credit was concluded by the adoption of the Directive.<sup>1</sup>

207. In 1986 the following acts were adopted as part of the second Community programme for a consumer protection and information policy:

**Decision concerning a demonstration project with a view to introducing a Community system of information on accidents involving consumer products<sup>2</sup>**

This Decision, which was adopted by the Council on 22 April 1986, constitutes a follow-up to a pilot experiment in this field. The demonstration project, which is to extend over five years, is intended to broaden the scope of the pilot experiment with a view to the possible introduction of a Community system of information on accidents involving consumer products. Its aim is to encourage the prevention of accidents, improve product safety and inform and educate consumers to make better use of products.

**Resolution concerning the future orientation of the policy of the European Economic Community for the protection and promotion of consumer interests<sup>3</sup>**

**Resolution on the integration of consumer policies in the other common policies<sup>4</sup>**

Within the context of discussion of the Commission's 'new impetus programme' for consumer policy, the Council approved in the first Resolution the general objectives set out by the Commission, and invited it to submit appropriate proposals in line with a number of principles on which Community action in this field should be based.

In the second Resolution the Council concentrated on the integration of consumer policy into the other Community policies, and requested the Commission to take account of this aspect in drawing up its proposals, in particular through broader consumer participation in the preparatory work.

**Directive for the approximation of the laws, regulations and administrative provisions of the Member States concerning consumer credit<sup>5</sup>**

This Directive, which was adopted on 22 December 1986, is aimed at improving consumer protection in the credit market. To this end, it provides for the obligation to inform consumers fully of the terms and, in particular, the real cost of any credit granted. It also contains provisions regarding the duration of credit agreements, the means of payment and security, the responsibility of creditors and suppliers and the monitoring and supervision of creditors.

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<sup>1</sup> See paragraph 207 of this Review.

<sup>2</sup> OJ L 109, 26.4.1986.

<sup>3</sup> Adopted on 23 June 1986 (OJ C 167, 5.7.1986, p. 1).

<sup>4</sup> OJ C 3, 7.1.1987, p. 1.

<sup>5</sup> OJ L 42, 12.2.1987.

# Chapter IV: External relations and relations with the Associated States

## A — Commercial policy

### GATT

208. The major event of the year as regards GATT was the adoption by consensus by the GATT Ministerial Conference meeting in Punta del Este, Uruguay, from 15 to 20 September 1986, of a Declaration launching a new round of multilateral trade negotiations, to be called the Uruguay Round.

The launching of this new round of negotiations is in keeping with the aims of the Community, which have always been to preserve and strengthen the multilateral trade system and to resist protectionist tendencies.

The Punta del Este Declaration was the culmination of a long preparation process which started in 1985<sup>1</sup> and intensified in the first half of 1986 in the GATT Preparatory Committee, whose task was to iron out the differences between the parties and enable the ministers to concentrate on the few major issues which needed to be decided at political level.

The Community, aware of its responsibility as the world's biggest trading power, played an active part in drawing up the ministerial declaration, both during the work of the GATT Preparatory Committee and at the ministerial meeting in Punta del Este. The active participation of the Community was conducted in accordance with the Council Declaration of 19 March 1985, which the Council, at its meeting of 16 and 17 June 1986, endorsed in its entirety as the basis of the Community's position. The Community was also guided by the policy worked out by the Council (also on 16 and 17 June 1986) on examining the Commission's communication of 2 June 1986 entitled 'The overall approach — New round of trade negotiations: in defence of open multilateral trade'.

The dynamism of the Commission as common negotiator and the solidarity shown by the Member States in the Article 113 Committee and in Community coordination at ministerial level enabled the Community to play its part to the full, both in seeking to narrow the gap between the sometimes widely differing positions of certain contracting parties and in defending its own interests.

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<sup>1</sup> See 33rd Review.

209. The Punta del Este Declaration contains undertakings on standstill and rollback, aims for greater liberalization and an expansion of international trade by means of measures in traditional areas and also, breaking entirely new ground, envisages negotiations on other subjects such as services, trade-related aspects of intellectual property rights (including trade in counterfeit goods) and trade-related investment measures.

This Declaration takes account of the Community's main concerns, particularly with regard to the important area of agriculture, the modernization of the multilateral trade system with a view to extending it to include new areas, and the desire to seek results in the financial and monetary fields as well as in that of trade.

Although the Community's concern to redress the persistent imbalances in certain areas of trade (which are incompatible with the spirit of GATT, based as it is on equal benefits for all) was not included in the objectives of the negotiations, the Community made it clear that it would attach great importance to this question during the negotiations. This concern was put on record in a statement made by the Chairman of the Ministerial Conference at the end of the discussions.

The Uruguay Round negotiations will be the most complex and ambitious since GATT was founded and will dominate the Community's trade policy in the years to come.

Discussions held in Geneva since September have concentrated on setting up the negotiating structure for the new round of trade negotiations. The three main negotiating bodies provided for by the Declaration — the Trade Negotiations Committee, the Group on Negotiations on Goods and the Group on Negotiations on Services — held their first meetings before the deadline of 31 October contained in the Declaration.

210. Concurrently with discussions on the new round of trade negotiations, other matters of importance were dealt with in GATT, in particular textiles and the consequences of the enlargement of the Community.<sup>1</sup>

211. As in previous years, the Community also played an active part throughout 1986 in the work of various kinds undertaken in implementation of the 1982 GATT ministerial programme, as well as in the routine management work of GATT. The Community had consultations with certain of its partners to inform them of its concern on certain matters (e.g. the agreement between the United States and Japan on semiconductors) and in a number of other cases asked that the disputes settlement procedure be used to protect its export interests (e.g. in the case of the discriminatory tax structure applied by Japan to wines and other alcoholic beverages).

212. Finally, mention should be made of the complex technical work currently being carried out in Geneva on the introduction of a harmonized tariff system planned for 1 January 1988. With this in view, the Community undertook a series of negotiations in autumn 1986 under Article XXVIII of the GATT on the problems of transposition between tariffs arising in relations between the Community and its main partners because of the introduction of this harmonized system. An *ad referendum* agreement on this matter

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<sup>1</sup> See paragraphs 214 and 215 of this Review.

was concluded with Japan in November 1986, and negotiations with other partners, such as the United States, are planned for the beginning of 1987.

## Sectoral problems

### Iron and steel industry<sup>1</sup>

213. Having examined the general situation in the iron and steel industry, and in view of the implications of the Punta del Este agreements on standstill and rollback, the Council decided — in agreement with the Commission — to continue in 1987 to apply, where necessary, the external measures in force in 1986, in order to guarantee stability in trade and prevent distortions of competition. The Decision taken by the Council on 11 December 1986 on a new round of steel negotiations with non-member countries envisaged no change in the quantities of steel which may be imported into the Community. The Council also decided to reduce the number of arrangements and to simplify, if possible, the terms of the arrangements with the EFTA countries.

### Textiles

214. The main work of the Council in the textile sector concerned the formulation and implementation of a new textiles policy for the next five years. This became necessary because of the expiry of the Multifibre Arrangement (MFA) on 31 July 1986 and of the bilateral agreements at the end of the year. After an opening discussion on 18 February, at its meeting on 11 March the Council adopted negotiating directives for the GATT negotiations in Geneva on the renewal of the MFA and of the bilateral agreements under the MFA and for the negotiation of special arrangements with certain Mediterranean countries. At the same time, the Council decided on internal aspects of the Community's textiles policy, notably on maintaining, for the most sensitive products, global ceilings for the MFA countries, internal global levels for countries eligible for tariff preferences and the general objectives for outward processing traffic (OPT) quotas.

215. The process of negotiating a new MFA began officially very early in 1986 in Geneva, but detailed negotiations did not take place until the summer. After weeks of difficult discussions, the negotiations were concluded on 31 July with the adoption of a Protocol extending the MFA for five years until 31 July 1991.

This Protocol reflects the policies pursued by the Community during the negotiations. It reaffirms the principle of a progressive liberalization of international trade in textiles and clothing with the ultimate objective of applying the GATT rules while at the same time ensuring the orderly, equitable development of trade in these products. It was recognized that a concerted effort would be needed from all parties, both importers and exporters, to achieve this goal.

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<sup>1</sup> See paragraphs 223 and 224 of this Review for the arrangements regarding steel which the Community concluded with the United States in 1986.

In addition, having regard to the objective of the MFA of furthering the economic and social development of the developing countries, the participants undertook to improve the bilateral agreements concluded under the Arrangement. These should allow improved overall access for the developing countries and particularly favourable treatment for the least developed countries.

The following more specific points should be mentioned:

- (i) the possibility of introducing — under certain conditions — restrictions on other fibres such as ramie, jute and sisal;
- (ii) more favourable treatment for certain categories of developing countries such as the least developed countries, small suppliers, newcomers and cotton-producing countries;
- (iii) differential treatment for the dominant countries, but without any reductions in their access rights ('cut-back');
- (iv) greater administrative cooperation in cases of the deflection of trade and fraud, and recognition of the need for more effective measures to protect trade marks, designs and models and to combat counterfeit goods;
- (v) arrangements for consultations to find acceptable solutions in the event of a sudden substantial surge in imports.

216. On the basis of the same negotiating directives, the Community also renegotiated five-year bilateral agreements with 26 non-member countries.<sup>1</sup> These agreements grant improved access conditions to the countries concerned, having regard to their level of development, the particular nature of the products involved and their sensitivity for industry in the Community. Thus the agreements with some countries no longer include quantitative limits, and the Council's objective of reducing the number of existing quantitative limits by 25% has been achieved. The system of applying the limits which remain in force was also relaxed: particular mention should be made of the possibility of increasingly generous automatic transfers between the quotas of the Member States in years to come and of the more favourable treatment of children's clothing.

In line with the principles in the extended MFA, the following differential treatment was applied to the various countries concerned:

- (i) in the case of Haiti, Guatemala, Mexico and Colombia, the agreements only provide for negotiations to be started in the event of difficulties; for Uruguay and Bangladesh, no quantitative limits have been laid down;
- (ii) other developing countries (Sri Lanka, Peru, Pakistan, India) have been given varying degrees of favourable treatment for a variety of reasons; Yugoslavia was given special consideration because of its relations with the Community under the Cooperation Agreement;

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<sup>1</sup> Argentina, Bangladesh, Brazil, Bulgaria, Colombia, Czechoslovakia, Guatemala, Haiti, Hong Kong, Hungary, India, Indonesia, Macao, Malaysia, Mexico, Pakistan, Peru, Philippines, Poland, Romania, Singapore, South Korea, Sri Lanka, Czechoslovakia, Thailand, Uruguay and Yugoslavia. China is not included because its agreement with the Community is due to expire at the end of 1988.



- (iii) in the case of the Asean countries, which also have a Cooperation Agreement with the Community, special flexible arrangements at regional level will enable better use to be made of opportunities for exports to the Community; account has also been taken of the extent to which the market has been opened up in Singapore;
- (iv) the dominant countries (Hong Kong, Macao, South Korea) have received less favourable treatment with lower growth rates, although allowance was made for the degree to which the markets in Hong Kong and Macao had been opened up.

217. All the agreements negotiated by the Commission were ratified by the Council. Owing to the great importance of the Arrangement, the Council consulted Parliament and on 24 November 1986 approved the Protocol extending the MFA.<sup>1</sup>

Pending completion of the procedures for signing the bilateral agreements, on 11 December the Council decided that they would enter into force provisionally as of 1 January 1987. It thus adopted on 22 December 1986 the internal implementing regulations, as well as the unilateral arrangements for Taiwan.<sup>2</sup>

At the same time, the Council also adopted a Regulation amending the common rules for trade in textile products with China to take account of the accession of Spain and Portugal to the Community,<sup>3</sup> the changes having been negotiated between the Commission and the Chinese authorities in the form of a Protocol adapting the existing Agreement with China which will remain in force until 31 December 1988.

On the basis of the negotiating directives passed by the Council on 11 March 1986, the Commission completed negotiations towards the end of the year for new arrangements with Turkey, Egypt, Morocco and Tunisia.

## Common commercial policy instruments

218. With regard to Community rules applicable to the State-trading countries, at its meeting on 22 December 1986 the Council adopted a Decision<sup>4</sup> laying down the annual import quotas to be opened by the Member States. Several of these quotas were increased from the 1986 levels. The textile quotas for 1986 were maintained provisionally, pending Commission Decisions fixing the level of the 1987 quotas to be taken by 1 March 1987 at the latest.

On 28 April 1986 the Council adopted a Regulation<sup>5</sup> amending Council Regulations (EEC) Nos 288/82, 1765/82 and 1766/82 on common rules for imports. This Regulation makes changes to the existing rules in the light of experience and of the progress made in standardizing the common commercial policy.

<sup>1</sup> OJ L 341, 4.12.1986.

<sup>2</sup> OJ L 386, 31.12.1986.

<sup>3</sup> OJ L 383, 31.12.1986.

<sup>4</sup> OJ L 31, 2.2.1987.

<sup>5</sup> OJ L 113, 30.4.1986.

Under the basic anti-dumping regulation (Regulation (EEC) No 2176/84), the Council acted on a number of proposals from the Commission concerning for the most part the institution of permanent anti-dumping duties.

219. In accordance with its Decision 69/494/EEC the Council, acting on Commission proposals, authorized the extension or tacit renewal for one year of a number of trade agreements concluded by the Member States with non-member countries. It also approved the tacit renewal or extension of certain friendship, trade and navigation treaties and similar agreements concluded by Member States with non-member countries.

In accordance with the provisions of the basic Regulation (EEC) No 2603/69 establishing common rules for exports,<sup>1</sup> the Council adopted Regulation (EEC) No 4052/86 of 22 December 1986<sup>2</sup> laying down for 1987 the export arrangements for certain types of non-ferrous metal waste and scrap in order to prevent any shortages on the Community market. This Regulation continued the system of monitoring exports of aluminium and lead waste and scrap and maintained the quota system for exports of copper ash and residues and of copper waste and scrap. However, the quotas were increased and the administration of the system was made more flexible.

## Fairs and exhibitions

220. As in previous years, the Council's subordinate bodies helped to prepare the participation of certain Member States and the Commission in fairs and exhibitions in non-member countries and then assessed the results.

The aim was to improve the image of the Community at these events, e.g. by positioning the stands of the Member States around the Community's stand.

Thus six Member States took part with the Commission in the World Exposition (Expo 86) held in Vancouver, Canada, from May to October 1986 with the central theme of transportation.

Preparatory work was also carried out for the world exhibition to be held in Brisbane, Australia, from April to October 1988 on the theme of 'Leisure in the era of technology'.

Work also continued, but no final decision was taken, on organizing a series of European events in the capitals of the Asean countries on the theme of 'The city in the Year 2000', which was approved in principle at the meeting of EEC and Asean ministers in Jakarta in October 1986.

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<sup>1</sup> OJ L 324, 27.12.1969.

<sup>2</sup> OJ L 377, 31.12.1986.

## **B — Relations with the industrialized countries and the State-trading countries**

### **Relations with the EFTA countries**

221. On 14 July 1986 additional (EEC and ECSC) Protocols to the Free-Trade Agreements were signed with each of the EFTA countries consequent upon the accession of Spain and Portugal to the Community. These Protocols ensure the harmonious application of the existing Free-Trade Agreements between the Community of Ten and the EFTA countries in relations between Spain and Portugal on the one hand and the EFTA countries on the other. They provide for transitional arrangements similar to those made under the Accession Treaty between Spain and Portugal and the Community of Ten, in particular as regards the dismantling of customs tariffs. Exchanges of letters were also signed to preserve, in a Community context, the level of liberalization of trade attained in agricultural products, processed agricultural products and fisheries products achieved between the EFTA countries and Spain and Portugal.

Pending the entry into force of the protocols and exchanges of letters once internal ratification procedures have been completed, the Community and the EFTA countries took unilateral measures to implement the results of the negotiations.

222. The importance of the enlargement of the Community for the future development of relations with the EFTA countries is self-evident.

Accordingly, in September 1986 the Council adopted conclusions regarding the follow-up to the Luxembourg Declaration of April 1984.

The Council reaffirmed the Community's commitment to developing closer cooperation with the EFTA countries as the Community progressed towards completion of its internal market. The Council welcomed the degree of cooperation which already existed in certain fields, notably in research and development and in science and technology, and pinpointed areas where further progress could be made. The Council's conclusions thus gave fresh political impetus to the efforts of the Community and the EFTA countries to accomplish the goals they had set themselves in the Luxembourg Declaration.

The Free-Trade Agreements, which are administered by Joint Committees which meet regularly, continued to operate satisfactorily. The same was true of the EEC-Austria and EEC-Switzerland Agreements on Community transit, which were also amended to take account of the enlargement of the Community.

## Relations with non-European industrialized countries

### United States

223. Trade relations between the Community and the United States, the course of which is generally smooth within the framework of GATT, were none the less marked in 1986 by continuing tension, and relations in certain sectors at times became extremely strained. Problems also arose because of protectionist clauses in United States trade legislation.

As in past years, the Community was always prepared to negotiate and rejected any idea of unilateral measures, which could only lead to the adoption of countermeasures whenever the interests of the Community were threatened. This general policy enabled negotiations to be concluded during 1986 on agreements or arrangements on semi-finished steel products and citrus fruit. In the latter case the United States recognized the political and economic importance of the Community's agreements with its Mediterranean partners and their compatibility with GATT.

224. In the previous negotiations on the steel sector, in autumn 1985, the United States had obtained an extension of the 1982 Arrangement in respect of practically all products.

However, owing to the increase in imports of semi-finished products not covered by this Arrangement, from 1 January 1986 the United States unilaterally imposed a quota of 400 000 t<sup>1</sup> on imports from the Community. This unilateral measure forced the Community to adopt retaliatory measures, which were published in OJ L 30 of 5 February 1986.

The Commission subsequently held consultations with the United States, leading to an Agreement to which the Council gave its formal approval on 11 September 1986, and both sides were thus able to withdraw their unilateral measures.<sup>2</sup> The Agreement provided for a progressive increase in the maximum annual levels of exports of semi-finished products from the Community from 600 000 t in 1986 to 670 000 t in 1989.<sup>1</sup>

225. In the agricultural sector there were two particularly difficult problems.

The first concerned citrus fruits and pasta products. The United States had for a long time demanded concessions to compensate for the preferential treatment given by the Community to certain Mediterranean countries under agreements concluded as part of its Mediterranean policy, in particular as regards citrus fruit.

On 1 November 1985 the United States had adopted unilateral retaliatory measures against pasta products from the Community, which had led the Community to introduce countermeasures on the following day against American exports of lemons and walnuts.<sup>3</sup>

Consultations continued on this matter in 1986, and an agreement was finally reached in August at the end of a series of difficult negotiations. The agreement, which enabled both

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<sup>1</sup> These figures are in 'long tons'. There is also provision for a further 200 000 t for the firm of Tuscaloosa.

<sup>2</sup> OJ L 262, 13.9.1986.

<sup>3</sup> OJ L 292, 2.11.1985.

sides to withdraw their unilateral measures with immediate effect,<sup>1</sup> was formally approved by the Council on 3 November 1986. Each side granted tariff concessions coupled, in certain cases, with restrictions on periods and quantities: the Community granted concessions on certain citrus fruits (oranges, lemons, grapefruit and grapefruit hybrids), orange juice, almonds and groundnuts, and the United States on prepared or preserved anchovies, certain cheeses, olives, capers and olive oil. The political significance of this Agreement lies in the recognition by the United States of the Community's Agreements with its Mediterranean partners and the undertaking no longer to dispute the compatibility of these Agreements with GATT. With regard to pasta products, the United States continued to challenge the Community's export refunds and it was planned to continue negotiations with a view to finding a final solution to this dispute by July 1987.

226. The other major problem concerned the effects on American farm exports following the enlargement of the Community.

After enlargement the Community's external protection system, including the machinery of the common agricultural policy, gradually applies to Spain and Portugal as well. This leads in particular to increased protection for certain agricultural products, with consequences above all for American exports of maize and sorghum to Spain.

In accordance with Article XXIV.6 of the GATT, the Community started negotiations with the contracting parties concerned<sup>2</sup> and declared its readiness to take any compensatory measures to which non-member countries may be entitled on the basis of an overall balance of the higher and lower levels of protection resulting from enlargement. The fact is that, while the accession of Spain and Portugal involves increased protection in certain cases, it will also lead to a significant lowering of customs duties on the Spanish and Portuguese markets, which is bound to be of overall benefit to non-member countries.

For its part, the United States questioned whether the concept of a balance between advantages and disadvantages was applicable in the current negotiations under Article XXIV.6 of the GATT. The American view was that any benefits from the use of the CCT by Spain and Portugal were theoretical and would be largely offset by Community preference in trade between the Member States. The negative effects on American farm exports, on the other hand, were real and immediate, hence the claim for specific compensation for the products concerned and the American refusal to draw an overall balance of gains and losses.

227. To break the negotiating deadlock which these positions implied and to avoid a series of escalating measures and countermeasures,<sup>3</sup> the Community and the United States managed in July 1986 to find an interim solution. This guaranteed until the end of the year a total Community market of 234 000 tonnes per month for exports of certain American farm products (particularly maize, sorghum and corn gluten feed), while the two parties

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<sup>1</sup> OJ L 235, 21.8.1986.

<sup>2</sup> In particular (besides the United States) Argentina, Canada, New Zealand, Australia and Chile.

<sup>3</sup> Following the announcement by the United States of the products likely to be the subject of retaliatory unilateral measures (in particular, certain wines and other alcoholic beverages, chicory, certain cheeses, olives), on 16 June 1986 the Council reaffirmed the principle of immediate equivalent measures by the Community and specified the products (wheat, rice and corn gluten feed) to which such countermeasures would apply.

undertook to find a mutually acceptable solution within the same period. However, contacts with the United States failed to produce a solution by this deadline. In view of this situation and in the light of its previous decision, particularly that of 16 June confirming the Community's determination to adopt countermeasures if the United States were to take unilateral measures, the Council emphasized at its meeting on 15 December that it was in the interests of both parties to continue the negotiations in January 1987. The United States decided on 30 December to set the necessary internal procedures in motion so that it could apply its unilateral measures by 30 January 1987 at the latest, unless a negotiated solution had been reached by then.

## Japan

228. The Community continues to be extremely concerned about its persistently large trade deficit with Japan. The situation has continued to deteriorate since the beginning of the year in spite of the series of measures announced by the Japanese Government, and there are worrying signs that exports which have traditionally gone to other markets are being diverted onto the Community market.

The Council believes that this situation must be corrected as a matter of urgency, and the Community intends to take this into consideration in the new round of GATT multilateral trade negotiations. In the opinion of the Council, it is up to Japan to take immediate steps to reverse the trend.

At its meeting in March 1986 the Council adopted an important declaration, the terms of which were reiterated in letters sent by the President of the Commission and the President-in-Office of the Council to the Japanese Prime Minister following further deliberations by the Council in July.

Japan was informed in particular of the need to follow appropriate macro-economic and exchange rate policies and to take action to promote structural change and significantly open up its markets.

229. Furthermore, the Council expressed the Community's dismay at the lack of progress in opening up the Japanese market in certain important sectors, such as alcoholic beverages. At the beginning of the summer the Community presented the Japanese authorities with a detailed and well-documented file on this matter, pointing out the discriminatory Japanese treatment of Community wines and spirits in terms of customs tariffs, domestic taxation and the question of trade marks and labels. Their response to this approach was seen by the Community as a test of the Japanese authorities' good will and of the sincerity of their declarations.

In the absence of real progress on the question of wines and spirits, in October the Council approved the Commission's intention of immediately initiating proceedings under Article XXIII(2) of the GATT in order to set up a Panel to look into the discriminatory Japanese measures and make recommendations for their removal. The Council has asked the Commission to make proposals for further action if the GATT Council endorses the Community's case and no satisfactory response is immediately forthcoming from the Japanese

Government. Furthermore, under the same sectoral approach, the Council supported the Commission's intention of taking new initiatives with a view to opening up the Japanese market for other European goods.

The Council also asked the Commission to monitor with particular vigilance the conditions under which Japanese products were exported to the Community and, if necessary, to take appropriate measures consistent with the GATT.

## **Canada**

230. The Council had to deal with the question of the Community's trade relations with Canada on a number of occasions because of the increasing number of problems in this area.

Towards the end of 1986 Canada took anti-subsidy measures against pasta products from the Community by imposing provisional countervailing duties. The Community instituted GATT proceedings on this matter, which was of great concern to the Council, being discussed at its meetings in October, November and December.

In July 1986 Canada also decided to impose countervailing duties on Community exports of beef, despite the Community's undertaking to limit these exports. The Community instituted a settlement procedure in GATT on the beef dispute, and a Panel was set up to examine this question.

Other restrictions which Canada placed on Community products were also matters of concern to the Community.

As a result the Council, at its meeting on 15 December 1986, once again expressed its concern and asked the Commission to work towards an acceptable solution to these problems, especially as regards the question of pasta, stressing the danger that relations between the Community and Canada would deteriorate if a solution were not found. The Canadian Government was informed of the Council's position in a letter from the President-in-Office of the Council to Canada's Minister for External Affairs.

## **Other countries**

231. Problems in trade relations with other industrialized countries such as Australia and New Zealand, which are mainly covered by the multilateral arrangements of GATT, were reviewed on a bilateral basis during high-level consultations between the Commission and representatives of these countries. There was a particular improvement in relations between the Community and Australia.

High-level bilateral talks with South Korea enabled the Commission to explain the Community's concern at Korea's trade policy, particularly as regards access to the South Korean market for certain Community products.

At its meeting on 21 and 22 July, the Council agreed to grant New Zealand access to the Community market for 76 500 tonnes of butter in 1987 and 74 500 tonnes in 1988.

## Relations with the CMEA and its European Member States

232. 1986 saw talks continue between the Commission and the European Member States of the CMEA and between the Commission and the CMEA Secretariat, in the light of the general policy laid down by the Council in June 1985 in response to CMEA's proposal to establish relations with the Community.<sup>1</sup>

At its meeting on 27 October 1986, the Council welcomed the new prospects for relations with the CMEA and its European member countries. It expressed its intention of developing these relations, with due regard for the principle of parallelism as defined in its 1985 policy statement.

233. The Council noted the progress made in the process of normalizing relations between the Community and the countries of Eastern Europe, as reflected in particular in the desire expressed by a number of these countries to conclude trade or cooperation agreements with the Community. The Council confirmed the importance it attached to making progress on a basis of mutual benefit in the development of commercial and economic links between the Community and the individual countries concerned.

Accordingly at its meeting on 15 and 16 December 1986 the Council adopted a Decision authorizing the Commission to negotiate a trade and cooperation agreement between the EEC and Romania.

In addition, the sixth meeting of the EEC-Romania Joint Committee set up under the 1980 Agreement was held in Bucharest from 27 to 30 November 1986. As in previous years, this was an opportunity for a comprehensive review of relations between the Community and Romania and of the operation of the agreement governing trade between the two parties. The Community's position for this meeting had been prepared by the Council's subordinate bodies.

Following exploratory talks between representatives of the Commission and Czechoslovakia, on 24 November 1986 the Council adopted a Decision authorizing the Commission to open negotiations for a trade agreement between the EEC and Czechoslovakia.

As far as relations with Hungary are concerned, the Council commenced a detailed examination of the Commission's draft negotiating directives of 19 November 1986 for the negotiation of a trade and cooperation agreement.

234. On the accompanying front of relations with the CMEA itself, an initial round of talks between the Commission and the CMEA was held at expert level in Geneva in September 1986, with a view to drawing up a joint declaration establishing official relations between the EEC and the CMEA and defining a framework for future cooperation.

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<sup>1</sup> See 33rd Review, paragraph 212.



## Relations with China

235. Relations between the Community and the People's Republic of China have developed considerably since the entry into force on 1 January 1985 of the new Trade and Economic Cooperation Agreement between China and the EEC, notably in the areas of sales promotion and scientific and technical cooperation. The seventh meeting of the EEC-China Joint Committee — the first under the new Agreement — was held in Peking on 6 and 7 March. It provided an opportunity to review the operation of the Agreement, noting in particular the significant increase in trade during the previous year.

## C — North-South dialogue

### The North-South dialogue in general

236. The Community continued to play an active and constructive role in the various forums where North-South questions are discussed, whether in the United Nations and its specialized agencies (particularly Unctad), in the multilateral financial institutions such as the IMF or the World Bank, or at other meetings of the industrialized countries (Western Economic Summit, OECD etc.).

The foreign debt of many developing countries, particularly those in Latin America and in Africa, has been the main focus of North-South discussions in recent months, as the burden of servicing their debt blights these countries' development prospects and continues to threaten the whole international financial system. The Council discussed these matters on several occasions during 1986, particularly on the occasion of the General Affairs Council in January, when there was a thorough discussion on the basis of a plan of action put forward by Mr Ruding, the Netherlands Minister for Finance, in his capacity as Chairman of the Interim Committee of the IMF. These discussions enabled all the aspects of this matter to be examined in greater depth and clarified the Community's position, particularly with a view to the Western Economic Summit held in Tokyo in May 1986. The Community and its Member States support the implementation of a concrete debt strategy based on growth, depending on the particular circumstances of each debtor country. They welcome the progress made in this field, particularly as a result of the initiative of Mr Baker, the American Secretary of the Treasury. This aim is to satisfy the legitimate aspirations of the debtor countries by ensuring sustained growth through structural adjustments and greater liberalization of the economy, accompanied by the necessary outside funding. With this same aim in mind, at the 41st General Assembly of the United Nations the Community took an active part in negotiations for an important resolution concerning international economic cooperation with regard to debt. This resolution, which was adopted by consensus, sets out in particular the factors which need to be taken into account when dealing with the foreign debt problems of the developing countries. It also recognizes that complementary economic policy measures, designed to reinforce each other, must be taken at the same time by all parties concerned if a lasting solution is to be found to the debt problem.

237. The traditional involvement of the Community in Africa and the seriousness of the situation there led it to play a particularly active role in the United Nations General Assembly's special session on the critical economic situation in Africa, which was held in May 1986. The Development Cooperation Council of April 1986 had outlined a common position which served as a basis for the work of the Community and its Member States at the special session. This session led to the adoption by consensus of a United Nations action programme for African recovery and development (1986-90). This programme is a particularly important document in which, on the one hand, the African countries recognize their own responsibilities and undertake to launch their own development and growth programmes while, on the other, the whole international community agrees to support the efforts made by the African countries. The programme stresses in particular the importance of increasing government development aid to Africa and of improving its quality and effectiveness. It also recognizes the scale of Africa's debt burden and acknowledges that existing mechanisms will have to be applied in a flexible manner and suitably improved if solutions are to be found to these problems. Finally, it also provides for the General Assembly to examine and evaluate at its 43rd session in 1988 the way in which the programme has been carried out.

238. The Unctad Trade and Development Board adopted in October 1986 the draft agenda for the seventh Unctad Conference to be held in Geneva from 9 to 31 July 1987. In contrast to those of previous Conferences, this agenda concentrates on a few key questions (resources for development, commodities, international trade, problems of the least developed countries) grouped around the single theme of 'Revitalizing development, growth and international trade in a more favourable and secure environment by means of multilateral cooperation'. The agenda is essentially in line with the wishes expressed by the Community in the course of the lengthy discussions on this matter.

The Community intends to make every effort to ensure that this meeting is a success. It is already participating in preparatory work in the various relevant bodies of the OECD and in Geneva, notably in Group B. The Council's subordinate bodies will start preparing the Community's position on the fundamental questions in early 1987 on the basis of proposals from the Commission.

## Commodities

239. The year was marked by a combination of positive and negative developments in this sector. The former include the conclusion of negotiations for a new International Cocoa Agreement and the choice of a location for the headquarters of the International Tropical Timber Organization; on the other hand there were the consequences of the crisis surrounding the International Tin Agreement, which continued to affect the mood of those involved in international cooperation on commodities and may well have contributed to the breakdown of negotiations on a new International Rubber Agreement.

240. The negotiating sessions on cocoa in February (fourth session) and July (fifth session) culminated in the drafting of a new International Cocoa Agreement which was adopted by the Conference on 1 August. The EEC expressed its satisfaction at the large number of participants, particularly among the producer countries (including the main

producer, the Côte d'Ivoire). As regards its main features, the new Agreement comprises economic provisions (the buffer stock and the withholding scheme) and is similar in structure to the 1980 Agreement, but it contains a number of innovations and improvements, particularly on price levels and the price adjustment mechanism, the reference currency for prices (SDRs) and the introduction of an additional withholding scheme. The Agreement was signed on 30 September in New York by the Community and its Member States, on the basis of a decision adopted by the Council on 30 September.

241. The second and third sessions (May and October 1986) for renegotiating the 1979 International Natural Rubber Agreement were inconclusive, since the positions of the producer and consumer countries remained too far apart, especially on price levels, the price revision mechanism and the reference currency. A new session is planned for early 1987.

242. The crisis which had blown up in the operation of the Sixth International Tin Agreement in the last quarter of 1985<sup>1</sup> continued to be a source of concern for Community bodies. *Ad hoc* meetings were held with legal experts from the Member States to work out the best possible Community response, and a procedural decision was taken by the Permanent Representatives Committee at its meeting on 30 July. It should be noted in this connection that, following the steps taken in Unctad with a view to setting up a body responsible for continuing international cooperation in this sector (creation of an international study group), the Council's subordinate bodies started discussions aimed at defining the Community's position on this matter.

243. As regards the International Tropical Timber Agreement (an agreement of the 'second window' type under the Common Fund), which the EEC and its Member States have been applying provisionally since 1 April 1985, at its meeting in July the International Tropical Timber Council broke the deadlock reached in previous discussions on the location of the headquarters of the organization and on the nomination of an executive director. It voted to have the headquarters in Yokohama, Japan, and a representative of Malaysia was elected executive director. The next meeting of the Tropical Timber Council is planned for March 1987 in Yokohama, but it will certainly be some time before this new organization is fully operational.

244. The other 'second window' Common Fund agreement is the International Agreement on Jute and Jute Products. Its Council and Committees held two meetings, which were concerned predominantly with the implementation of a number of projects.

245. As regards the 1983 International Coffee Agreement, the main point is that the satisfactory trend in prices enabled the contracting parties in February to suspend application of the export quota system. At Community level, the Council has yet to act on a Commission proposal designed to clarify the customs position when quotas are suspended.

246. The 1971 International Wheat Agreement was renegotiated during 1986. The Council had instructed the Commission to take part in the negotiations on a new Agreement and supplied it with the necessary negotiating directives.

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<sup>1</sup> See 33rd Review, paragraph 220.

The negotiations resulted in a new international agreement on wheat, comprising the Wheat Trade Convention and the Food Aid Convention, which together constitute the 1986 International Wheat Agreement.

At its meeting on 25 June 1986 the Council agreed to sign these two Conventions and to deposit a declaration of provisional application of the Agreement. The provisions of the new International Wheat Agreement (1986), which entered into force on 1 July 1986, are largely similar in scope to those of the 1971 Agreement. The main differences concern the administrative and final provisions, in particular the procedures for extending the Agreement.

247. The Council of the International Sugar Agreement held two meetings during the year. At its meeting on 20 November 1986 it agreed to extend the 1984 Administrative Agreement until 31 December 1987.

248. A new International Agreement on Olive Oil and Table Olives was concluded in 1986 so that international cooperation in this sector could continue after the 1979 Agreement expired on 31 December 1986.

As its title indicates, the new Agreement has a wider field of application, but it upholds the usual principles of promoting quality, improving the structure of the olive-growing industry, and expanding international trade, and strengthens the instruments available for putting these principles into effect.

More resources will be allocated to publicity campaigns on the quality of olives and olive oil and on increasing sales of these products. The International Olive Oil Council, the organization responsible for administering the Agreement, will also be able to undertake technical cooperation programmes designed to modernize the growing and processing of olives. The Agreement was concluded for five years and may be extended for a further two years.

As at 31 December 1986 Algeria, the European Economic Community, Morocco, Tunisia and Turkey were parties to the Agreement. Egypt, Libya and Yugoslavia, which were active parties to the 1979 Agreement, are expected to ratify the new Agreement in 1987.

## D — Development cooperation

### Development policy in general

249. The Council of Ministers for Development Cooperation held two meetings in 1986, on 17 April and 11 November, when discussion focused on the following topics:<sup>1</sup>

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<sup>1</sup> See also paragraphs 260 to 267 of this Review.

## **Food strategy**

250. The Council, which had approved in 1982 an experimental Community support operation for food strategies in four African countries (Kenya, Mali, Rwanda and Zambia), examined a communication from the Commission containing an in-depth assessment of the constraints and difficulties encountered and a comparative analysis of the experience gained.

The Council noted that although the policy reforms had been carried out under widely differing circumstances the results obtained were often similar.

It considered that the food strategy approach could now be regarded as suitable for more general application within the framework of the Community's development policy, of which it had become an essential part. This approach would have to be sufficiently flexible to adapt to the needs of those ACP, Mediterranean, Latin American and Asian countries which wanted to apply it, taking due account of the ability of both sides to support such a strategy in specific circumstances.

### **Plan for the rehabilitation and revival of the African countries most affected by drought**

251. On the basis of reports from the Commission, the Council monitored the implementation of this plan, approved by the Council on 4 November 1985, which was designed to help the authorities in the African countries affected by the devastating drought of 1985 to rehabilitate and revive their economies, particularly in rural areas, in order to obtain the maximum yield from the next harvest. Approximately 108 million ECU of Community funds (EDF and budget) were earmarked for projects which were due to be completed by the end of 1986.

At its meeting on 17 April 1986, the Council expressed its satisfaction at the progress made in implementing the plan and at the support given by the Member States. At its meeting on 11 November 1986, it examined the results of the plan in the light of a final report from the Commission.

The Council noted in particular that in 1986 the Community and the Member States had provided some 1 000 million ECU in emergency and rehabilitation aid (including food aid) to the 11 African countries worst affected by the drought (Ethiopia, Botswana, Cape Verde, Mali, Mauritania, Niger, Somalia, Sudan, Chad, Angola and Mozambique). The projects had concentrated on the provision of seed, fertilizers and hand tools, local cereal storage and strengthening famine early warning systems.

Lastly, the Council congratulated the Commission on the speed with which it had implemented the plan and on the innovative approach it had adopted. It also noted that the operation had been greatly assisted by the priority given to it by the recipient governments and by the Commission's establishment of a special task force.

## **The fight against desertification in Africa**

252. Following the massive emergency aid effort decided on at the end of 1984 to save the lives of millions of people threatened by drought and famine in Africa and the rehabilitation and revival plan mentioned above, at its meeting on 17 April 1986 the Council approved the Commission's proposal for a long-term European action plan to combat the deterioration of natural resources in certain regions of Africa.

This plan brings together the resources of the Community and the Member States in direct operations (reafforestation, measures to combat erosion, etc.) and indirect operations (training, research, improvements in production methods, more rational use of energy resources, etc.)

It emphasizes the need for a global approach comprising a series of interdependent measures, aims at a degree of geographical concentration so that the measures have a lasting impact on the environment and provides for the continuity of these measures, since results can only be attained in the long term.

Owing to the scale of the measures to be taken, the Council also stressed the importance of close coordination between the Member States and the Community and with other donors, and noted the Member States' favourable attitude on this matter.

## **The role of women in development**

253. The Council, which had adopted conclusions outlining Community policy on the role of women in development at its meeting on 8 November 1982, continued its work in this area in 1986 on the basis of experience gained by the Member States and the Commission.

In conclusions adopted on 17 April 1986, it reiterated the importance it attached to women's playing their part to the full in the process of development and took note of the steps taken by the Commission to implement the Council's conclusions of November 1982.

The Council also emphasized the importance of the participation of women in the production, processing, marketing and distribution of food, particularly in Africa, where women have a vital contribution to make in getting the critical food situation under control.

## **Population and development**

254. At its meeting on 11 November 1986 the Council expressed its concern at the effects which a population growing at a faster rate than the economy could have on the progress of a number of developing countries.

At the close of its discussions, the Council announced that the Community was prepared on request to provide appropriate assistance to any countries receiving Community aid which wished to draw up and implement population policies and programmes.

The Council emphasized that such population policies and programmes must be neither coercive nor discriminatory and be based on the fundamental right of individuals and couples to choose voluntarily the number and spacing of their children.

As regards concrete measures, the Council stated that the Community was prepared to help with training programmes, information and awareness campaigns and family planning services. In the Council's view, these services should be integrated into mother and child health programmes. The Council emphasized the important role of non-governmental organizations in this area and announced its intention of reviving and evaluating the progress made in this field at a future meeting.

### **Promotion of developing countries' trade**

255. The Council, which had repeatedly emphasized the importance of promoting developing countries' trade, examined the question once again at its meeting on 17 April 1986.

At the end of these discussions the Council adopted conclusions which supplement and elaborate on those it had adopted at its meeting in November 1985. It emphasized in particular the Community's readiness to help developing countries to formulate an overall trade promotion policy within the framework of existing development instruments. Such an overall policy would have to be comprehensive, covering all the stages from before the production stage up to final distribution, and would need to take account of the production potential and the export capacity of agriculture, industry, craft trades and services.

Furthermore the Council undertook to endeavour to step up its cooperation in this field with the developing countries in Latin America and Asia and with their regional organizations, in view of the importance which it attaches to trade with these countries.

### **Programming of Community aid (Lomé III)**

256. The Third Lomé Convention involves a new approach to the problems of development which places particular emphasis on Community support for viable sectoral policies. Under this new approach the programming process, whereby the Commission and the recipient country concerned lay down outline programmes for Community aid over the duration of the Convention, plays a key role. At its meetings on 17 April and 11 November 1986 the Council accordingly examined, on the basis of Commission reports, the results obtained in the programming operation, which had been virtually completed by the end of the year.

The Council was generally satisfied with the results achieved and noted in particular that, in accordance with the actual guidelines in the Convention, most of the countries concerned had chosen to concentrate Community aid on a sectoral strategy for rural development aimed at ensuring greater self-sufficiency or security in food. The Council also emphasized the demanding nature of the actual implementation of the outline programmes country by country as part of such an approach, both for the ACP States themselves and

for the Community. It stressed above all the importance of ensuring, with the necessary flexibility, that there was a coherent link between government measures and Community support, concentrating on those measures which are of crucial importance for the viability of the planned operations.

#### **System of compensation for loss of export earnings for the least developed countries not signatory to the Lomé Convention**

257. In October 1985, in the course of its interim review of the implementation of the new substantial action programme to help the least developed countries, the Community announced its intention of setting up, unilaterally, a system of compensation for losses of export earnings from agricultural commodities for the least developed countries not signatory to the Lomé Convention.

The Commission followed up this decision by presenting in June 1986 proposals for regulations setting up the system for a period of five years, starting with the 1987 budget year.

The Commission's proposals were examined in depth by the Council and its subordinate bodies in the second half of 1986, particularly at the meetings of the Development Cooperation Council on 11 November and of the Foreign Affairs Council on 15 and 16 December. The latter agreed to continue its examination of the proposals at its meeting in January 1987.

#### **International Conference on trees and forestry (Silva)**

258. This conference, which was held in Paris from 5 to 7 February 1986 on the initiative of the President of the French Republic, dealt with the problems of trees and forests in Europe and Africa. The subordinate bodies of the Council responsible for development cooperation worked out a common position on forestry in Africa to be adopted at the Conference by the delegations of the Member States and the Commission. The President-in-Office of the Development Cooperation Council spoke at the Conference on behalf of the Community.

#### **Special session of the United Nations General Assembly on the critical economic situation in Africa**

259. At its meeting on 17 April 1986 the Council decided on the main points of the common position to be adopted by the Community and the Member States at this special session.<sup>1</sup>

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<sup>1</sup> See paragraph 237 of this Review.



## Food aid

### New Council Regulation on food-aid policy and food-aid management

260. In July 1986 the Commission sent the Council a proposal for replacing Council Regulation (EEC) No 3331/82<sup>1</sup> on food-aid policy and food-aid management by a new Regulation which would take account of changing ideas on the subject.

In its 1983 Resolution on food aid, the Development Cooperation Council had recognized that food aid could not be considered as an end in itself or as simply a means of disposing of surpluses from the common agricultural policy, but that it should be integrated into the Community's development policy and contribute in particular to the food security of the developing countries.

At its meeting on 11 November 1986 the Development Cooperation Council found that there was a broad consensus on the objectives of the new Regulation, namely:

- (i) to integrate food aid more closely into development policy;
- (ii) to provide a better response to the needs of recipient countries;
- (iii) to make the management of food aid more efficient.

Since Parliament had asked for the conciliation procedure to be initiated, the Council worked out a common position on the main provisions of the new Regulation which was forwarded to Parliament without delay.

The conciliation procedure was conducted at the Foreign Affairs Council meeting of 15 and 16 December 1986. The Parliament delegation clarified Parliament's position on those provisions of the new Regulation where the Council's common position was at variance with Parliament's opinion (mainly on the fixing of the overall quantities of food aid and the nature of the Food Aid Committee).

The Council then re-examined its common position and agreed that it would no longer be responsible for fixing the overall quantities of food aid, but that this would be done by the Commission after obtaining the opinions of the Food Aid Committee. As regards the nature of this Committee, the Council decided to maintain the existing Committee but agreed to review the matter before the end of 1987 in the light of the decisions on the Commission's management powers which would have to be taken in implementation of the Single European Act. Accordingly, it decided that the Regulation would have a period of validity of one year (until 31 December 1987).

The conciliation procedure was thus successful in that it resulted in a solution agreeable to both the Council and Parliament.

The Regulation was formally adopted at the Council meeting on 22 December 1986.<sup>2</sup>

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<sup>1</sup> OJ L 352, 14.12.1982.

<sup>2</sup> Regulation (EEC) No 3972/86, OJ L 370, 30.12.1986.

This new Regulation is a major step forward in the Community's food-aid policy.

### Renewal of the Food Aid Convention

261. Since the 1980 Food Aid Convention was due to expire on 30 June 1986, at its meeting on 9 and 10 December 1985 the Council authorized the Commission to take part in the negotiations on the extension or replacement of this Convention and adopted negotiating directives to this end.

The negotiations led to the drafting of a new Convention to run for three years (1 July 1986 - 30 June 1989).

One of the essential aspects of the new Convention was the fixing of the minimum amounts of cereals to be contributed by the signatories. The Community and the Member States undertook to supply at least 1 670 000 tonnes of cereals per annum. The increase of 20 000 tonnes over the previous commitment was a result of the accession of Spain and Portugal to the European Communities in 1986.

The aim of the Convention is to ensure that the developing countries receive at least 10 million tonnes of cereals suitable for human consumption as food aid each year.

It should be mentioned that the overall minimum commitment for the Community and its Member States has been exceeded each year so far, and that the Community and its Member States are, after the United States, the largest donor of food aid in cereals.

On 25 June 1986 the Council adopted a Decision on the signing of the Food Aid Convention and the deposit of a declaration of provisional application,<sup>1</sup> pending approval by the Member States and the Community in the normal way.

262. On 9 February 1987 the Council also adopted a Regulation on the apportionment of the 1 670 000 tonnes to be supplied by the Community between the Community itself and the Member States and between the individual Member States. The breakdown is as follows:

(i) Community operations:	927 500 tonnes (55.5%)
(ii) national operations:	742 300 tonnes (44.5%)

comprising:

Belgium	41 500 tonnes
Denmark	15 600 tonnes
Germany	193 000 tonnes
Greece	10 000 tonnes

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<sup>1</sup> OJ L 195, 17.7.1986.

Spain	20 000 tonnes
France	200 000 tonnes
Ireland	4 000 tonnes
Italy	95 400 tonnes
Luxembourg	1 400 tonnes
Netherlands	50 200 tonnes
Portugal	—
United Kingdom	110 700 tonnes

### Other questions

263. In implementation of the basic Regulation on food-aid policy and food-aid management, and on the basis of a Commission proposal, the Council fixed the food-aid programme for 1986 as follows:<sup>1</sup>

- (i) for cereals: an initial instalment of 927 700 tonnes, and a second instalment of up to 232 300 tonnes;
- (ii) for milk powder: a maximum of 94 100 tonnes;
- (iii) for butteroil: a maximum of 27 300 tonnes;
- (iv) for sugar: a maximum of 3 900 tonnes;
- (v) for vegetable oil (seed oil and olive oil): a maximum of 8 600 tonnes;
- (vi) for other products: quantities corresponding to not more than 121 824 tonnes of cereal equivalent;
- (vii) food aid in the abovementioned products intended to cover exceptional food shortages, corresponding to not more than 386 700 tonnes of cereal equivalent.

The Council also extended the list of products which can be supplied as food aid to include the following: meat of bovine animals, frozen (CCT Heading No 02.01 A II b); meat of bovine animals, salted, in brine, dried or smoked (CCT Heading No ex 02.06 C I a); fish other than sardines, mackerel and anchovies (CCT Heading No 16.04 G); vegetables prepared or preserved otherwise than by vinegar or acetic acid, tomatoes (CCT Heading No 20.02 C).

The list of countries and organizations eligible to receive food aid was extended to include Guatemala, Salvador and Unbro (United Nations Border Relief Operation).

264. In connection with food-aid policy, at its meeting on 11 November 1986 the Council also discussed the question of a food aid reserve for emergencies or other appropriate arrangements for urgent aid. It noted that a corresponding article had been included in the 1987 draft budget and that the matter would be examined further in the course of work on the budget.

<sup>1</sup> Regulation (EEC) No 232/86 of 27.1.1986, OJ L 29, 4.2.1986.

265. On 23 May 1986 the Commission presented the Council and Parliament with a report on the implementation of the 'Flood II' operation in India financed by the Community under the food-aid programme. This report takes stock of the work done in the course of this ambitious development programme for the Indian dairy sector, which was started in 1970 and has been supported by the Community ever since. The Council's subordinate bodies examined the report and welcomed the results achieved.

266. In accordance with the basic Regulation on food-aid policy and food-aid management, on 19 November 1986 the Commission sent the Council and Parliament a report on the implementation of food aid in 1984. The examination of the report by the appropriate subordinate bodies of the Council was begun in December 1986 and will be continued at the beginning of 1987.

267. As necessary, the Council's subordinate bodies also defined the position to be taken by the Community, jointly with the Member States, in various international bodies: the Conference of contributors to the World Food Program (WFP) in New York in March 1986; meetings of the Food Aid Committee in London in March, July and December 1986; the meeting of the Committee on Food-Aid Policy and Programmes in Rome in May/June and October 1986; the special session of the United Nations General Assembly on the economic situation in Africa in New York in May 1986.

## Generalized scheme of preferences for 1987

268. The Council approved the generalized scheme of preferences (GSP) for 1987 at its meeting on 16 December 1986.

The main changes in the 1987 GSP may be summarized as follows:

In the industrial sector, the Council agreed to pursue its policy of marked differentiation for the very competitive beneficiary countries and accordingly decided to exclude from the GSP seven sensitive products from Hong Kong and four from South Korea. The criteria for excluding these sensitive products were that the country concerned had achieved a share of at least 20% of total Community imports of the product, and that the product had been subject to a quota in 1985.

For these same products the Council agreed at the same time to a number of important improvements in favour of other less competitive beneficiaries, either through the transfer of the product from the sensitive to the non-sensitive category or through an increase in the preferential limit for the product in question.

In addition, four products will receive differentiated treatment under the 1986 criteria through a reduction of 50% in the value of the 1986 tariff quota for the countries concerned.

Improvements were also made for non-sensitive industrial products with the introduction of a new method for calculating the reference basis for these products, which will hence-

forth be 5% of exports from non-Community countries (subject to a limited number of exceptions).

The Council also introduced special provisions for petrochemicals.

Lastly, certain technical changes were made in the area of management with a view to making it easier to utilize the quotas.

269. In the agricultural sector, the Council made a number of major improvements of particular interest to Latin American beneficiaries, especially through the inclusion of coffee and carnations in the 1987 GSP; it also agreed to make improvements with regard to tobacco (Virginia and other) for 1987 and 1988. In addition, improvements were made on a case-by-case basis for other products and for the least developed countries.

For textile products, the Council agreed to extend the present GSP arrangements, subject to certain technical changes (due to alterations made to the MFA and in connection with the harmonized system of classification). In addition, certain ceilings allocated among Member States in 1986 will come under the more flexible arrangement of non-allocation in 1987.

As regards steel products, the Council carried forward the 1986 arrangements unchanged for 1987.

## **E — Relations with the ACP States and the overseas countries and territories**

### **Third ACP-EEC Convention**

270. The entry into force on 1 May 1986 of the Third Lomé Convention was naturally the most important event of the year in relations with the ACP States. This Convention is intended to develop still further an already exemplary system of cooperation, which now covers the enlarged Community and 66 African, Caribbean and Pacific countries.

Thanks to the preparatory work carried out in good time after the signing and to the transitional measures described below, the Convention was able to start under favourable conditions, both in traditional areas of cooperation and in those where a number of significant innovations had been introduced.

The following features were of particular importance: the success of the new programming approach; the high priority given to the fight against drought and desertification and to meeting basic food needs, most of the ACP countries having decided to concentrate Community aid on sectoral strategies which gave absolute priority to agriculture; the greater attention given to human factors, thus enabling projects to be carried out in full and integrated harmoniously into the social and cultural context

concerned; the drawing up of guidelines to enhance, protect and revive the ACP peoples' heritage of culture and traditions.

Pending the entry into force of the new Convention, the ACP-EEC Council of Ministers adopted on 28 February 1986 Decision No 1/86 extending the transitional measures which had been agreed on 22 February 1985 (Decision No 2/85). These measures provide essentially for the continued application, under certain conditions, of most of the provisions of the Second Convention and for the advance implementation of certain provisions of the Third Convention, notably those concerning the institutions, derogations from the rules of origin, the setting up of the Agricultural Communities Committee, and the method for calculating Stabex transfers.<sup>1</sup>

271. The negotiations which began on 10 December 1985 on a protocol on the accession of Portugal and Spain to the Third Convention (in accordance with Article 284 of the Convention) were given the desired stimulus at the 23rd meeting of the ACP-EEC Committee of Ambassadors on 10 November 1986, which:

- (i) emphasized the importance which both parties attached to speeding up negotiations and concluding them as quickly as possible;
- (ii) noted that both parties, without prejudice to their respective positions agreed to consider the initial phase of negotiations, which had dealt essentially with principles, as completed and to concentrate future work on the specific problems and issues raised by the two sides.

Pending the entry into force of the Protocol on the accession of Spain and Portugal to the Lomé Convention, transitional measures were adopted by the ACP-EEC Council of Ministers to provide for the application of the Convention in relations between Spain and Portugal on the one hand and the ACP States on the other, and to lay down the transitional arrangements applicable to products originating in Spain and Portugal on entry into the ACP States.<sup>1</sup> These transitional measures, which initially covered the period up to 31 December 1986, were extended by the ACP-EEC Council of Ministers to cover the period until the entry into force of the abovementioned Protocol or until 30 June 1987 at the latest.

## Management of the Convention

### Institutions

272. The 11th session of the ACP-EEC Council of Ministers was held in Bridgetown, Barbados, on 24 and 25 April 1986. Coming a few days before the entry into force of the Third Convention on 1 May 1986, this session gave the Council an opportunity to take

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<sup>1</sup> The application of this Decision at Community level was guaranteed by Council Regulation (EEC) No 690/86 of 3 March 1986 (OJ L 63, 5.3.1986). See also Council Regulation (EEC) No 692/86 of 3 March 1986 extending the arrangements applicable to agricultural products originating in the African, Caribbean and Pacific States or in the overseas countries and territories (OJ L 63, 5.3.1986).

<sup>2</sup> The arrangements on access to the Spanish and Portuguese markets for products originating in the ACP States were laid down by unilateral Community measures.

note of the work done by the Committee of Ambassadors on a number of measures in the areas of agricultural cooperation, industrial development and investment which were provided for by the new Convention and had already been taken prior to its entry into force.

The Council of Ministers also looked into various management problems submitted by the Committee of Ambassadors and agreed on the transitional arrangements for relations between the ACP States on the one hand and Spain and Portugal on the other pending the conclusion of the Protocol on the accession of the two new Member States to the Convention. Lastly the Council of Ministers reached agreement on the guaranteed prices for sugar for 1985/86.<sup>1</sup>

273. The ACP-EEC Committee of Ambassadors held two meetings, on 24 March and 10 November 1986. It concentrated on preparing the necessary measures for the advance implementation of certain provisions of Lomé III and for the full and effective application of the new Convention once it entered into force, on certain specific management problems, and on a number of problems (notably the transitional measures) connected with the negotiations for a protocol on the accession of Spain and Portugal to Lomé III.

274. The Joint Assembly, which met in Ezulwini, Swaziland, in January 1986 and in Vouliagmeni, Greece, in September 1986 adopted a number of resolutions concerned, in particular, with the following questions: the social aspects of the Third Convention; rural development, the environment and food supplies; terrorism; human rights; South and southern Africa; the situation of refugees in various parts of Africa. At its meeting in Vouliagmeni, the Joint Assembly also adopted a general resolution entitled 'Towards 2000: development geared to the people'.

### Trade cooperation

275. The main issues regarding trade cooperation were discussed at various levels during 1986: in the ACP-EEC Council of Ministers in Barbados (24 and 25 April); by the ACP-EEC Committee of Ambassadors at its meetings on 24 March and 10 November, and in various working parties, notably the ACP-EEC Subcommittee on Trade Cooperation.

The following points were of particular importance:

#### *Notification to GATT of the Third Lomé Convention*

276. Following the agreement reached at the meeting of the ACP-EEC Committee of Ambassadors on 10 November 1986, the Community and the ACP States jointly notified GATT of the Third Lomé Convention.

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<sup>1</sup> See paragraph 284 of this Review.

## *Uruguay Round*

277. Throughout the preparatory phase which began when the Uruguay Round was launched, the Community and the ACP States have had regular contacts and consultations (including some at ministerial level, notably at the Punta del Este Conference) which have proved to be very useful and constructive.

In the light of this experience and in view of the importance of the Uruguay Round for both the Community and the ACP States, the two sides agreed that it would be useful to continue these contacts and consultations throughout future negotiations at the most appropriate level for the particular circumstances.

### *Imports to the Community of certain ACP agricultural products*

278. Two questions, which had been the subject of lengthy consultations with the ACP States, were settled on terms which largely took account of the misgivings they had expressed. The first was aflatoxine, where the Council adopted a Directive on 21 July 1986 which fixed the maximum level of aflatoxine at 0.2 ppm (mg/kg) for groundnuts, copra, palmkernels, cotton seed, babassu, maize and products derived from the processing thereof, and the second cocoa and chocolate products, on which the Commission withdrew its proposal in the light of the misgivings expressed by the ACP States.

Furthermore, contacts continued between the ACP States and the Member States of the Community on a number of specific matters (livestock, day-old chicks, fresh green beans, pineapples).

### *Supplies of tuna for canning to the ACP States*

279. At their request, the situation regarding supplies of tuna for canning to the ACP States was the subject of a series of discussions with the Community (both at the level of the Committee of Ambassadors and in the ACP-EEC Council of Ministers), and the two sides also made a thorough joint study of the problem.

Following this work, the Council of Ambassadors noted at its meeting on 10 November 1986 that the situation had improved considerably, and that for the moment there were no longer any particular difficulties.

For its part the Community, in response to the wishes of the ACP States concerned, expressed its willingness to continue to keep a careful watch on the situation, in both economic and social terms, in close coordination with the appropriate authorities in the countries concerned.

### *Trends in ACP-EEC trade*

280. Confirming the importance attached by both sides to the rapid completion, on the basis of an extended set of data (1975-85), of the report on trends in ACP-EEC trade, the



ACP States and the Community agreed (in particular at the meeting of the Council of Ministers in Barbados in April 1986) to give the work the stimulus required to ensure that the report could be adopted — at least in provisional form — by the Council of Ministers at its meeting in May 1987.

#### *The Community's generalized scheme of preferences for 1987*

281. The Community's GSP for 1987 was discussed at the meetings of the ACP-EEC Committee of Ambassadors on 10 November and the *ad hoc* Working Party on the GSP on 17 November 1986.

#### *Rum*

282. In June 1986 the EEC Council adopted a Regulation opening, allocating and providing for the administration of a Community tariff quota for rum for the period from 1 July 1986 to 30 June 1987. The purpose of this Regulation was to give effect to Protocol No 5 on rum annexed to the Third ACP-EEC Convention.<sup>1</sup>

#### *Customs cooperation: rules of origin*

283. On 27 June 1986, the ACP States presented on behalf of Fiji a request for a derogation from the concept of 'originating product' for 1 500 tonnes of long-finned tuna per year for a period of three years.

The ACP States emphasized the importance of this matter for Fiji at the meeting of the Committee of Ambassadors on 10 November 1986. It will be further examined by the Customs Cooperation Committee, which bears responsibility in this field, once the Community has completed its own examination of the request.

#### *Sugar*

284. At the request of the ACP States, the ACP-EEC Council of Ministers dealt on two occasions with the problem of guaranteed prices for the 1985/86 delivery year. This was because no agreement had been reached during the annual negotiations provided for under the Protocol on sugar between the Community and the exporting ACP States, the latter having refused to accept the Community offer of differing price increases over the 1984/85 year of 1.3 % for white sugar and 1.15 % for raw sugar. This difference in the price increases had been decided on in the course of fixing the Community intervention prices, as a result of the (energy-related) increase in the production costs for white sugar.

Since an extraordinary meeting of the ACP-EEC Council of Ministers on 4 March 1986 in Brussels failed to reach an agreement on these guaranteed prices, the Council of the

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<sup>1</sup> Regulation (EEC) No 2054/86, OJ L 173, 1.7.1986.

European Communities once again took up the matter with a view to finding a formula which would satisfy the concerns of the ACP States without interfering with the operation of the common organization of the market. The Council agreed to submit to the ACP States a compromise proposal under which, in particular, the rate of increase in the intervention price, and hence in the guaranteed price, for ACP raw sugar would be brought into line with that for white sugar, but only for the last three months of the marketing year, i.e. from 1 April to 30 June 1986.

This offer was finally accepted by the ACP sugar-exporting States at the 11th meeting of the ACP-EEC Council of Ministers in Barbados on 24 and 25 April 1986. It was also agreed at the same meeting to continue the examination at expert level of the method of deriving the price of raw sugar from the price of white sugar.

The Council of Ministers also took note that the two parties were continuing work on reviewing the conditions for implementing the Protocol on sugar and on the question of the reallocation of quantities of sugar which become available owing to a failure to deliver for reasons other than *force majeure*.

In the course of negotiations at ministerial level in October 1986, an agreement was reached on guaranteed prices for the 1986/87 sugar year, the ACP sugar-exporting States having accepted the Community's offer to maintain these prices at the level agreed for the last three months of the 1985/86 sugar year.

### Stabex

285. Under a delegation of powers, the Committee of Ambassadors adopted a Decision on 18 April 1986 on the allocation of the Stabex balances left over from the Second Lomé Convention. These unused balances, amounting to approximately 127 million ECU, were distributed to those ACP States whose transfer requests for 1980 and 1981 it had not been possible to meet in full for want of sufficient financial resources.

No decisions have been taken, however, on a Community proposal to restore certain transfers made under Lomé I or on the requests of certain ACP States to be covered by the 'all destinations' derogation under Article 150 (3) of the Third Lomé Convention.

As regards the 1985 year of application, all the eligible requests (25 out of the 38 received) were the subject of transfer decisions; the total amount involved was of the order of 150 million ECU, which is very close to the annual amount allotted of 185 million ECU.

### Sysmin

286. The EEC Council started its examination of a Commission communication on the setting up of an internal Community decision-making procedure to be applied to Sysmin under Lomé III. This would replace a similar text adopted in 1981 to implement the special financing facility created by Lomé I. The changes to be made to the decision-making procedure concerning requests for intervention from the ACP States are designed to take account of the new provisions of Lomé III and of the experience gained under Lomé II.

## Financial and technical cooperation

287. A number of instruments concerning the implementation of the Third ACP-EEC Convention in the field of financial and technical cooperation were adopted internally by the Community in 1986.

On 23 June 1986 the Council adopted a Decision amending the Internal Financial Agreement of 19 February 1985 to take account of the accession of Spain and Portugal to the Community and lay down accordingly the allocation of the Member States' contributions to the EDF and the weighting of the votes of each Member State within the EDF Committee.<sup>1</sup>

The Rules of Procedure of the EDF Committee were adopted by the Council on 21 July 1986, at the same time as it adopted the Rules of Procedure of the Article 22 Committee.

The Council also adopted, on 11 November 1986, the Financial Regulation applicable to the sixth EDF.<sup>2</sup>

Furthermore, at its meeting on 11 November 1986 the Council welcomed the positive results achieved by the new programming approach and the fact that national indicative programmes had already been signed with almost all the ACP States.<sup>3</sup>

288. As in previous years, the Council's subordinate bodies also examined various reports on the implementation of financial and technical aid to the ACP States, in particular:

- (i) the sections of the report of the Court of Auditors for 1984 dealing with the European Development Fund, on the basis of which the Council gave discharges to the Commission for the financial year 1984 in respect of the operations under the second and third EDFs and recommended the European Parliament to 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 1985 of operations financed from the fourth and fifth EDFs;
- (iii) the Commission report on the results of invitations to tender in 1984.

When the preliminary draft budget for 1987 was forwarded to the European Parliament, the Council appended to it a document drawn up by the Commission containing financial data on the EDF.

Lastly, by a Decision of 8 December 1986, the Council laid down the timetable for the collection of contributions from the Member States to the fifth EDF for 1987.

289. The Committee provided for by Article 108 of the Second ACP-EEC Convention held its fifth and last meeting at ministerial level in Bridgetown, Barbados, on 24 April 1986. This meeting had been prepared for by a meeting of the Committee at authorized re-

<sup>1</sup> OJ L 178, 2.7.1986, p. 13.

<sup>2</sup> OJ L 325, 20.11.1986, p. 42.

<sup>3</sup> See also paragraph 256 of this Review.

representative level in Brussels on 14 April 1986. On the basis of proposals from the Article 108 Committee, the ACP-EEC Council of Ministers adopted on 25 April 1986 two Resolutions, the first on evaluation and the second on financial and technical cooperation. It also took note of a report on specific and general cases of common difficulties arising from the implementation of this form of cooperation. Lastly, it made arrangements for setting up the new Article 193 Committee to take the place of the Article 108 Committee under the Third ACP-EEC Convention.

The Article 193 Committee held its first meeting at authorized representative level in Brussels on 19 December 1986.

### **Agricultural and rural cooperation**

290. A number of measures were adopted to implement the new provisions of Lomé III concerning the Technical Centre for Agricultural and Rural Cooperation (TCA).

At its 22nd meeting on 24 March 1986, on the basis of decisions taken by the ACP-EEC Subcommittee on Cooperation for Agricultural and Rural Development, the ACP-EEC Committee of Ambassadors approved Decisions on:

- (i) the operating rules of the TCA;
- (ii) the TCA financial regulation;
- (iii) the staff regulations of the TCA.

The Committee also finally adopted, by written procedure completed on 25 February 1986, the TCA budget for 1986, which amounted to 3 552 000 ECU.

The Subcommittee continued its work on fixing the levels of remuneration and the tax arrangements for TCA staff under Lomé III, with a view to a decision by the Committee of Ambassadors as soon as possible.

Lastly, the ACP-EEC Committee of Ambassadors adopted a Decision laying down the statute and rules of operation of the TCA Advisory Committee, which held its inaugural meeting in Wageningen, Netherlands, on 8 October 1986. The terms of reference of this Committee are set out in Article 37 (6) of the Third Lomé Convention. It comprises, on a basis of parity, 24 members with substantial experience in agricultural and rural development, agricultural research or the processing and distribution of information in these fields. At its meeting on 8 and 9 October 1986, the Advisory Committee adopted three recommendations on the TCA's activity report, the TCA work programme for 1987 and the TCA's outline plan for Lomé III.

291. At the meetings of the ACP-EEC Council of Ministers on 24 and 25 April 1986 and of the Committee of Ambassadors on 24 March and 10 November 1986, there were thorough exchanges of views on the implementation of the long-term European action plan to protect natural resources and fight desertification and drought in Africa.<sup>1</sup>

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<sup>1</sup> See paragraph 252 of this Review.

## **Industrial cooperation**

292. At its meeting on 24 and 25 April 1986, the ACP-EEC Council of Ministers adopted a Decision on the composition and the rules for the operation of the Committee on Industrial Cooperation (CIC). The other measures required for the implementation of the third ACP-EEC Convention in the field of industrial cooperation had been adopted at the meeting of the Committee of Ambassadors on 24 March 1986 (on the basis of the delegation of powers approved by the Council of Ministers at its meeting in June 1985). These decisions, which were taken on the basis of Article 73 (6) of the Third Lomé Convention, relate to the statute and rules of procedure and the financial and staff regulations for the ACP-EEC Centre for the Development of Industry (CDI).

For its part, the Committee on Industrial Cooperation adopted its rules of procedure and then appointed the members of the joint CDI Governing Board provided for in Article 73 (2) and (3) of the Convention, on the understanding that the appointment of a number of members who had yet to be nominated would be completed as soon as possible by written procedure.

In accordance with the financial regulation of the CDI, the joint Governing Board adopted the Centre's budget for a total of 7 620 000 ECU. This required an EDF contribution of 7 480 000 ECU under the terms of the overall allocation provided for in Article 73 (4) of the Convention.

## **Investment**

293. Following the meeting of the ACP-EEC Committee of Ambassadors on 24 March 1986, the composition and terms of reference of the ACP-EEC Working Party on Investment were the subject of an agreement ratified by the ACP-EEC Council of Ministers at its meeting on 24 and 25 April 1986. The Working Party, whose task is to monitor the implementation of the Chapter on 'Investment' (one of the most important innovations in the Third Lomé Convention), started its work in September and agreed on the following: the method of carrying out studies, the terms of reference for a study on a joint ACP-EEC insurance and guarantee system for investments, the terms of reference for a study on measures to facilitate an increased and more stable flow of private capital.

The Community and the ACP States reaffirmed their resolve to complete the joint studies within the time laid down by Article 247 of the Convention, both parties having expressed their intention of appointing their respective experts as soon as possible.

## **Cultural and social cooperation**

294. The Third Convention contains a new Title on cultural and social cooperation, together with specific provisions on migrant workers and students (Declarations in Annexes IX and X to the Final Act). On several occasions, and in particular at the 11th meeting of the ACP-EEC Council on 24 and 25 April 1986, the ACP States proposed measures for implementing these provisions, notably the creation of a joint Working Party to be re-

spensible, *inter alia*, for examining the situation of students and migrant workers from the ACP States resident in the Community. However, the Community was unable to accept this proposal because these matters are the responsibility of either the Member States themselves or — in some countries — of regional or academic authorities or organizations.

## Associated overseas countries and territories

295. The new rules<sup>1</sup> governing the association of the overseas countries and territories (OCTs) with the Community entered into force on 1 July 1986. These provisions are largely in line with those applying to the ACP States under the Third Lomé Convention. In conjunction with the provisions of Lomé III, the new rules make for closer cooperation not only between the Community and the OCTs but also between the OCTs and the ACP States, particularly in matters of regional cooperation.

# F — Mediterranean — Euro-Arab dialogue — Gulf States

## Relations with the Mediterranean countries

### Mediterranean policy of the enlarged Community

296. On the basis of negotiating directives approved by the Council on 25 November 1985, the Commission conducted a first round of negotiations with the Community's Mediterranean partners with a view to concluding, with regard to economic matters, Protocols of adaptation to the Cooperation and Association Agreements following the enlargement of the Community. The aim of these Protocols is essentially to ensure that these partner countries can maintain their traditional exports of agricultural produce to the Community.<sup>2</sup>

In the report which the Commission submitted to the Council, it suggested that a number of amendments needed to be made to the original negotiating directives to enable the negotiations to be concluded. These additions were approved by the Council on 21 October 1986, thus allowing the Commission to enter the final stage of the negotiations.

In the area of trade in farm products, the amendments provide for a relaxation of the quantitative framework of certain concessions, adjustments to certain timetables, and the inclusion of a number of new products in the list of those covered by the Agreements. A review clause is also included, providing for the Community and its Mediterranean partners to examine, after 1 January 1995, the results of their cooperation in order to assess the situation and the future prospects for their relations in the light of the goals laid down in the Agreement in question. As regards Yugoslavia, there is provision for adjusting certain industrial ceilings, while in the case of Cyprus the Community has responded to the requests made by that country.

<sup>1</sup> Council Decision 86/283/EEC, OJ L 175, 1.7.1986.

<sup>2</sup> See 33rd Review, paragraphs 263 to 265.

On the basis of these amendments and additions, the Commission was able in December 1986 to initial Protocols of adaptation on economic matters with Egypt, Israel, Lebanon, Tunisia and Turkey.

297. In addition, the negotiating directives of 25 November 1985 provided for Protocols of technical adaptation to be concluded in order to ensure that following their accession the Mediterranean Agreements would be adopted by Spain and Portugal and to lay down the necessary transitional measures. These negotiations were conducted simultaneously with those for the Protocols of economic adaptation.

298. The Protocols on financial and technical cooperation with the Maghreb and Mashreq countries and with Israel expired on 31 October 1986.

The negotiating directives of 25 November 1985, clarified by the amendments made in October 1986, set out the objectives of financial and technical cooperation with a view to the renewal of these Protocols for the period 1986-91.

The main features of these objectives are:

- (i) the development and diversification of agricultural production in the partner countries with a view to increasing their level of self-sufficiency in food and encouraging greater complementarity among the various Mediterranean regions as regards agricultural production and exports;
- (ii) strengthening trade, industrial, scientific and technological cooperation, with particular regard to promoting cooperation between the economic operators of the two regions, especially small and medium-sized businesses;
- (iii) promoting multilateral regional cooperation.

In addition, the Council started its examination, with a view to supplementing its brief to the Commission, of the Commission's proposals regarding the overall budget, the way it is split between budgetary funds and EIB loans and the breakdown according to recipient countries.

The aim is to be able to start the negotiations and complete them without delay, given that the new Protocols will enter into force on the date that the previous ones expire.

299. It should be noted that, in the course of the discussions on amendments in October 1986, the Council also approved guidelines for adapting the arrangements for the Canary Islands and certain conclusions on mainland Spain.

## Association Agreements

### *Turkey*

300. Notification was given that the necessary procedures had been completed for the entry into force of the EEC-Turkey Supplementary Protocol signed in Ankara on 30 June 1973 following the accession to the Community of Denmark, Ireland and the United

Kingdom. This Protocol entered into force on 1 March 1986. Negotiations are currently in progress on Protocols of technical adaptation following the accession to the Community of Greece on the one hand and Spain and Portugal on the other. As stated above, the Protocol of adaptation on economic matters following enlargement was initialled in December 1986.

As regards financial cooperation, the abovementioned 1973 Supplementary Protocol provides in particular for contributions of 47 million ECU from Denmark, Ireland and the United Kingdom to the second EEC-Turkey Financial Protocol. Of this amount the European Investment Bank, acting on behalf of the Member States, granted Turkey in December 1986 an initial loan of approximately 20 million ECU on special terms (duration 30 years, interest rate 2.5% p.a.). This loan is a contribution to the financing of a hydro-electric project on the Peri River in the upper Euphrates Basin.

An appropriation of 10 million ECU was transferred in July 1986 to the budget item for the special aid to Turkey approved in 1980,<sup>1</sup> under which 29 million ECU were still outstanding. One Member State brought an action for annulment at the Court of Justice with regard to this transfer of appropriations.

After a gap of nearly six years, the EEC-Turkey Association Council met at ministerial level in Brussels on 16 September 1986. The meeting was chaired by Mr V. Halefoglu, Foreign Minister of the Republic of Turkey, the Community's delegation was led by Sir Geoffrey Howe, and the Commission was represented by Mr C. Cheysson. The meeting had been prepared by an Association Committee meeting on 8 September 1986.

As regards the date of 1 December 1986 laid down for the implementation of Article 12 of the Ankara Agreement on the free movement of workers, in November 1986 the Council approved the Community proposals to be submitted to Turkey. These take account of the fact that circumstances in the Community and in Turkey have changed considerably since the Ankara Agreement was signed in 1963. The proposals were communicated to Turkey through the good offices of the Commission, which is holding discussions with Turkey on this matter.

At its meeting on 22 December 1986, the Council adopted Regulation (EEC) No 4115/86<sup>2</sup> in accordance with Decision 1/80 of the Association Council.<sup>3</sup> Under this Regulation the nine-Member Community<sup>4</sup> carried out the fourth and last stage of the dismantling of tariffs on Turkish agricultural products, so that with effect from 1 January 1987 these products (with the exception of those listed in the Annex to the Regulation) will be exempt from customs duty when they are imported to the Community.

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<sup>1</sup> See 28th Review, paragraph 288.

<sup>2</sup> OJ L 380, 31.12.1986.

<sup>3</sup> See 28th Review, paragraph 288.

<sup>4</sup> Since the Protocols of technical adaptation following the accession of Greece and of Spain and Portugal had not yet been concluded.



## Malta

301. The return to normal relations between Malta and the Community, the first stage of which was the signing of the second Financial Protocol on 4 December 1985,<sup>1</sup> will be complete with the conclusion of the Protocol currently being negotiated as part of the Mediterranean policy of the enlarged Community. In addition to the changes to be made to the Agreement as a result of the enlargement of the Community, this Protocol will provide for the extension until 31 December 1990 of the provisions governing the first stage of the Association Agreement as requested by the Maltese Government, which does not wish to proceed to the second stage. This will put an end to the present situation in which both Malta and the Community apply the trade arrangements provided for by the Agreement, but on a unilateral basis.

The fourth meeting of the Association Council was held at ministerial level in Brussels on 13 May 1986 under the chairmanship of Mr van Eekelen, State Secretary at the Netherlands Ministry of Foreign Affairs and President-in-Office of the Council. The Maltese delegation was led by the Prime Minister, Dr Mifsud Bonnici, and included the Minister for Foreign Affairs, Mr Sceberras Trigona. The Commission was represented by Mr C. Cheysson. The meeting had been prepared by a meeting of the EEC-Malta Association Committee in Valetta on 2 May 1986.

The Association Council, which reaffirmed the desire of both parties to re-establish harmonious contractual relations, took stock of relations in the fields of trade and financial cooperation. The current negotiations on the transition to the second stage of the Association Agreement were also raised by the Maltese delegation.

Following a Maltese request made in Spring 1986 and on the basis of a proposal from the Commission, the Council agreed to the extension for a further two years (1 August 1986 to 31 July 1988) of the derogation from the rules of origin granted for intermediate-frequency transformers made in Malta. This exemption was the subject of Decision 2/86 of the Association Council of 16 December 1986.

The second Financial Protocol entered into force on 1 October 1986<sup>2</sup> after the adoption procedures had been completed by both parties. A joint programming team from the Commission and the EIB had visited Malta at the beginning of the year to identify projects which could be financed from the funds outstanding under the first Financial Protocol or those available under the second Financial Protocol.

Thereupon the EIB was able to use the balance of 13 million ECU from the 16 million ECU of ordinary EIB loans provided for under the first Financial Protocol, which it had previously proved difficult for Malta to take up,<sup>3</sup> for a loan to 'Telemalta Corporation', a Maltese State body responsible for public telecommunications services. This loan (duration 15 years, rate of interest 7.55% p.a.) is to be used to modernize and extend Malta's national and international telecommunications network.

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<sup>1</sup> See 33rd Review, paragraph 268.

<sup>2</sup> OJ L 216, 5.8.1986, p. 1.

<sup>3</sup> See 29th Review, Paragraph 330.3.

## Cyprus

302. The current negotiations with Cyprus are concerned both with the transition to the second stage of the Association Agreement, which provides for the gradual implementation of a customs union between Cyprus and the Community,<sup>1</sup> and with the consequences of the enlargement of the Community.

The 11th meeting of the EEC-Cyprus Association Council was held at ministerial level on 16 December 1986 with Sir Geoffrey Howe, United Kingdom Secretary of State for Foreign and Commonwealth Affairs and President-in-Office of the Council of the European Communities, in the chair. The Cypriot delegation was led by Mr G. Iacovou, Minister for Foreign Affairs, and the Commission was represented by Mr C. Cheysson.

The Association Council took stock of relations in the fields of trade and of financial and technical cooperation. In addition, the Cypriot delegation raised the question of the current negotiations for the transition to the second stage of the Agreement.

As far as financial cooperation is concerned, the major part of the funds available under the second Financial Protocol has now been committed. Following the signing in 1985 of an initial project ('Southern conveyor') in the water supply sector,<sup>2</sup> a second project was approved in 1986 for improvements to the sewerage system in Nicosia (2.4 million ECU in grants and 1.2 million ECU in loans on special terms). The Community had already contributed to the financing of this project under the first Financial Protocol.

## Cooperation Agreements

### *Relations with the Maghreb and Mashreq countries*

#### Egypt

303. The fourth meeting of the EEC-Egypt Cooperation Council was held at ministerial level in Luxembourg on 17 February 1986 with Mr Van den Broek, the Minister for Foreign Affairs of the Kingdom of the Netherlands and President-in-Office of the Council, in the chair. The Egyptian delegation was led by Dr Esmat Abdel Meguid, Deputy Prime Minister and Minister for Foreign Affairs of the Arab Republic of Egypt. The Commission was represented by Mr C. Cheysson. This meeting had been prepared by a meeting of the EEC-Egypt Cooperation Committee on 28 January 1986 in Brussels.

The Council took stock of relations under the Cooperation Agreement and stressed the importance with the two sides attached to the implementation of economic, technical and financial cooperation. It noted Egypt's trade deficit with the Community, but pointed to a positive trend in the cover rate for Egypt's trade with the Community. The Egyptian delegation brought up the negotiations on a Protocol of adaptation to the Agreement following the enlargement of the Community, which was initialled by the Community and Egypt

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<sup>1</sup> See 33rd Review, paragraphs 270 and 271.

<sup>2</sup> See 33rd Review, paragraph 271.

in December 1986. The delegation also raised the following points: Community food aid, the conclusion of long-term agreements on the supply of agricultural products to Egypt on special terms, the position of Egyptian nationals living or working in the Community.

#### Tunisia — Lebanon

304. Protocols of adaptation on economic matters following the enlargement of the Community were initialled with these countries in December 1986.

#### Implementation of financial and technical cooperation

305. The following projects were approved as part of the process of implementing financial and technical cooperation between the Community and the Maghreb and Mashreq countries:

##### (a) Algeria

- (i) Training of managerial staff in the Ministry of Public Works
  - EEC contribution: 630 000 ECU (special loan)  
2 120 000 ECU (grant)
- (ii) Training of managerial staff in heavy industry
  - EEC contribution: 3.9 million ECU (grant)

##### (b) Tunisia

- (i) Office des Terres Dominales project (ODT II)
  - EEC contribution: 20 million ECU (loan with interest-rate subsidy)
- (ii) BNDA-PG Agriculture III  
Third global loan to the Banque nationale de développement agricole (BNDA)
  - EEC contribution: 14 million ECU (loan with interest-rate subsidy)  
6 million ECU (special loan)
- (iii) Strengthening of the research capacity of the Directorate of Water Resources, Ministry of Agriculture
  - EEC contribution: 1 million ECU (grant)
- (iv) Inventory of soil resources and desertification risk in southern Tunisia
  - EEC contribution: 400 000 ECU (grant)
- (v) Technical assistance project for the unités coopératives de production agricole (UCP)
  - EEC contribution: 1.8 million ECU
- (vi) Project for improving the administration of public irrigated areas in Tunisia
  - EEC contribution: 2.5 million ECU
- (vii) Agricultural loan operation for integrated individual projects carried out by farmers with small and medium-sized holdings in the less-favoured areas of Tunisia
  - EEC contribution: 17 million ECU, divided up as follows:
    - 4.5 million ECU (special loan)
    - 12.5 million ECU (grant)

- (viii) Agricultural complexes project
  - EEC contribution: 21 million ECU, divided up as follows:
    - 14 million ECU (loan with interest-rate subsidy)
    - 7 million ECU (special loan)
- (c) Egypt
  - (i) Project to improve the growing of feedingstuffs
    - EEC contribution: 1.3 million ECU
  - (ii) Training institute for Egyptian labour representatives ('Workers University')
    - EEC contribution: 1.97 million ECU (grant)
- (d) Jordan
  - (i) Faculty of Engineering and Technology (FET, University of Jordan, Phase II)
    - EEC contribution: 2 million ECU (grant)
  - (ii) Amman industrial estate (II)
    - EEC contribution: 6.5 million ECU (loan with interest-rate subsidy)
  - (iii) Animal production project
    - EEC contribution: 3.1 million ECU (loan with interest-rate subsidy)
  - (iv) Zarqa I waste water project
    - EEC contribution: 2.55 million ECU (loan with interest-rate subsidy)
  - (v) Project for selecting sheep of the Awassi race
    - EEC contribution: 2.1 million ECU (grant)
  - (vi) Aid to the Royal Scientific Society (Phase II)
    - EEC contribution: 2 million ECU (grant)
- (e) Syria
  - (i) Higher Institute of Applied Science and Technology
    - EEC contribution: 8.25 million ECU (grant)
  - (ii) Water supply project in the Deir ez Zor region
    - EEC contribution: 3.8 million ECU, divided up as follows:
      - 2 million ECU (special loan)
      - 1.8 million ECU (grant)

#### *Relations with Israel*

306. The EEC-Israel Cooperation Committee met in Brussels on 8 December 1986 to prepare the fifth meeting of the EEC-Israel Cooperation Council, to be held at ministerial level in January 1987. The protocol of adaptation following the enlargement of the Community was initialled with Israel in December 1986.

#### *Relations with Yugoslavia*

307. The EEC-Yugoslavia Cooperation Council held its fourth meeting, at ambassadorial level, in Brussels on 15 May 1986 with Mr Josef Korosec, Ambassador and Head of

the Mission of the Socialist Federal Republic of Yugoslavia to the European Communities, in the chair. The Community delegation was led by Mr M. H. J. C. Rutten, Ambassador, Permanent Representative of the Kingdom of the Netherlands to the European Communities and Chairman of the Permanent Representatives Committee. This extraordinary meeting of the Cooperation Council was held at the request of the Yugoslavian Government to discuss the Community measures suspending imports of certain farm products from certain non-member countries, including Yugoslavia. These measures, which applied until 31 May, were then replaced by suspension measures on agricultural products originating in all non-member countries.

The EEC-Yugoslavia Cooperation Council held its fifth meeting, at ministerial level, in Brussels on 22 July 1986 with Mr Raif Disdarević, Federal Secretary for Foreign Affairs of the Socialist Federal Republic of Yugoslavia, in the chair. The Community delegation was led by Sir Geoffrey Howe, Secretary of State for Foreign and Commonwealth Affairs of the United Kingdom and President-in-Office of the Council of the European Communities. The Commission was represented by Mr C. Cheysson. This session had been prepared by a meeting of the EEC-Yugoslavia Cooperation Committee in Brussels on 9 July 1986.

The Cooperation Council reviewed relations between the Community and Yugoslavia under the Cooperation Agreement. The two sides emphasized the importance of the negotiations being conducted in connection with the Mediterranean policy of the enlarged Community, not only for the adaptation of the Cooperation Agreement following enlargement but also for the renewal of the trade arrangements. The Cooperation Council also welcomed the positive results of financial cooperation, noting that all the funds available under the first Financial Protocol had been committed, and expressed the wish that the negotiations for the second Financial Protocol would be concluded as soon as possible.

Lastly, the Cooperation Council emphasized the high level of cooperation achieved in particular in the fields of science and technology, agronomic research and statistics, and adopted Decision No 1/86 on guidelines for increasing cooperation in 1986/87.

### **Administration of Mediterranean Agreements**

308. As part of its work of administering the Association and Cooperation Agreements with the Mediterranean countries, the Council adopted in 1986 a series of Regulations on tariff quotas, ceilings and special arrangements for imports of certain products originating in these countries. Moreover, as in previous years, a number of agreements were concluded 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.

### **Regulation on the application of the Financial Protocols with the Maghreb countries (Morocco, Algeria, Tunisia), the Mashreq countries (Egypt, Jordan, Lebanon, Syria), Malta and Cyprus**

309. The President of the European Parliament having notified the President-in-Office of the Council that Parliament would refrain from implementing the conciliation procedure

on the draft Regulation in question, this Regulation was adopted by the Council at its meeting on 22 December 1986.<sup>1</sup>

The Regulation will enter into force on 1 January 1987, replacing the *ad hoc* procedure applied hitherto for approving financing measures. These decisions will now be taken by the Commission with the assistance of a committee of representatives from the Member States which will operate using the normal procedure for this type of committee.

## **Measures to assist the Palestinian population of the West Bank of the Jordan and of the Gaza Strip**

310. At its meeting on 27 October 1986 the Council approved measures to help the Palestinian population of the West Bank of the Jordan and of the Gaza Strip involving both financial assistance and trade arrangements. The Council stressed the political importance of this Decision, which showed the Community's desire to step up and provide continuity for its measures to assist the Palestinian population in the occupied territories and to provide them with substantial aid.

Financial and technical assistance to the Palestinian population of the occupied territories will now be placed under a single new budget heading, thus enabling Community action to be coordinated more effectively. This budget heading has been given an appropriation in the 1987 budget of approximately 4 million ECU, comprising some 3 million ECU in commitment appropriations and about 1 million ECU in payment appropriations.

The Council also adopted principles, objectives and priority areas for the Community's financial assistance. This aid will aim to improve the economic and social situation of the Palestinian population of the occupied territories, in particular by strengthening indigenous production capacity. Special emphasis will be placed on employment-generating projects or measures in the agricultural and industrial sectors, on education and training projects, especially in the vocational and technical fields, and on the upgrading of local Palestinian institutions such as Arab-run municipalities, universities, colleges and professional organizations.

The trade measures are designed to place products originating in the occupied territories under a system similar to that accorded to the neighbouring countries which are linked to the Community by preferential Cooperation Agreements.

These arrangements provide for duty-free access to the Community market for all industrial products and also for tariff concessions, with schedules where necessary, for a number of agricultural products. A system of rules of origin appropriate to the specific situation of the occupied territories will be set up by the end of the year.

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<sup>1</sup> OJ L 370, 22.12.1986.

## Relations with San Marino

311. At its meeting on 27 January 1986 the Council adopted Directives authorizing the Commission to open negotiations with the Republic of San Marino in response to the approaches made by San Marino. The aim of these negotiations was to conclude an agreement in simplified form which would provide practical solutions to some of the problems encountered by San Marino because of its special position *vis-à-vis* the Community since, although San Marino is not a member of the Community, it is totally surrounded by one of its Member States and is included in the customs territory of the Community.

## Euro-Arab dialogue

312. Work on the Euro-Arab dialogue continued but the pace slowed pending the convening of the sixth meeting of the General Committee. With a view to this meeting, contacts continued between the two sides at presidency level and with the League of Arab States on the possibility of holding a tripartite Euro-Arab meeting at ministerial level with the aim of relaunching the Euro-Arab dialogue.

## Gulf States

313. At its meeting on 21 July 1986 the Council discussed the Community's relations with the Gulf States. It noted the great importance which all Member States attached to close political, economic and trade links with the Gulf States and their wish to see these links strengthened by an agreement between the Community and the Gulf Cooperation Council. The Commission was asked to submit proposals for such an agreement.

## Pre-accession aid to Portugal

314. The following funding schemes were presented by the Commission and approved by the Council as part of the pre-accession aid to Portugal:

Programme to improve production and marketing in horticulture and citrus farming in the Algarve (Stage 2)

- EEC contribution: 3 538 462 ECU

Algarve sanitation project (No 2)

- EEC contribution: 2 930 000 ECU

Programme to improve the wine sector in Alentejo

- EEC contribution: 328 206 ECU

Project to install an agri-foodstuffs technology pavillion at the College of Biotechnology

- EEC contribution: 457 728 ECU

Programme of agricultural research

- EEC contribution: 1 740 011 ECU

Investment project of the União das Cooperativas de Lacticínios Terceirenses — Unicol (Azores)

- EEC contribution: 999 090 ECU

Project to develop agricultural statistics in Portugal (Peagri)

- EEC contribution: 3 412 384 ECU

Project to construct an experimental micro-vinification laboratory (Madeira)

- EEC contribution: 180 996 ECU

Project to set up a milk collection network and a centre for concentrating, processing and distributing milk (Lactimontes)

- EEC contribution: 477 237 ECU

Project to modernize and rationalize milk collection in the region between the Douro and Mondego rivers (Lacticoop)

- EEC contribution: 933 915 ECU

Project to create a regional information centre on agricultural markets in the Azores autonomous region ('Crima-Açores')

- EEC contribution: 127 308 ECU

Construction of the Madeira agricultural chemistry laboratory

- EEC contribution: 406 924 ECU

Programme to restructure and redevelop the vineyards of the Madeira autonomous region

- EEC contribution: 491 870 ECU

Programme to restructure the wine sector of the Vinhos Verdes region (Phase 1)

- EEC contribution: 857 884 ECU

Scheme of technological improvements to the wine cooperative in Santa Marta de Penaguião

- EEC contribution: 502 750 ECU

Programme to improve the quality and health of livestock

- EEC contribution: 3 788 884 ECU

Support programme for the development of agricultural associations

- EEC contribution: 300 149 ECU

Scheme to standardize fruit and vegetables

- EEC contribution: 225 112 ECU

Programme of agricultural development on the island of Porto Santo (Madeira)

- EEC contribution: 1 091 667 ECU

Scheme to provide equipment for the Cooperativa Agrícola do Centro Ribatejano (Cacer)

- EEC contribution: 298 499 ECU

Scheme of technological improvements to the Murça wine cooperative

- EEC contribution: 176 338 ECU

Scheme of technological improvements to the Valpaços wine cooperative

- EEC contribution: 450 224 ECU

Programme for the selective breeding of heifers in the Entre Douro e Minho region (Stage 1)

- EEC contribution: 477 985 ECU

Construction of the Zêzere regional abattoir

- EEC contribution: 741 338 ECU



Construction of the Ribatejo Norte regional abattoir (Tomar)

- EEC contribution: 2 199 657 ECU

Construction of the Beira Serra regional abattoir

- EEC contribution: 1 349 667 ECU

Supplementary funding for the SIMA project

- EEC contribution: 217 652 ECU

Construction of the Vila da Feira abattoir (Mapinoite)

- EEC contribution: 4 682 670 ECU

Construction of cleaning, drying and storage facilities for rice (Copsado)

- EEC contribution: 1 058 542 ECU

Programme to improve the marketing system for livestock in the northern region of Portugal

- EEC contribution: 809 307 ECU

Setting up of a wine bottling, storing and marketing centre (Udaca)

- EEC contribution: 1 803 097 ECU

Scheme to set up a wine bottling and marketing centre (Unamontes)

- EEC contribution: 225 638 ECU

Setting up of the 'União de Adegas' wine bottling and marketing centre

- EEC contribution: 453 826 ECU

Scheme of technological improvements to the Covilhã wine cooperative

- EEC contribution: 217 608 ECU

Subsidized housing in Cascais, Évora and Olhão

- EEC contribution: 220 000 ECU

## G — Latin America — Asia

### Aid to developing countries in Asia and Latin America

315. Acting on a proposal from the Commission and after consulting Parliament, the Council at its meeting on 10 and 11 March 1986 adopted general guidelines for financial and technical aid to the non-associated developing countries in 1986. This group comprises only the Asian and Latin American countries now that Angola and Mozambique have acceded to the Lomé III Convention.

These guidelines provide for a breakdown of 75% to Asia and 25% to Latin America. There is also to be a reserve of 5% of the appropriations available before the geographical allocation, for use in particular to give effect to the Community's commitment to Central America contained in the Cooperation Agreement signed on 12 November 1985 between the Community and the countries concerned.

The Council's subordinate bodies approved the report on the implementation of the financial and technical aid granted in 1985. They also started work on examining the draft Decision on general guidelines for 1987.

## Latin America

316. The Council began its examination of the Commission's communication on 'the Community and Latin America' as soon as it was received at the end of 1986. This communication is the document which the European Council in The Hague in June 1986 had asked the Commission to submit on ways of developing and strengthening relations with the Latin American countries in accordance with the objectives set out in the Declaration of Intent annexed to the Accession Treaty for Spain and Portugal.

As regards relations with the countries of Central America, at the end of the year the Council's subordinate bodies started preparatory work for the third EEC/Central America ministerial conference planned for the beginning of 1987 in Guatemala.

## Asia

### Asean

317. The sixth ministerial meeting between the Community and the Asean countries, held in Jakarta on 20 and 21 October 1986, concluded that good progress was being made in the development of EEC-Asean cooperation and its extension to new areas (as decided at the ministerial meeting on economic questions held in Bangkok in October 1985). The Ministers particularly welcomed the report of the High-Level Working Party on Investment and lost no time in adopting certain of its recommendations, notably the setting up of joint investment committees in each of the Asean capitals. The meeting also agreed to give serious consideration to the other recommendations.

### Indian sub-continent

318. The EEC-Pakistan Joint Committee met in Pakistan on 17 and 18 November 1986 to review the operation of the new Cooperation Agreement, which entered into force on 1 May 1986, and the prospects for cooperation provided by this Agreement in such widely differing fields as trade, industry, agriculture, fisheries, energy, the environment and health.

The Agreements with the other countries of the Indian sub-continent (India, Bangladesh and Sri Lanka) operated satisfactorily in 1986. The meetings of the EEC-Sri Lanka Joint Commission (28 and 29 May 1986 in Brussels) and the EEC-Bangladesh Joint Commission (4 and 5 June 1986 in Dhaka) in particular testified to the desire of the Community and these countries to increase cooperation on all matters of common interest.

# Chapter V: Common fisheries policy

319. In 1986 the Council was able to turn to account the experience acquired since the start of the common fisheries policy in 1983 to revise or supplement a number of policy mechanisms, in particular the rules for the conservation of resources and monitoring and the structural measures.

In addition, the Council continued to adopt the specific measures provided for in the Act of Accession of Spain and Portugal in order gradually to integrate the fishing industries of these two new Member States into the common fisheries policy. Lastly, as is usual before the end of the year, the Council adopted the management measures needed to ensure that fisheries activities continue from one fishing year to the next in accordance with the underlying principles of the common fisheries policy.

## A — Community system for the management and conservation of resources

### Technical conservation measures

320. The Council adopted a series of measures concerning *inter alia* minimum mesh sizes, the minimum size of landed fish, maximum levels for by-catches of certain species, and restrictions on the use of equipment in certain zones. These measures must be complied with in all fishing activities in the North Sea and in the areas of the Atlantic subject to the sovereignty or jurisdiction of the Member States,<sup>1</sup> in the Baltic<sup>2</sup> and in Antarctic waters.<sup>3</sup>

As regards the North Sea and the Atlantic, the new Regulation replaces Regulation (EEC) No 171/83, which had formed part of the political arrangement of 25 January 1983 on the common policy in the fisheries sector.<sup>4</sup> A thorough revision of this Regulation was due for a number of reasons. Certain provisions required clarifying and simplifying in the light of the experience gained since 1983, others needed to be made easier to monitor, and in certain cases there was a need to tighten up the conditions under which fishing could be carried out, in order to protect resources and further encourage their reconstitution.

<sup>1</sup> Regulation (EEC) No 3094/86 of 7.10.1986, OJL 288, 11.10.1986.

<sup>2</sup> Regulation (EEC) No 1866/86 of 12.6.1986, OJL 162, 18.6.1986.

<sup>3</sup> Regulation (EEC) No 2296/86 of 21.7.1986, OJL 201, 24.7.1986.

<sup>4</sup> See 30th Review, paragraph 414 and 31st Review, paragraph 499.

The main innovations compared with the 1983 measures consist in:

- (i) the obligation to observe a minimum percentage in the catch of species which may be fished for using a smaller mesh than that laid down as the general rule for the area in question;
- (ii) the gradual introduction of a minimum mesh of 90 mm to be applied from 1 January 1989 for fishing in the North Sea;
- (iii) an increase in the minimum size for certain white fish;
- (iv) a restriction on the use of beam trawls in the 12-mile zones.

321. As regards the Baltic, the Community has been a member of the Baltic Convention<sup>1</sup> since 1984 and is required to follow the recommendations adopted by the Convention's Fishery Commission on the conservation of resources. Accordingly, on 12 June 1986 the Council adopted Regulation (EEC) No 1866/86,<sup>2</sup> which imposes on Community fishermen the same rules as those governing the fishermen of other countries with a Baltic coastline. As is the case in the North Sea, these rules cover the minimum mesh size, the minimum size of landed fish, the prohibition of fishing in certain areas and/or during certain periods, etc.

With regard to the technical measures for the conservation of Antarctic resources, the Council, following the recommendation made by the Commission on the Conservation of Antarctic Marine Living Resources,<sup>3</sup> prohibited direct fishing for certain species in waters off South Georgia.<sup>4</sup>

## Control measures

322. Increasingly concerned at the state of stocks, particularly in the North Sea,<sup>5</sup> the Council decided, on a proposal from the Commission and after receiving the opinion of the European Parliament, to strengthen further the enforcement of total allowable catches and quotas. For this purpose, Regulation (EEC) No 4027/86<sup>6</sup> amending the 1982 'control measures' Regulation<sup>7</sup> entitled the Commission to prohibit fishing for any species as soon as the TAC fixed for that species is exhausted, even when one or more Member States have not yet exhausted their quotas.

However, in order to ensure that the campaign against overfishing does not unduly penalize fishermen by depriving them of the chance to take up their allotted quotas, the Council established a compensation mechanism under which the fishermen responsible for overfishing may be required to contribute to making good the loss suffered by others.

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<sup>1</sup> Decision 83/414/EEC, OJ L 237, 26.8.1983.

<sup>2</sup> OJ L 162, 18.6.1986.

<sup>3</sup> Decision 81/691/EEC, OJ L 252, 5.9.1981.

<sup>4</sup> Regulation (EEC) No 2296/86 of 21.7.1986, OJ L 201, 24.7.1986.

<sup>5</sup> See paragraphs 324 and 325 of this Review.

<sup>6</sup> OJ L 376, 31.12.1986.

<sup>7</sup> Regulation (EEC) No 2057/82, OJ L 220, 29.7.1982.

With the same aim of making enforcement more effective, the Council invited the Member States to instruct their monitoring authorities to improve cooperation with the Commission's departments in order to ensure that the Community inspectors were not prevented from performing their supervisory function.

## Characteristics of fishing vessels

323. In order to ensure uniform implementation of the conservation and monitoring measures throughout the Community and thus avoid any discrimination between the fishermen of different Member States, the Council, acting on a proposal from the Commission, adopted Regulation (EEC) No 2930/86,<sup>1</sup> which introduced common definitions of the main characteristics of a fishing vessel (such as length, beam, tonnage, engine power etc.). In order not to overburden national administrative departments, most of these definitions, the compulsory use of which is essential to the proper implementation of the common fisheries policy, correspond to those already laid down in various international conventions to which a number of Member States are Contracting Parties.<sup>2</sup>

## Total allowable catches and catch quotas

324. As in the previous year, the Council succeeded in keeping to a strict minimum the amendments to the TACs and quotas that it had fixed in December 1985 for the fishing year 1 January to 31 December 1986,<sup>3</sup> and only the conditions for herring fishing in the Skagerrak and Kattegat and in the Clyde needed to be revised during the year.<sup>4</sup>

The TACs and quotas for 1987 were fixed by the Council on 22 December 1986 when, on a proposal the Commission, Regulation (EEC) No 4034/86 was adopted.<sup>5</sup>

With the continuing depletion of stocks, in particular in the North Sea, it was essential that more scrupulous attention was paid than in the past to the scientific recommendations on the level of TACs to be applied. For the majority of North Sea stocks, and in particular for cod, the Council therefore had to reduce the TACs for 1987 compared with those for 1986.

The only stock for which the trend shows a clear improvement is that of North Sea herring, for which it was possible to set the TAC for 1987 at 560 000 t, a level which will undoubtedly have its effect on market prices.<sup>6</sup>

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<sup>1</sup> OJ L 274, 25.9.1986.

<sup>2</sup> Torremolinos International Convention for the Safety of Fishing Vessels (1977), OJ L 259, 2.10.1980; International Convention on Tonnage Measurement of Ships (1969); International Organization for Standardization.

<sup>3</sup> Regulations (EEC) Nos 3721/85 and 3777/85, OJ L 361 and L 363, 31.12.1985

<sup>4</sup> Regulation (EEC) No 2374/86, OJ L 206, 30.7.1986 and Regulation (EEC) No 3221/86, OJ L 300, 24.10.1986.

<sup>5</sup> OJ L 376, 31.12.1986.

<sup>6</sup> See paragraph 322 of this Review.

As usual, for the North Sea and Baltic stocks managed jointly with Norway and Sweden respectively, the necessary decisions were taken after consultation and in agreement with the relevant authorities of these two countries.

325. The following table illustrates the state of the main North Sea stocks:

Trends in North Sea fisheries			
Species	Year	TAC	Variation 1987/86 (%)
Cod	1982	255 000 t	— 26.4
	1986	170 000 t	
	1987	125 000 t	
Haddock	1982	180 000 t	— 39.1
	1986	230 000 t	
	1987	140 000 t	
Saithe	1982	128 000 t	— 27.9
	1986	240 000 t	
	1987	173 000 t	
Whiting	1982	170 000 t	no change
	1986	135 000 t	
	1987	135 000 t	
Plaice	1982	140 000 t	— 16.6
	1986	180 000 t	
	1987	150 000 t	
Sole	1982	21 000 t	— 30.0
	1986	20 000 t	
	1987	14 000 t	
Herring	1982	0 <sup>1</sup>	+12.0
	1986	500 000 t <sup>1</sup>	
	1987	560 000 t <sup>1</sup>	

<sup>1</sup> Zones IV A and IV B.

Finally, in accordance with Articles 164 and 351 of the Act of Accession, the Council fixed the number of boats flying the flag of a Member State of the 10-Member Community permitted to fish in Spanish and Portuguese waters in 1987.<sup>1</sup>

The number of vessels flying the Spanish flag permitted to fish the waters of the 10-Member Community had been laid down in Article 158 of the Act of Accession, whilst the number of vessels flying the Portuguese flag allowed access to certain fishing areas of the old Community was set out in Regulation No 4033/86.<sup>2</sup>

<sup>1</sup> Regulations (EEC) Nos 4031/86 and 4032/86, OJ L 376, 31.12.1986.

<sup>2</sup> OJ L 376, 31.12.1986.

## Spitzbergen

326. As contracting parties to the Spitzbergen Treaty concluded in Paris in 1920,<sup>1</sup> a large number of Member States are involved in fishing activities in the region of Spitzbergen and Bear Island. In order to contribute to the conservation of the cod stock, the Council decided for 1987 to limit cod catches in this area to 21 000 tonnes.<sup>2</sup> Furthermore, it prohibited fishing for cod off Spitzbergen and Bear Island pending the decision that it was to take before 30 April 1987 allocating the TAC in question amongst Member States.

## B — Common organization of the markets in fishery products

327. Further to the provisions of the Act of Accession of Spain and Portugal,<sup>3</sup> on 25 February 1986<sup>4</sup> the Council:

- (i) firstly, and for the first time in the 12-Member Community, fixed guide prices for the new species introduced into the common organization of markets, which are now eligible either for the 'withdrawal price/financial compensation' system (Spanish mackerel, megrim, monkfish and Ray's bream), or for the new 'selling price/storage premium' system (edible crab and Norway lobster);
- (ii) secondly, implemented the first stage of the procedure for the alignment of guide prices for Atlantic sardines and anchovies, by adjusting the guide prices fixed for these two species in December 1985 for the 10 previous Member States (a decrease for Atlantic sardines and an increase for anchovies) and at the same time fixing for the first time the guide prices applicable to these species in Spain and in Portugal.<sup>5</sup>

The guide prices thus fixed were applicable from 1 March to 31 December 1986.

328. The prices applicable in the fisheries sector during the 1987 fishing year were fixed by the Council, acting on a proposal from the Commission, on 18 December 1986.

The prices for the fresh or chilled products listed in Annex I (A), (D) and (E) to Regulation (EEC) No 3796/81<sup>6</sup> were, except for those for herring and anchovies, either maintained at their 1986 level or adjusted very slightly.<sup>7</sup>

On the other hand, the prices for fresh or chilled herring were reduced by 7% compared with those for the previous fishing year, owing in particular to the difficult market situation observed for this product in most regions of the Community, whilst the price for anchovies was changed by more than the average, mainly because of the second alignment of

<sup>1</sup> See *Sammlung der Verträge der Bundesrepublik Deutschland*, Vol. 29 (1969).

<sup>2</sup> Regulation (EEC) No 4034/86, OJ L 376, 31.12.1986.

<sup>3</sup> Articles 26 (in conjunction with Annex I, Part XV, Item 4), 169 and 356.

<sup>4</sup> Regulation (EEC) No 503/86, OJ L 54, 1.3.1986.

<sup>5</sup> See also 33rd Review, paragraph 296.

<sup>6</sup> OJ L 379, 31.12.1981.

<sup>7</sup> Regulation (EEC) No 3930/86, OJ L 365, 24.12.1986.

guide prices for this species carried out in implementation of Article 169 of the Act of Accession.

329. The following table shows the price changes decided for each species.

330. As regards deep-frozen products (Annex II to Regulation (EEC) No 3796/81), the Council maintained guide prices at their 1986 level, except the price for octopus, which was increased by 2%.<sup>1</sup> Lastly, the producer price of tuna intended for the canning industry was reduced from 1 479 ECU/tonne to 1 331 ECU/tonne, a reduction of 10% compared with 1986.<sup>2</sup>

Species (fresh or chilled)	Guide price (ECU/tonne)		Increase (%)
	1986	1987	
1. Herring	326	303	-7
2. Sardines:			
(a) Atlantic:			
(i) Member States other than Spain and Portugal	527	514 <sup>1</sup>	-2.5
(ii) Spain and Portugal	333	344 <sup>1</sup>	+3.3
(b) Mediterranean	459	464	+1
3. Dogfish ( <i>Squalus acanthias</i> )	861	861	0
4. Dogfish ( <i>Scyliorhinus</i> spp.)	814	798	-2
5. Redfish	854	871	+2
6. Cod	1 183	1 218	+3
7. Saithe	643	649	+1
8. Haddock	868	868	0
9. Whiting	791	791	0
10. Ling	902	911	+1
11. Mackerel and Spanish mackerel	283	283	0
12. Anchovies			
(i) Member States other than Spain	641	705 <sup>2</sup>	+10
(ii) Spain	1 153	1 089 <sup>2</sup>	-5.5
13. Plaice			
(i) 1 January to 30 April 1987	766	766	0
(ii) 1 May to 31 December 1987	1 045	1 045	0
14. Hake	2 528	2 900 <sup>3</sup>	+14.7
15. Megrim	1 850	1 850	0
16. Ray's bream	1 500	1 500	0
17. Monkfish			
(i) with head	2 100	2 100	0
(ii) without head	5 040	5 040	0
18. Shrimp ( <i>Crangon crangon</i> )	1 530	1 545	+1
19. Edible crab	1 500	1 500	0
20. Norway lobster			
(i) whole	4 400	4 400	0
(ii) tail	10 600	10 600	0

<sup>1</sup> Including the alignment of prices provided for in Articles 169 and 356 of the Act of Accession.

<sup>2</sup> The only price alignment provided for in Article 169 of the Act of Accession.

<sup>3</sup> The effect of substituting Size 1 for Size 2 as the pilot product from 1987.

<sup>1</sup> Regulation (EEC) No 3931/86, OJ L 365, 24.12.1986.

<sup>2</sup> Regulation (EEC) No 3932/86, OJ L 365, 24.12.1986.



## C — Structural measures

331. The Council adopted a new policy to improve and adapt the structures of the fisheries and aquaculture sectors over a 10-year period beginning on 1 January 1987.<sup>1</sup> This new structural policy replaces a series of measures laid down in 1983 which covered the period up to the end of 1986.<sup>2</sup>

332. The measures provided for in the Regulation involve Community financial aid, granted by the Commission on the basis of multiannual guidance programmes to be drawn up by the Member States. The overall budget requirement for the period 1987-91 is estimated at 800 million ECU.

This overall requirement breaks down between the structural measures which were already provided for under the 1983 measures and a series of new measures as follows:

<b>Current measures</b>	<i>million ECU</i>
(i) renewal of the fleet (vessels of less than 33 m between perpendiculars)	295
(ii) modernization of the fleet	80
(iii) aquaculture	125
(iv) structural works in coastal waters	20
(v) exploratory fishing	55
(vi) joint ventures	20
(vii) temporary laying-up of fishing vessels	32
(viii) permanent laying-up of fishing vessels	<u>100</u>
<b>Subtotal</b>	<b>727</b>
<b>New measures</b>	<i>million ECU</i>
(i) renewal of the fleet (vessels of more than 33 m between perpendiculars)	40
(ii) port facilities	11
(iii) search for new markets	5
(iv) specific measures	15
(v) technical operation	<u>2</u>
<b>Subtotal</b>	<b>73</b>
<b>Total</b>	<b>800</b>

<sup>1</sup> Regulation (EEC) No 4028/86 of 18.12.1986, OJ L 376, 31.12.1986.

<sup>2</sup> Regulation (EEC) No 2908/83, OJ L 290, 22.10.1983, amended by Regulation (EEC) No 3733/85, OJ L 361, 31.12.1985; Regulation (EEC) No 2909/83, OJ L 290, 22.10.1983, amended by Regulation (EEC) No 3727/85, OJ L 361, 31.12.1985; Directive 83/515/EEC, OJ L 290, 22.10.1983, amended by Directive 85/590/EEC, OJ L 372, 31.12.1985.

The financial estimate will be re-examined by the Council, on a proposal from the Commission, at the end of the first five-year period.

333. Compared with the measures adopted in 1983, the essential changes are as follows:

- (i) inclusion of fishing vessels of more than 33 m between perpendiculars in the system of aid for modernization and renewal, the main justification for removing this limit being the part played by the external aspect of the common fisheries policy for the supply of the market after enlargement of the Community to 12;<sup>1</sup>
- (ii) introduction of Community aid for the provision of facilities at fishing ports within the framework of the specific programmes referred to in Regulation (EEC) No 355/77;<sup>2</sup>
- (iii) aid for seeking new markets in order to promote the consumption of fish products derived from surplus or underfished species;
- (iv) the possibility of deciding to implement specific measures to eliminate structural handicaps, encourage the realization of regional projects or remedy specific difficulties.

334. As for the measures for restructuring the fishing fleet and developing aquaculture, and the financing of facilities in fishing ports, the Regulation provides for differential rates of Community aid and Member States' contributions, in order to provide increased aid to certain sensitive regions, in view of their social and economic situation, particularly in the fisheries sector.

A major element in the structural policy is the adjustment of fishing capacities to the resources available, in order to eliminate overcapacity and to arrive at an economically viable fleet. In order to achieve this objective, the Member States may grant premiums for temporary laying-up in order to relieve the cyclical difficulties of certain fishing vessels, and final cessation premiums in the event of permanent structural problems.

These premiums are granted in accordance with set rates varying with the tonnage of the vessel. The Community bears 50% of the qualifying expenditure incurred by the Member States.

The fishing fleet provisions also apply to the Canary Islands, Ceuta and Melilla as regards fishing vessels as defined in Regulation (EEC) No 570/86.<sup>3</sup>

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<sup>1</sup> The threshold for benefiting from Community aid was fixed at 12 m for vessels suitable for trawling and 9 m for other vessels.

<sup>2</sup> OJ L 51, 23.2.1977.

<sup>3</sup> OJ L 56, 1.3.1986.

## D — Relations between the Community and certain non-member countries with regard to fisheries

### Norway, Sweden and the Faeroe Islands

335. As occurs every autumn, the Commission, assisted by representatives of the Member States, held consultations with the competent authorities of these three non-member countries on reciprocal fishing arrangements for 1987. The results of these consultations were approved by the Council at its meeting of 17 and 18 December 1986.<sup>1</sup>

With regard to the terms agreed with Norway, two points deserve particular attention. The first is the solution finally found for the future joint management of the North Sea herring stock, a consensus having been reached on the allocation of this stock between the Norwegian and Community fishing zones. Following an analysis of all the scientific data available, it was agreed to make the zonal attachment key contingent on the volume of the spawning stock biomass. Accordingly, the share of the TAC reserved annually for the Community varies between 68% and 75% and is in inverse proportion to the spawning stock biomass. This zonal attachment key for the herring stock, which supplements the keys established as far back as 1979 for the majority of North Sea white fish stocks (cod, haddock, saithe etc.), will make the stock management of herring more rational than in the past, when the decisions taken unilaterally by either party involved a permanent risk of overexploiting these resources.

The second innovation in the EEC-Norway fishing arrangements consists in the Community's being allocated fishing rights (1 600 t of redfish) in Norwegian waters north of 62° N. Norway has foregone any claim to Community compensation for these rights, which were allocated *ad hoc* between Spain and Portugal in 1987.

336. Also in connection with the enlargement of the Community, and more particularly with the gradual opening of the Spanish and Portuguese markets to imports from EFTA countries, negotiations took place in 1986 to adapt to the situation in the 12-Member Community the free-trade agreements concluded in 1972 between the Community and the EFTA countries.<sup>2</sup> In this context, Sweden granted the Community annual fishing rights for cod and herring in the Swedish sector of the Baltic in addition to those enjoyed by Community fishermen under the EEC-Sweden Fisheries Agreement.<sup>3</sup> These fishing rights were allocated between Denmark and Germany, the only Member States whose fishermen traditionally fish the Baltic.<sup>4</sup>

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<sup>1</sup> EEC-Norway: Regulations (EEC) Nos 4029/86 and 4035/86, OJ L 376, 31.12.1986; EEC-Sweden: Regulations (EEC) Nos 4036/86 and 4037/86, OJ L 376, 31.12.1986; EEC-Faeroe Islands: Regulations (EEC) Nos 4038/86 and 4039/86, OJ L 376, 31.12.1986.

<sup>2</sup> See paragraph 221 of this Review.

<sup>3</sup> Decision 86/558/EEC of 15.9.1986, OJ L 328, 22.11.1986.

<sup>4</sup> Regulation (EEC) No 2056/86, OJ L 176, 1.7.1986.

## Greenland

337. Regulation (EEC) No 3897/86, adopted by the Council on 18 December 1986,<sup>1</sup> set the catch quotas enjoyed by the Community in Greenland waters in 1987 under the EEC-Greenland Fisheries Agreement negotiated in 1985. Owing to the poor situation of the cod stock west of Greenland, the Community — as in previous years — had to forego its quota of 12 000 t allowed under that Agreement. On the other hand, Greenland agreed to allocate to the Community certain fishing rights (redfish, shrimp, capelin) in addition to those fixed in the Agreement.

## Canada

338. Under the Fisheries Agreement concluded in 1981 between the 10-Member Community and Canada, the Council opened the tariff quotas<sup>2</sup> (concerning in particular frozen redfish and cod and salted cod) which are 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 1987 was set out in Regulation (EEC) No 4030/86.<sup>3</sup>

However, apart from this normal implementation of the terms of the 1981 Agreement, fisheries relations between Canada and the Community became increasingly strained, and this will make more difficult the negotiation during 1987 of a new agreement to govern the fishing activities of the enlarged Community in Canadian waters from 1 January 1988.<sup>4</sup>

## NAFO (Convention on multilateral cooperation in the North-West Atlantic Fisheries)

339. The difficulties which have arisen within this organization are the result of the divergent views held by the Community and Canada not only on the strictness of the conservation measures required in the NAFO Regulatory Area,<sup>5</sup> which is adjacent to the Canadian fishing zone, but also on the interpretation to be given to certain provisions of the scheme of joint international enforcement and of the scientific observation programme, both of which apply in the NAFO Regulatory Area. Since no *rapprochement* of these divergent points of view proved possible, the Community was obliged, as in 1985,<sup>6</sup> to present objections to the proposed TACs and quotas for 1987 adopted by the NAFO Fisheries Commission on a Canadian proposal.

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<sup>1</sup> OJ L 364, 23.12.1986.

<sup>2</sup> Regulations (EEC) Nos 410 and 411/87, OJ L 42, 12.2.1987.

<sup>3</sup> OJ L 376, 31.12.1986.

<sup>4</sup> See also the difficulties encountered in NAFO.

<sup>5</sup> Regulation (EEC) No 3179/78, OJ L 378, 30.12.1978.

<sup>6</sup> See 33rd Review, paragraph 310.

Accordingly, for 1987 the Community will set its own limits within which Community fishermen may exercise their activities in the NAFO Regulatory Area. A similar Regulation for 1986 was adopted by the Council on 21 July 1986,<sup>1</sup> whereby the Community made its contribution to the efforts to conserve stocks arising in NAFO waters. Additionally, in its Decisions of 30 June 1986<sup>2</sup> the Council authorized the Commission to inform NAFO and Canada that at the end of the statutory period of notice, should it remain impossible during that time to draw up jointly new programmes whose implementation would breach the principles neither of equity nor of neutrality, the Community would feel bound neither by the scheme of joint international enforcement nor by the scientific observation programme.

## United States

340. As in previous years, the fishermen of certain Member States carried on activities in United States waters under the 1984 EEC-United States Fisheries Agreement.<sup>3</sup>

However, although consultations were begun in 1986 between the United States and Community authorities on the difficulties facing Community fishermen because of certain new provisions governing fishing in United States waters, these did not lead in time to mutually acceptable solutions, and Community fishermen had to interrupt their activities in these waters at the end of 1986.

## Countries of Africa and the Indian Ocean

341. As regards fisheries relations with the West African ACP States, it proved possible to negotiate the renewal, for a period of three years, of the Fisheries Agreements concluded at the time by the 10-Member Community with Senegal, Guinea-Bissau, Guinea-Conakry and Equatorial Guinea, all of which expired during 1986. In addition, negotiations between the Community and the Gambia resulted on 11 November 1986 in the initialling of a Fisheries Agreement which, in view of the geographical situation of the Gambia, supplements the four Agreements renewed during the year. The fishing rights obtained under these new agreements are naturally intended to meet the needs of the fishermen of all the Member States of the enlarged Community.

The Council approved the results of these negotiations by adopting Decisions 86/449/EEC,<sup>4</sup> 86/636/EEC,<sup>5</sup> 86/637/EEC<sup>2</sup> and 86/658/EEC<sup>3</sup> on the provisional implementation (pending their formal conclusion) of the Agreements with Guinea-Bissau, Equatorial Guinea, Guinea Conakry and Senegal respectively. The Council will be re-

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<sup>1</sup> Regulation (EEC) No 2334/86, OJ L 203, 26.7.1986.

<sup>2</sup> Docs 8000/86 and 8001/86.

<sup>3</sup> Regulation (EEC) No 2876/84, OJ L 272, 13.10.1984.

<sup>4</sup> OJ L 261, 13.9.1986.

<sup>5</sup> OJ L 372, 31.12.1986.

<sup>6</sup> OJ L 382, 31.12.1986.

quired to take a decision on the Agreement negotiated with the Gambia during the first few months of 1987.

342. As regards the countries in or with a coastline on the Indian Ocean, the Community was able during 1986 to negotiate:

- (i) a (first) Agreement with Mozambique,
- (ii) a new Agreement with the Seychelles to replace the Agreement in force since 1984, which expires on 17 January 1987,
- (iii) an increase in the fishing rights for tuna provided for in the Fisheries Agreement with Madagascar.

As in the case of the Agreements negotiated with West African ACP countries, these three Agreements are intended, as regards fishing rights, to satisfy the needs of all the Member States of the 12-Member Community. The Council will be required to take a decision on the results of these negotiations during the first few months of 1987.

Conscious of the growing interest of Community fishermen in fishing rights in the Indian Ocean, on 24 July 1986 the Council authorized the Commission to negotiate Fisheries Agreements with the Comoros, Kenya, Somalia and Tanzania.<sup>1</sup>

343. Finally, in anticipation of the conclusion of negotiations for Fisheries Agreements between the Community and Angola, Mauritania and Morocco, and pursuant to the provisions of Articles 167(3) and 354(3) of the Act of Accession, the Council authorized Spain on two occasions to extend its bilateral Fisheries Agreement with Angola<sup>2</sup> and Portugal to extend its bilateral Fisheries Agreements with Mauritania and Morocco.<sup>3</sup>

## **Fishing activities pursued by certain non-member countries in the waters of the French Department of Guiana**

344. Since 1977, with a view to the conservation of resources in this zone and the steady development of the local fishing industry, the Community has been subjecting vessels of non-member countries operating in the 200-mile zone off the coast of Guiana to measures for the conservation and management of fisheries resources.

For 1987, the number of licences which may be granted, in particular for shrimp fishing, to vessels flying the flags of the United States or certain developing countries, was laid down by Regulation (EEC) No 4040/86, which was adopted by the Council on 22 December 1986.<sup>4</sup>

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<sup>1</sup> Doc. 8077/1/86.

<sup>2</sup> Decisions 86/136/EEC of 17.4.1986 (OJ L 106, 23. 4. 1986) and 86/510/EEC of 21.10.1986 (OJ L 301, 25.10. 1986).

<sup>3</sup> Decisions 86/640/EEC and 86/641/EEC of 22.12.1986 (OJ L 376, 31.12.1986).

<sup>4</sup> OJ L 376, 31.12.1986.

## E — International organizations

345. The Community took an active part, either as a member or as an observer, in the work of the bodies set up under the various International Conventions on fisheries, the most important of which 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,<sup>1</sup>
- (c) Convention on multilateral cooperation on fisheries in the North-West Atlantic (NAFO),<sup>2</sup>
- (d) Convention on multilateral cooperation on fisheries in the North-East Atlantic (NEAFC),
- (e) Convention on the conservation of Antarctic marine living resources,<sup>1</sup>
- (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.

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<sup>1</sup> See paragraph 321 of this Review.

<sup>2</sup> See paragraphs 338 and 339 of this Review.





# Chapter VI: Common agricultural policy

346. Against a background of increasing production surpluses, the Council's efforts in 1986 were directed to further restructuring of the common agricultural policy on the basis of agreed policy guidelines aimed at improving the situation on the agricultural markets, curbing the increase in production surpluses and bringing down the resulting budgetary costs.

## A — Overall form of the common agricultural policy

347. In 1985 the Green Paper presented by the Commission had prompted wide-ranging discussions and consultation on the future of the common agricultural policy, culminating in the Commission's announcement in December 1985 of its recommendations for future policy in this area, which then formed the basis for the proposals it presented to the Council in 1986.

The Council's main achievements in this area in 1986 were the political agreement reached on 25 April on farm prices and related measures for the 1986/87 marketing year, and the agreement reached on 16 December after lengthy negotiations on important reforms in the sectors of milk and milk products, and beef and veal. These agreements demonstrated the Council's willingness to work towards a reform of the common agricultural policy and towards controlling agricultural expenditure.

In view of the continuing imbalance between supply and demand in many agricultural sectors, the Council followed the policy advocated by the Commission and endeavoured to allow market prices to play a more important part in influencing supply and demand. The general trend of the Council's decisions on prices for the 1986/87 marketing year was to maintain or even reduce the official prices of surplus products, and to increase the prices of products only in sectors where there was no discrepancy between supply and demand.

348. At the same time, the Council introduced major reforms of the common organization of the market in various sectors, thereby demonstrating its support for continued reform of the common agricultural policy by:

- (i) increasing and extending the concept of the joint responsibility of producers by introducing a co-responsibility levy in the cereals sector which is designed to help to develop Community outlets and to provide producers with an indicator of the market situation; strengthening the quota system in the milk sector;

- (ii) modifying the intervention system in the following sectors: milk and milk products, cereals, beef and veal, to restore intervention to its original function as an instrument of short-term economic adjustment rather than an artificial subsidy distorting the market;
- (iii) improving product quality, which should take precedence over quantity, and should be the determining factor for price levels, especially in the case of cereals;
- (iv) making special allowance for the situation of certain producers, by a system of aid for small producers in the cereals sector and by maintaining measures to support farming in some less-favoured areas.

## **Farm prices**

349. The Council received the Commission's proposals on 12 February and discussed them in February and March, and once the European Parliament had delivered its opinion, on 17 April, the Council reached a political agreement on 25 April on prices and related measures for the 1986/87 marketing year. The agreement was reached by a qualified majority since the German delegation was unable to accept price reductions in the cereals sector, and the Spanish delegation was unable to support the section of the agreement on the milk sector because of the decision to reduce the quotas by 3%. These agreements were then formalized by the adoption of various related Regulations on 6, 13 and 23 May 1986.<sup>1</sup>

The Council's decisions on prices largely adhered to the Commission's proposals; the only exception was a price increase of 1% introduced for peas and field beans, lupins, cauliflower and aubergines. Prices were maintained at their current levels for the majority of products. It was decided to lower the prices of common feeding wheat, barley, sorghum and olive oil by 5%, and of rye by 5.9%. In the case of durum wheat, the intervention price was lowered by 4%, but aid for durum wheat was increased from 101.31 to 113.79 ECU/t. Price reductions were adopted in the raw tobacco sector ranging from 1 to 6% according to the variety concerned, in order to take account of the market situation and to guide production towards the qualities of tobacco which are in demand. Lastly, there were reductions ranging from 2.5 to 7.5% in the support prices for citrus fruits, apricots, peaches and tomatoes.

350. The detailed prices for the 1986/87 marketing year are set at the following levels:

## **Amendments to the common organization of the agricultural markets**

### **Cereals**

351. In view of developments in production and internal consumption and trends in international markets, the Commission proposed, in its memorandum of 14 November

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<sup>1</sup> OJ L 119, 8.5.1986; OJ L 133, 21. 5. 1986; OJ L 139, 24.5.1986.

**Prices (in ECU) for individual agricultural products**  
(revised in accordance with the Act of Accession)

Product and type of price or amount (period of application)	1986-87 Decisions			Spain			Portugal		
	Amount (ECU/t)	Increase %	3	Amount (ECU/t)		Increase %	Amount (ECU/t)		Increase %
				1985-86	1986-87		1985-86	1986-87	
1	2	3	4	5	6	7	8	9	
Common wheat (1.7.1986-30.6.1987)									
● Target price	256.16	0.5	—	256.16	—	—	—	—	—
● Intervention price for wheat of bread-making quality <sup>1</sup>	179.44 <sup>1</sup>	0.0	171.44	172.58 <sup>1</sup>	0.7	—	—	—	—
● Intervention price for feeding wheat	170.47 <sup>2</sup>	-5.0	—	163.95 <sup>2</sup>	—	—	—	—	—
Barley (1.7.1986-30.6.1987)									
● Target price	233.86	0.5	—	233.86	—	—	—	—	—
● Intervention price	170.47	-5.0	162.32	156.53	-3.57	—	—	—	—
Maize (1.7.1986-30.6.1987)									
● Target price	233.86	0.5	—	233.86	—	—	—	—	—
● Intervention price	179.44	0.0	171.44	172.58	0.7	—	—	—	—
Sorghum (1.7.1986-30.6.1987)									
● Target price	233.86	0.5	—	233.86	—	—	—	—	—
● Intervention price	170.47	-5.0	162.32	156.53	-3.57	—	—	—	—
Rye (1.7.1986-30.6.1987)									
● Target price	233.86	-0.3	—	233.86	—	—	—	—	—
● Intervention price for rye	170.47 <sup>3</sup>	-5.9	167.06	159.05 <sup>3</sup>	0.2	—	—	—	—
Durum wheat (1.7.1986-30.6.1987)									
● Target price	357.70	0.0	—	357.70	—	—	—	—	—
● Intervention price	299.60	-4.0	204.48	211.06	3.2	—	—	—	—
● Aid	113.79	12.3	—	16.26	—	—	—	—	—

**Prices (in ECU) for individual agricultural products**  
(revised in accordance with the Act of Accession)

Product and type of price or amount (period of application)	1986-87 Decisions			Spain			Portugal		
	Amount (ECU/t)	Increase (%)	3	Amount (ECU/t)		Increase (%)	Amount (ECU/t)		Increase (%)
				1985-86	1986-87		1985-86	1986-87	
1	2			4	5	6	7	8	9
<b>Rice</b> ● Target price — husked rice ● Intervention price — paddy rice	548.37 314.19	0.0 0.0		— 238.00	548.37 248.88	— 4.6	— —	— —	— —
<b>Sugar</b> ● Basic price for sugarbeet ● Intervention price for white sugar	40.89 541.80	0.0 0.0		47.98 627.80	47.98 627.80	0.0 0.0	43.72 492.40	43.72 501.20	0.0 1.8
<b>Olive oil</b> ● Production target price ● Intervention price ● Production aid	3 225.6 2 162.4 709.5	0.0 -5.0 0.0		3 225.6 1 297.1 83.1	3 225.6 1 346.1 145.7	0.0 3.8 7.5.3	3 225.6 1 981.6 0.0	3 225.6 1 996.5 71.0	0.0 0.7 —
<b>Rapeseed</b> ● Target price ● Intervention price	464.1 421.5	0.0 0.0		402.8 360.2	408.9 366.3	1.5 1.7	464.1 421.5	464.1 421.5	0.0 0.0
<b>Sunflower seed</b> ● Target price ● Intervention price	583.5 534.7	0.0 <sup>4</sup> 0.0 <sup>4</sup>		401.1 352.3	428.3 379.5	4.3 <sup>4</sup> 4.9 <sup>4</sup>	573.5 524.7	583.5 534.7	0.0 <sup>4</sup> 0.0 <sup>4</sup>
<b>Soya beans</b> ● Guide price ● Minimum price	575.8 506.7	0.0 0.0		406.5 337.4	423.4 354.3	4.2 5.0	578.8 506.7	575.8 506.7	0.0 0.0

**Prices (in ECU) for individual agricultural products**  
(revised in accordance with the Act of Accession)

Product and type of price or amount (period of application)	1986-87 Decisions			Spain			Portugal		
	Amount (ECU/t)	Increase (%)	3	Amount (ECU/t)		Increase (%)	Amount (ECU/t)		Increase (%)
				1985-86	1986-87		1985-86	1986-87	
1	2			4	5	6	7	8	9
Dried fodder	8.49	0.0		0.0	1.21	—	0.0	1.21	—
● Fixed-rate aid (1.4.1986-31.3.1987)	178.92	0.0		148.0	152.45	3.0	178.92	178.92	0.0
● Guide price (1.4.1986-31.3.1987)									
Peas and field beans (1.7.1986-30.6.1987)									
● Activating price	509.6	0.6		506.4	509.6	0.6	506.4	509.6	0.6
● Guide price	328.0	1.0		324.8	328.0	1.0	324.8	328.0	1.0
● Minimum price									
— peas	286.3	1.0		283.5	286.3	1.0	283.5	286.3	1.0
— field beans	276.2	1.0		273.5	276.2	1.0	273.5	276.2	1.0
Lupins (1.7.1986-30.6.1987)									
● Activating price	485.0	0.5		441.5	449.6	1.8	482.5	485.0	0.5
● Minimum price	321.1	1.0		292.3	299.0	2.3	317.9	321.1	1.0
Flax (1.8.1986-31.7.1987)									
● Guide price (seed)	554.1	0.0		458.5	468.1	2.1	554.1	554.1	0.0
● Fixed-rate aid (fibre) (per ha)	355.09	0.0		—	50.73	—	—	50.73	—
Hemp (1.8.1986-31.7.1987)									
● Fixed-rate aid (per ha)	322.48	0.0		—	46.07	—	—	46.07	—
Silkworms (1.4.1986-31.3.1987)	108.67	0.0		—	15.52	—	—	15.52	—
● Aid per box of silkseed									

**Prices (in ECU) for individual agricultural products**  
(revised in accordance with the Act of Accession)

Product and type of price or amount (period of application)	1986-87 Decisions			Spain			Portugal		
	Amount (ECU/t)	Increase (%)	3	Amount (ECU/t)		Increase (%)	Amount (ECU/t)		Increase (%)
				1985-86	1986-87		1985-86	1986-87	
1	2		4	5	6	7	8	9	
Cotton (1.9.1986-31.8.1987)									
● Guide price	960.2	0.0	960.2	960.2	0.0	980.2	960.2	0.0	
● Minimum price	912.3	0.0	912.3	912.3	0.0	912.3	912.3	0.0	
Milk (12.5.1986-31.3.1987)									
● Target price	278.4	0.0	—	—	—	—	—	—	
Butter <sup>5</sup>									
● Intervention price	3 132.0	0.0	3 525.4	3 480.7	-1.3	—	—	—	
Skimmed-milk powder <sup>5</sup>									
● Intervention price	1 740.4	0.0	2 438.0	2 378.8	-2.4	—	—	—	
Grana Padano cheese 30-60 days <sup>5</sup>									
● Intervention price	3 889.3	0.0	—	—	—	—	—	—	
Grana Padano cheese 6 months <sup>5</sup>									
● Intervention price	4 803.3	0.0	—	—	—	—	—	—	
Parmigiano-Reggiano 6 months <sup>5</sup>									
● Intervention price	5 291.9	0.0	—	—	—	—	—	—	
Beef/veal (12.5.1986-1.4.1987)									
● Guide price for adult bovines	2 050.2	0.0	1 724.9	1 771.3	2.7	—	—	—	
● Intervention price for adult bovines	1 845.2	0.0	1 552.4	1 594.2	2.7	—	—	—	

Prices (in ECU) for individual agricultural products  
(revised in accordance with the Act of Accession)

Product and type of price or amount (period of application)	1986-87 Decisions			Spain			Portugal		
	Amount (ECU/t)	Increase (%)	3	Amount (ECU/t)		Increase (%)	Amount (ECU/t)		Increase (%)
				1985-86	1986-87		1985-86	1986-87	
1	2		4	5	6	7	8	9	
Sheepmeat* (5.1.1987-3.1.1988)									
● Basic price (carcass weight)	4 323.2	0.0		4 323.2	4 323.2	0.0	4 323.2	4 323.2	0.0
Pigmeat (1.11.1986-31.10.1987)									
● Basic price (carcass weight)	2 033.3	0.0		2 033.3	2 033.3	0.0	—	—	—
Fruit and vegetables (basic price)									
● Cauliflowers (12.5.1986-30.4.1987)	—	1.0		—	—	—	—	—	—
● Tomatoes (11.6.1986-30.11.1987)	—	0.0*		—	—	—	—	—	—
● Peaches* (1.6.1986-30.9.1986)	—	0.0*		—	—	—	—	—	—
● Lemons (1.6.1986-31.5.1987)	—	0.0*		—	—	—	—	—	—
● Pears (1.7.1986-30.4.1987)	—	0.0*		—	—	—	—	—	—
● Table grapes (1.8.1986-31.10.1986)	—	0.0*		—	—	—	—	—	—
● Apples (1.8.1986-31.5.1987)	—	0.0*		—	—	—	—	—	—
● Mandarins (16.11.1986-28.2.1987)	—	0.0*		—	—	—	—	—	—
● Sweet oranges (1.12.1986-31.5.1987)	—	0.0*		—	—	—	—	—	—
● Apricots (1.6.1986-31.7.1986)	—	0.0*		—	—	—	—	—	—
● Aubergines (1.7.1986-31.10.1986)	—	1.0		—	—	—	—	—	—
Table wine (1.9.1986-31.8.1987)									
● Guide price Type RI	3.42	0.0		1.89	2.11	11.6	—	—	—
● Guide price Type RII	3.42	0.0		1.89	2.11	11.6	—	—	—
● Guide price Type RIII	53.30	0.0		29.48	32.88	11.5	—	—	—
● Guide price Type AI	3.17	0.0		1.75	1.95	11.4	—	—	—
● Guide price Type AII	71.02	0.0		39.20	43.74	11.6	—	—	—
● Guide price Type AIII	81.11	0.0		44.77	49.96	11.6	—	—	—





- 2 This price includes a maximum penalty of 5%.
- 3 This price has been increased by a special premium of 8.97 ECU/t for bread rye.
- 4 Taking account of the change in the oil content for the standard quality.
- 5 The adjustments for milk products take account of a revaluation of the components of milk. (The fat:protein ratio will remain at 48.22:51.78 for 1986/87).
- 6 It was decided not to change the basic price for the 1985/86 transitional period and to increase the basic price (1%) to 4 323.2 ECU/t (carcass weight) for 1986.
- 7 As in the case of the Community of Ten, these prices refer to 'live weight' and correspond to the following intervention prices for carcass weight (R.3): 2 944.6 ECU/t for 1985/86 and 3 023.9 ECU/t for 1986/87.
- 8 For Greece the differences in ECU will be + 6.37% for tomatoes and + 5.28% for peaches.
- 9 In the case of Spanish and Portuguese varieties, the variations in price in this table were determined by referring to the average guaranteed prices in Spain and Portugal for 1983/85. Since the premium for Spanish and Portuguese varieties has been fixed for the first time for 1986/87 it is not yet possible to calculate the rates of variation.
- 10 The guide price and the level of the premium for the Virginia GR variety were set at the same level as those for the Tsebelia variety in the hope of speeding up and encouraging Greek efforts at varietal conversion. This alignment was carried out on condition that the planting areas in Tsebelia are substantially reduced over the next three years. The Commission will carry out an evaluation every year.
- 11 The Council decided not to change the level of aid for the 1986/87 marketing year.

1985 on reforms to the common organization of cereal markets, that a number of measures be adopted relating to producers' responsibility, product quality policy and reforms of the intervention mechanism. The decisions taken by the Council in April and May 1986 affect all three areas.

The co-responsibility scheme has been completely restructured and a co-responsibility levy introduced with the aim of making producers more aware of their responsibility for the disposal of surpluses. The amount of the co-responsibility levy will be fixed every year and may be calculated according to the estimated financial commitment required to dispose of the surpluses. The levy has been fixed at 3% for the 1986/87 marketing year and will be collected at the time of first processing, intervention buying or exports in the form of seed. It will then be passed on to the producer.

The effects of this system on small-scale cereal farmers have been reduced by introducing a system of direct aid, the level of which should not exceed 120 million ECU in 1986. The general rules for implementing this system were laid down in Regulation (EEC) No 1983/86.<sup>1</sup>

As regards policy on product quality, the intervention price for common wheat of bread-making quality has been fixed for the period after the 1986 harvest, and the reference price has been abolished.<sup>2</sup> The technical criteria for wheat of bread-making quality which are used to calculate the intervention price have also been tightened up.<sup>3</sup>

In order to prevent an excessive number of appeals for intervention, the Council removed the option of granting an allowance at the end of the marketing year and limited the actual intervention to one part of the year, i.e. from 1 October to 30 April,<sup>2</sup> with a derogation for the Mediterranean countries to take account of their harvesting period. In the case of barley, the intervention price was reduced to the level of the intervention price for common wheat used to feed cattle. The Council also took note of the Commission's intention to adjust the price paid for the purchase of common wheat by intervention organizations according to the quality of the product. Penalties of up to 5% can be imposed if the wheat does not satisfy certain technical and physical criteria, and premiums of up to 2% can be granted if the product fulfills a number of additional qualitative requirements.

### **Milk and milk products**

352. With the aim of achieving a better balance between supply and demand, the Council decided as part of its agreement on agricultural prices and related measures that the guaranteed total quantities would be reduced by 2% with effect from 1 April 1987 and by an additional 1% with effect from 1 April 1988. In order to lessen the effects of this reduction, the Council implemented a Community financing system with effect from 1 May 1986 for the definitive discontinuation of production.<sup>4</sup> The maximum level of compensa-

<sup>1</sup> OJ L 171, 28.6.1986.

<sup>2</sup> Regulation (EEC) No 1579/86, OJ L 139, 24.5.1986, p. 29.

<sup>3</sup> Regulation (EEC) No 1580/86, OJ L 139, 24.5.1986, p. 34.

<sup>4</sup> OJ L 119, 8.5.1986.

tion payable by the EAGGF to producers who undertake to discontinue milk production definitively has been fixed at an annual level of 4 ECU per 100 kg of milk for a period of seven years.

In cases where the aim of reducing the total guaranteed quantities by 3% can be achieved by granting compensation lower than the maximum of 4 ECU, the remaining EAGGF funds may be used by the Member States for restructuring. The same applies if compensation at the rate of 4 ECU/100 kg does not have the desired effect.

The Member States may contribute to the financing of this project by increasing the level of compensation by different amounts according to local conditions. The Member States may also continue to apply their national systems of buying quotas.

353. In view of the continued imbalance between supply and demand in the milk sector, with an estimated surplus of 8 million tonnes, a reduction in internal consumption and a production level even exceeding the quotas, the Commission considered it necessary to impose emergency measures to reverse these trends. It proposed a series of measures to the Council in September and then in November with the aim of tightening up the operation of the quota system and bringing the intervention system more into line with the market situation.

The Council discussed these at length in October and November, and was finally able, after a long meeting on 16 December, to reach a political agreement on measures to reform the sector of milk and milk products.

354. On production quotas, the Council adopted various measures designed to reduce milk production by 9.5% within two years. The reduction of 2% in the guaranteed total quantities, which had been decided on previously and was to take effect from 1 April 1987, was retained. This reduction is to be achieved by a scheme for the voluntary discontinuation of production, but the compensation granted to producers who discontinue production has been increased from 4 to 6 ECU/100 kg per annum.

A further production cutback will be effected from 1 April 1987 by a 4% temporary linear suspension of quotas. Compensation of 10 ECU/100 kg will be granted annually for a period of two years, and the Member States will be able to add to this amount 2.5 ECU/100 kg in respect of 1987/88.

Expected developments in the market and stocks dictate a further reduction of 2.5% for 1988/89, to be achieved by the additional 1% reduction in the quota decided on in April and by a further 1.5% temporary suspension of the quota; the latter will be offset either by an allowance of 10 ECU/100 kg for two years or by a corresponding reduction in the co-responsibility levy.

355. Without departing from the quantitative targets indicated above, special provisions have been made to ensure greater flexibility in the implementation of these decisions to take account of the particular problems of certain Member States in introducing these measures.

In those Member States such as Italy, which are currently planning or implementing programmes for voluntary cessation of milk production, pursuant to Article 4 (2) of Regulation No 857/84, these programmes will be carried out with a view to achieving the abovementioned objectives. In Spain, a system of partial, voluntary reduction or quota suspension will be introduced, given that the introduction of quota restrictions is so recent, with compensation in line with the abovementioned procedures. At the end of the 1987/88 and 1988/89 milk years the Commission will assess the results achieved in the countries in question and will, if necessary, make appropriate proposals to the Council.

The derogation which is already in force and permits Member States to allocate unused reference quantities to producers or purchasers in the same region and, where appropriate, in other regions, has been extended until the current quota arrangements expire.

Formula B of the quota arrangements, which provides for the application at purchaser level (dairies) of levies on the quantities exceeding the reference quantity, has also been maintained. Furthermore, in order to make the superlevy arrangements more equitable and dissuasive, the rate of the superlevy has been raised to 100% of the target price for milk whatever the system used by the Member State concerned for allocating quotas.

After the unused quotas are reallocated, any overrun will attract a penalty at the full rate of the Community levy, imposed directly on the producer responsible. It is estimated that this provision will have an effect equivalent to a 1% reduction in production.

356. As regards adjustments to the intervention system, the buying-in of skimmed-milk powder will be suspended from 1 September to 28 February on the understanding that the Commission will take adequate measures to maintain the stability of the market in skimmed-milk powder during this period.

On the basis of criteria to be adopted by the Council before the end of February 1987, the Commission may, during the period of application of the current quota arrangements, modify the existing permanent intervention arrangements for butter and for skimmed-milk powder during the period 1 March to 31 August by introducing alternative measures designed to reduce the volume of intervention purchases while at the same time safeguarding market stability.

If implementing the new scheme upsets the balance of dairy supplies, the Commission will take steps following the Management Committee procedure to discourage excessive recourse to intervention.

357. The Council was aware that Ireland depends more than any other Member State upon the dairy sector, and therefore asked the Commission to take special account of the influence of intervention purchasing of butter on market stability and on the incomes of milk producers in Ireland. The Council took note of the Commission's intention to pay due attention to this in any decision on the subject.

The Council also noted the Commission's intention to take account of the special problems encountered in Greece in the liquid milk sector.

Lastly, the Council noted the Commission's intention to remove the extra delays on takeover for intervention as soon as the general rules referred to above come into effect.<sup>1</sup>

358. The other points of the Council's agreement on milk are summarized below:

The Community will ensure that proper account is taken in the forthcoming international trade negotiations of the quota reductions already agreed, and that full advantage is taken of the temporary suspension of quotas in the negotiations to encourage other exporters to take action along the same lines to stabilize the world market in dairy products.

Importance will also be attached to the consistency of the Community's dairy policy with its policies in related sectors, and of its internal market measures with its policies on the international market.

The Council welcomed the Commission's firm intention to pursue a strict programme of reducing stocks, for which a financial proposal will be presented to the Council for approval.

The Commission has also announced that it will be studying the protein content of milk and milk products, in particular drinking milk. If the study shows it to be necessary, a proposal will be made to the Council to harmonize the minimum protein content of dairy products.

### **Beef and veal**

359. As part of the Council's decisions in April 1986 on prices and related measures, it agreed to continue its examination of the Commission's proposals for the reform of the common organization of the market in beef and veal with the aim of arriving at decisions before the end of the year. In the meantime, the Council decided that the slaughter premium for certain bovine animals and the calf premium should remain unchanged. The same applies to the supplementary premium granted in addition to the premium for maintaining suckler herds in Ireland and Northern Ireland.

The purpose of the decisions taken by the Council on 16 December 1986 at the same time as those on the dairy sector was to introduce restraints for better control of the beef and veal market. Given the uncertainty of this market, which will be directly affected by the revised intervention system and the expected slaughter of dairy cows, the schemes agreed for intervention and premiums are temporary only, and apply for the period until 31 December 1988; the Commission will continue to work on proposals for adoption by the Council on permanent changes to the common organization of the beef and veal market.

360. There will no longer be unconditional, permanent intervention in the beef and veal sector. From 6 April 1987 to 31 December 1988 the criteria which must be fulfilled for the Commission to initiate intervention will be as follows:

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<sup>1</sup> These rules were approved by the Council on 16 March 1987; OJ L 78, 20.3.1987.

- (i) the average market price in the Community for the quality or quality group concerned must be less than 91% of the intervention price;
- (ii) the average market price at national (or, where appropriate, regional) level for the quality or quality group concerned must be less than 87% of the intervention price.

For each quality or quality group which is to be bought in, the buying-in price will be the weighted average of the market prices in the Member States (or, as the case may be, the regions) where buying-in is carried out, plus 2.5% of the intervention price; however, the buying-in price may not be lower than the highest average market price in the Member States or the regions where intervention purchases are made.

Steps will be taken to ensure that the common intervention system and the levels of common prices also apply in Spain.

In addition to the abovementioned provisions, the Commission may, where necessary, adopt measures through the Management Committee procedure in order to stabilize markets in the Community.

361. As regards the system of premiums during the transitional period, the existing premiums (variable slaughter premium, calf premium, suckler cow premium) have been maintained. The EAGGF contribution to the financing of the suckler cow premium will rise from 15 to 25 ECU. The funding by the EAGGF of an additional amount for the premium will be made on the same basis as for Ireland and Northern Ireland.

A special temporary premium of 25 ECU for male animals raised to maturity, payable once in the life of the animal or at slaughter, may be paid to producers up to a limit of 50 head per farm. This premium is not payable in Member States where the calf premium or the variable premium is payable, except Ireland, where an amount of 18 ECU may be paid on the same terms.

Appropriate transitional measures have been adopted for the period from 1 January to 5 April 1987 to ensure continuity of the calf premium and variable premium arrangements.<sup>1</sup>

## Oil seeds

362. The system of guarantee thresholds for rapeseed and sunflower seed did not produce the results expected, and the Council therefore decided — as part of its measures on prices and related measures — to replace them by a system of maximum quantities, with guaranteed quantities of 3.5 million tonnes for rapeseed and 1.7 million tonnes for sunflower seed. This scheme is similar to that applicable to cotton, and will mean that the consequences of overproduction can be passed on to the producers in the same marketing year, with a maximum reduction of 5% in the target price, and also that the penalty can be adapted for the following marketing year by adjusting the maximum guaranteed quantity.

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<sup>1</sup> OJ L 119, 8.5.1986.

Before the end of the 1986/87 marketing year the Commission will present to the Council a report on the operation and effectiveness of the system of maximum guaranteed quantities, which will include its ideas on the main suggestions it will be making for reform of Community practice in the area of vegetable oils, as stated in the Joint Declaration in the Annex to the Treaty of Accession of Spain and Portugal to the Community.

## **Amendments to the general rules on the financing and management of the common agricultural policy**

363. As part of the Council's negotiations to fix agricultural prices for the 1986/87 marketing year, it adopted two amendments to Regulation No 1883/78 laying down general rules for the financing of interventions by the EAGGF (Guarantee Section).

The first of these amendments, which was adopted in March 1986,<sup>1</sup> allows the Commission to reduce the value of products in public intervention storage at the beginning of the financial year instead of on 30 November.

The second amendment, which was adopted in May 1986,<sup>2</sup> allows the Commission to:

- (i) fix the interest rate for funds used by the Member States for intervention purchasing at a level below its representative level for the 1986, 1987 and 1988 financial years; however, the interest rate must not be below that actually paid in the Member States where the rate is lower than the representative level;
- (ii) also for the 1986, 1987 and 1988 financial years, fix the uniform standard amounts for calculating the refunds of storage costs, payable to national intervention organizations, at a level corresponding to three-quarters of the uniform standard amounts established on a normal basis.

## **Agri-monetary decisions**

### **Decisions relating to the accession of Spain and Portugal**

364. In February 1986 the Council fixed the agricultural conversion rates for the Spanish peseta and the Portuguese escudo<sup>3</sup> for sectors other than those covered by Regulations Nos 3033/80 and 3035/80 (products not included in Annex II); the rates for the latter sectors were fixed by the Council in July 1986.<sup>4</sup>

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<sup>1</sup> Regulation (EEC) No 964/86, OJ L 89, 4.4.1986.

<sup>2</sup> Regulation (EEC) No 1334/86, OJ L 119, 8.5.1986.

<sup>3</sup> Regulation (EEC) No 505/86, OJ L 51, 28.2.1986, p. 1.

<sup>4</sup> Regulation (EEC) No 2332/86, OJ L 204, 28.7.1986, p. 1.

## Fixing of the agricultural conversion rates

365. Concurrently with the fixing of agricultural prices, the Council laid down the agricultural conversion rates to be applied in the 1986/87 marketing year in April 1986.<sup>1</sup> It also abolished all the negative monetary compensatory amounts (MCAs) for Belgium, Denmark, Ireland and Luxembourg and partially dismantled the negative MCAs for France, Italy, Greece, the United Kingdom, Spain and Portugal.

As a result of monetary realignment in the EMS on 4 August 1986, in September 1986 the Council reduced the negative MCAs by six points for animal products and by three points for plant products.<sup>2</sup>

## Decisions on the calculation of MCAs for certain specific sectors

### *Pigmeat, eggs and poultry*

366. In April 1986 the Council suspended from 1 May to 1 June 1986 that part of the negative monetary compensatory amounts introduced following the realignment of currencies within the European Monetary System on 6 April 1986<sup>3</sup> in the sectors of pigmeat, eggs and poultry; in May 1986 the Council extended the suspension for these sectors until 30 June 1986.<sup>4</sup>

In June 1986 the Council modified the method of calculating the monetary compensatory amounts applicable in the pigmeat, eggs and poultry sectors with effect as from 1 July 1986 until the beginning of the 1987/88 milk year;<sup>5</sup> the Council then amended the agricultural conversion rates for countries with negative monetary compensatory amounts in this sector with effect from 1 July 1986,<sup>6</sup> while maintaining the agricultural conversion rates for countries with positive monetary compensatory amounts at their previous levels.

At the same time the Council decided to reduce the monetary gap in the eggs and poultry meat sectors by 4.8 points for France and 4.5 points for the United Kingdom for the period 1 July to 30 September 1986;<sup>7</sup> this reduction was extended until 31 October 1986<sup>8</sup> and then until 1 April 1987.<sup>9</sup>

### *Beef and veal, sheepmeat and goatmeat*

367. In December 1986 the Council decided to reduce the negative monetary compensatory amounts in the beef and veal sector by 6 points for the United Kingdom and 4.8 points

<sup>1</sup> Regulation (EEC) No 1333/86, OJ L 119, 8.5.1986, p. 1.

<sup>2</sup> Regulation (EEC) No 2897/86, OJ L 269, 20.9.1986, p. 1.

<sup>3</sup> Regulation (EEC) No 1245/86, OJ L 113, 30.4.1986, p. 8.

<sup>4</sup> Regulation (EEC) No 1645/86, OJ L 144, 29.5.1986, p. 36.

<sup>5</sup> Regulation (EEC) No 2062/86, OJ L 176, 1.7.1986, p. 15.

<sup>6</sup> Regulation (EEC) No 2063/86, OJ L 176, 1.7.1986, p. 17.

<sup>7</sup> Regulation (EEC) No 2062/86, OJ L 176, 1.7.1986.

<sup>8</sup> Regulation (EEC) No 2914/86, OJ L 272, 24.9.1986.

<sup>9</sup> Regulation (EEC) No 3220/86, OJ L 300, 24.10.1986.



for France, as well as to modify the agricultural conversion rates; at the same time the Council decided to devalue the agricultural conversion rates in the sheepmeat and goatmeat sectors with the aim of reducing the monetary gap by 3.2 points for the United Kingdom, 3.185 points for France, 14.5 points for Greece, 3.2 points for Spain and 6 points for Portugal.<sup>1</sup>

## **B — Management of the common agricultural policy**

### **Management of the markets and amendments to basic Regulations**

#### **Plant products**

##### *Cereals*

368. On the basis of guidelines laid down at the end of 1985<sup>2</sup> and in connection with the arrangements for production refunds on sugar used in the chemical industry, the Council adopted on 25 March 1986<sup>3</sup> four Regulations establishing a new system of arrangements for production refunds on certain products based on starch from Community cereals and potatoes. The aim of the new system is to encourage Community industry to use agricultural raw materials produced in the Community.

In the case of products derived from cereal starch, the subsidy will gradually be extended to non-food products and will be based on the difference between the intervention price for maize and its price on entry into the Community. The premium for potato starches was maintained at its current level for the next three marketing years.

To counter a shortage of feedingstuffs and fodder cereals in Italy, the Council adopted a Regulation on 27 January 1986<sup>4</sup> providing for the transfer of 300 000 tonnes of fodder wheat held by the United Kingdom intervention agency for use in the feeding of livestock.

369. On 16 September 1986 adopted a Regulation<sup>5</sup> providing for a reduction in the levy for certain quantities of maize and sorghum imported from the United States of America, as part of the agreement with the United States to adjust the system for cereals imports into Spain following the enlargement of the Community.<sup>5</sup>

On 16 December 1986 the Council adopted a Regulation providing for a reduction of 25% in the levy applicable to an annual quota of 10 000 tonnes of Basmati rice originating in India and Pakistan.<sup>6</sup>

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<sup>1</sup> Regulation (EEC) No 3923/86, OJ L 367, 27.12.1986.

<sup>2</sup> See 33rd Review, paragraph 335.

<sup>3</sup> OJ L 94, 9.4.1986.

<sup>4</sup> OJ L 29, 4.2.1986.

<sup>5</sup> OJ L 272, 24.9.1986.

<sup>6</sup> OJ L 361, 20.12.1986.

## *Sugar*

370. The Council adopted a Regulation on 24 March 1986,<sup>1</sup> after duly consulting the European Parliament, to alter the common organization of the market in the sugar sector as agreed in December 1985.<sup>2</sup> This reaffirmed the principle of self-financing in the sector, and introduced an elimination levy with the aim of reducing the deficit of 400 million ECU recorded at the end of the 1981/82 and 1985/86 period of application of the quota arrangements. It was decided to retain the system of quotas for the next five marketing years.

It was decided that for the 1986/87 and 1987/88 marketing years only, no changes would be made to the quotas and production levy ceilings, the derogations from the system of differentiated contracts (with different price levels), the size of the reserve quantity (quota transfers between enterprises) with a derogation for Spain, or the provisions on national aid permitted in France and Italy (allowing certain adjustments in the case of Italy). The details of the arrangements for the 1988/89 and 1990/91 marketing years will be laid down by the Council before 1 January 1988 on the basis of a proposal from the Commission.

371. On 25 March 1986 the Council adopted a Regulation providing for a system of grants for the industrial use of sugar,<sup>3</sup> at the same time as the Regulation on production refunds for cereal starch. The effect of the refund granted for the 1986/87 and 1987/88 marketing years will be that sugar intended for the chemical industry can be offered at the same market price as glucose produced from cereal starch. The refund for the 1988/89 marketing year will increase by an amount equivalent to 25% of the difference between the price of glucose and the price of sugar on the world market plus 70 ECU/t. The figure for the 1989/90 marketing year will be 90% of this difference.

## *Olive oil*

372. To allow for the new supply situation on the olive oil market in the Community of Twelve, on 26 May 1986<sup>4</sup> the Council adopted a method of establishing the refunds and levies applicable to exports of olive oil by making it possible for the level of export refunds to be fixed by tender.

On 7 July 1986 the Council adopted a Regulation which provided for the importation at a preferential rate of 20 000 tonnes of oil originating in Tunisia over the following two months,<sup>5</sup> pending the entry into force of the additional protocol to the Cooperation Agreement with this country.

On 3 November 1986, the Council agreed to extend by one year the financing period for the Spanish and Portuguese agencies responsible for carrying out checks in the olive oil sector.<sup>6</sup>

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<sup>1</sup> OJL 87, 2.4.1986.

<sup>2</sup> See 33rd Review, paragraph 326, page 183.

<sup>3</sup> OJL 94, 9.4.1986.

<sup>4</sup> OJL 145, 30.5.1986.

<sup>5</sup> OJL 188, 10.7.1986.

<sup>6</sup> OJL 310, 5.11.1986.

On 7 July and 8 December 1986 the Council adopted two Regulations, the first providing for a derogation from the conditions for recognition of associations of olive oil producers' organizations in respect of the 1985/86 marketing year,<sup>1</sup> the second making amendments of a more general nature to the system of arrangements applicable to producers' organizations.<sup>2</sup>

On 13 and 14 October 1986<sup>3</sup> the Council laid down for olive oil the representative market price (166.67 ECU/100 kg), the threshold price (163.05 ECU/100 kg), and the consumption aid (84.94 ECU/100 kg) which was calculated using the methods stipulated in the scheme for olive oil.

### *Fruit and vegetables*

373. On 21 July 1986 the Council adopted a Regulation laying down the conditions for the application of protective measures for new potatoes and seed potatoes originating in third countries and subject to the supplementary mechanism applicable to trade.<sup>4</sup>

### *Wine*

374. On 24 July 1986 the Council adopted a Regulation establishing a Community vineyard register.<sup>5</sup> This register will provide better information on the structures and output of vineyards and will help the common organization of the market in wine to function more effectively, in particular as regards the Community arrangements on planting and intervention, and monitoring measures. It is anticipated that the register will be completed in six years. The Member States will receive a refund from the EAGGF of 50% of the real costs incurred in setting up the register and financing the data-processing facilities required.

As regards intervention, on 20 January 1986 the Council adopted a Regulation laying down general rules for the disposal of alcohol obtained from the compulsory distillation of wine surpluses.<sup>6</sup> The alcohol obtained may be disposed of only by a tendering procedure, with a minimum selling price.

The Council adopted two other administrative measures in this area. The effect of the first was to extend one of the time periods allowed to the Commission for deciding on exemptions from compulsory distillation of table wine for the 1985/86 wine year.<sup>7</sup> The second authorized the wine-producing Member States to grant national aid during the current wine year for the short-term private storage of table wine and grape must.<sup>8</sup>

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<sup>1</sup> OJL 187, 9.7.1986.

<sup>2</sup> OJL 349, 11.12.1986.

<sup>3</sup> OJL 298, 22.10.1986.

<sup>4</sup> OJL 201, 24.7.1986.

<sup>5</sup> OJL 208, 31.7.1986.

<sup>6</sup> OJL 19, 25.1.1986.

<sup>7</sup> OJL 319, 14.11.1986.

<sup>8</sup> OJL 139, 24.5.1986.

On the naming and labelling of wines, the Council decided to extend until 30 April 1988 the time period within which the Member States are authorized to stipulate that labels indicate the actual alcoholic strength of still wines.<sup>1</sup> It was decided that this would be made compulsory in all Member States with effect from 1 May 1988. This also applies to the labelling of sparkling wines and special wines, including dessert wines.

Since excise duties on wines had still not been harmonized, on 22 December 1986 the Council 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.<sup>2</sup>

## **Animal products**

### *Milk and milk products*

375. On 10 March 1986, the Council adopted a Regulation providing for the application of agreements reached between the Community and Austria, Finland and Norway on the joint discipline arrangements for tariff quotas on certain cheeses.<sup>3</sup>

On 21 April 1986 the Council adopted a Regulation extending until the end of the 1986/87 milk year the deadline for the Greek intervention agency to take over 7 000 tonnes of skimmed-milk powder transferred to Greece by other Member States' intervention agencies.<sup>4</sup>

On 19 June 1986 the Council adopted a Regulation enabling producers' or purchasers' reference quantities to be varied on the basis of the level and trend of deliveries prior to the entry into force of the supplementary levy system. This will apply to the Member States which selected the 1981 calendar year as their reference year.<sup>5</sup>

376. On 22 July 1986<sup>6</sup> the Council adopted a Regulation laying down the quantities of New Zealand butter which may be imported into the United Kingdom on special terms in 1987 and 1988. The quantities were fixed at 76 500 and 74 500 tonnes for 1987 and 1988 respectively, and the levy was set at 76.39 ECU/100 kg, which may be adapted according to the conditions governing intervention on the Community market. At this meeting the Council took note of a Commission declaration on cooperation between New Zealand and the Community, and cooperation between these two parties and other countries exporting milk products on the world market.

On 21 July 1986 the Council amended Regulation No 866/84<sup>7</sup> which laid down special arrangements concerning the exclusion of milk products from inward processing arrangements to enable trade in whey between the Federal Republic of Germany and Austria to

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<sup>1</sup> OJL 144, 29.5.1986.

<sup>2</sup> OJL 371, 31.12.1986.

<sup>3</sup> OJL 71, 14.3.1986.

<sup>4</sup> OJL 107, 24.4.1986.

<sup>5</sup> OJL 165, 21.6.1986.

<sup>6</sup> OJL 203, 26.7.1986.

<sup>7</sup> OJL 202, 25.7.1986.

continue until 1 January 1987. On 23 December 1986 the Council adopted a Regulation extending the derogation for whey until the end of the 1986/87 milk year.<sup>1</sup>

377. In accordance with the agreements reached following the accession of Spain and Portugal to the Community, the Council adopted on 13 October 1986 a Regulation adding *vacherin mont d'or* to the list of Swiss cheeses qualifying for a reduced import levy.<sup>2</sup>

On 28 November 1986 the Council fixed the guideline figure for the fat content of standardized whole milk imported into Ireland and the United Kingdom from other Member States. The guideline figure was set at 3.60% for Ireland and 3.90% for the United Kingdom.<sup>3</sup>

In connection with the agreement reached on the reform of the common organization of the market in the milk sector, on 16 December 1986 the Council agreed in principle on a Regulation designed to improve the scheme for the sale of butter at reduced prices to persons receiving social assistance, which was first established by Regulation No 2990/82.<sup>4</sup>

### *Beef and veal*

378. On 27 January the Council adopted the estimates for 1986 relating to young male bovine animals weighing 300 kg or less and intended for fattening, and frozen beef and veal intended for the processing industry.<sup>5</sup> 175 000 head of young bovine animals and 25 000 tonnes of frozen beef and veal may be imported. Two-thirds of the latter quantity may be imported without the payment of a levy, and one-third at a reduced levy.

On 27 January 1986, the Council also planned to open a special import quota for 1986, as an autonomous measure, of 6 000 tonnes of high-quality, fresh, chilled or frozen beef and veal at a duty of 20%. The Council adopted a Regulation opening this quota on 26 May 1986.<sup>6</sup>

379. Under the GATT quotas, the Council adopted a Regulation on 27 January opening a tariff quota of 50 000 tonnes of frozen beef and veal for 1986.<sup>7</sup>

On 26 May 1986 the Council opened a tariff quota of 38 000 head of heifers and cows and a quota of 5 000 head of bulls, cows and heifers of certain Alpine breeds at a duty of 9%.<sup>8</sup>

Pending the opinion of the European Parliament, the Council agreed on 16 December 1986 to increase the tariff quota for heifers and cows of certain mountain breeds from 38 000 to 42 000 head.<sup>9</sup>

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<sup>1</sup> OJ L 371, 31.12.1986.

<sup>2</sup> OJ L 292, 16.10.1986.

<sup>3</sup> OJ L 340, 3.12.1986.

<sup>4</sup> OJ L 314, 10.11.1982.

<sup>5</sup> OJ L 27, 1.2.1986.

<sup>6</sup> OJ L 145, 30.5.1986.

<sup>7</sup> OJ L 25, 31.1.1986.

<sup>8</sup> OJ L 150, 4.6.1986.

<sup>9</sup> OJ L 63, 6.3.1986.

On 13 November 1986 the Council opened for 1986, as an autonomous measure, a special tariff quota for 8 000 tonnes of high-quality, fresh, chilled or frozen beef.<sup>1</sup>

As part of the GATT quotas the Council opened the following quotas for 1987 on 16 December 1986:<sup>2</sup>

- (i) a quota of 29 800 tonnes of high-quality, fresh, chilled or frozen beef and veal at a duty of 20%;
- (ii) a quota of 2 250 tonnes of frozen buffalo meat intended for processing at a duty of 20%;
- (iii) a quota of 50 000 tonnes of frozen beef and veal intended for processing at a duty of 20%;

### *Pigmeat*

380. On 17 November 1986 the Council adopted a Regulation amending Regulation No 3220/84 laying down the Community scale for grading pig carcasses. This is designed to clarify that, when an official record of the estimated lean-meat content is drawn up, the Member States may provide for the compulsory or optional marking of carcasses in addition to identification.<sup>3</sup>

### *Eggs and poultry*

381. On 21 October 1986 the Council adopted two Regulations amending the conversion coefficients and other factors used to calculate levies and the sluice-gate price for eggs and poultry meat. These amendments, which take account of recent technical changes and general costs in the poultry industry, will apply from 1 February 1987.<sup>4</sup>

On 13 November 1986 the Council adopted amendments to the Regulations on marketing standards for eggs and on the production and marketing of eggs for hatching.<sup>5</sup> These amendments include provisions prohibiting the use of incubated eggs for human consumption.

## **Measures and amendments consequent on the accession of Spain and Portugal**

382. In order to implement the agricultural provisions of the Act of Accession of Spain and Portugal from 1 March 1986, the Council adopted a large number of Regulations and Directives to adapt Community law on agricultural matters to the inclusion of these two countries.

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<sup>1</sup> OJ L 323, 18.11.1986.

<sup>2</sup> OJ L 365, 24.12.1986.

<sup>3</sup> OJ L 326, 21.11.1986.

<sup>4</sup> OJ L 301, 25.10.1986.

<sup>5</sup> OJ L 323, 18.11.1986.

On the basis of proposals made at the end of January 1986, the Council adopted at the end of February 1986<sup>1</sup> the prices to be applied in Spain and Portugal from 1 March 1986 until the beginning of the 1986/87 marketing year for products subject to normal transition. The fixing of these prices was particularly important because they will be used as the basis for progressive alignment with Community prices.

The general rules for the application of the supplementary mechanism applicable to trade were adopted by the Council on 1 March 1986.<sup>2</sup> The Council set up a system of supplementary trade mechanism (STM) import licences, backed up by a guarantee, to obtain precise information on trade developments.

The Council also adopted various measures relating to the application in Spain and Portugal of Community law on agricultural matters, namely:

- (i) the Regulations on prices,<sup>3</sup> and the detailed rules for the application of accession compensatory amounts for various products;<sup>4</sup>
- (ii) a number of specific measures for the sectors of oils and fats,<sup>3</sup> wine, milk products, fruit and vegetables, cotton and the industries engaged in processing cereals and rice.<sup>5</sup>

## **C — Coordination of the position of the Member States with regard to international matters**

### **International Vine and Wine Office (IWO)**

383. The Council followed attentively the work of the Office, in particular at its 19th Congress which was held in Santiago, Chile, from 22 November to 2 December 1986. Its work dealt mainly with the vine-growing, oenological and economic problems relating to future production.

### **Olive oil and table olives**

384. The coordination work carried out in this sector in 1986 was concerned with preparations for the new International Agreement on Olive Oil and Table Olives which was negotiated and drawn up at Unctad in Geneva in June and July 1986.<sup>6</sup>

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<sup>1</sup> OJ L 53, L 54 and L 58, 1.3.1986.

<sup>2</sup> OJ L 55, 1.3.1986 and L 201, 24.7.1986.

<sup>3</sup> OJ L 53, 1.3.1986.

<sup>4</sup> OJ L 54 and L 58, 1.3.1986.

<sup>5</sup> OJ L 54, 1.3.1986.

<sup>6</sup> See paragraph 248 of this Review.

## Coordination in the OECD

385. Like 1985, 1986 was a year of intense activity on coordinating the positions of the Member States and the Commission with regard to trade in agricultural products with the other members of the OECD. This work was associated with the efforts of the Committee for Agriculture and the Trade Committee to draw up a list of the existing intervention systems in the agricultural sector for future international trade negotiations within the GATT framework.

## Codex alimentarius — FAO

386. The Member States and the Commission coordinated their views at meetings held in 1986 within the framework of the FAO in order to arrive at a common position on the various matters under discussion, in particular the Codex alimentarius.

## D — Harmonization of legislation in the food, plant health, veterinary and animal husbandry sectors

387. In 1986 the Council's work in these fields continued on the basis of the action programme presented by the Commission in its White Paper and the Presidency's programme for its period of office.

### Veterinary and animal husbandry legislation

388. On 16 September 1986 the Council adopted a Directive on the examination of animals and fresh meat for the presence of residues.<sup>1</sup> This Directive lays down the general principles applicable to the Member States when carrying out controls for the presence of residues in products intended for the national market or intra-Community trade. These principles will be included in plans to be submitted to the Commission before 31 May 1987 (for hormones) or 31 May 1988 (for other residues, antibiotics and drugs). The plans must be implemented no later than 31 December 1987. This Directive provides an effective system of monitoring the use of substances such as those with a hormonal or thyrostatic effect, and also completes the package of rules on anabolic substances, whose use will be prohibited with effect from 1 January 1988.

On 18 November 1986 the Council adopted a Directive amending Annex I to Directive 64/433/EEC<sup>2</sup> on health problems affecting intra-Community trade in fresh meat in order to take account of recent advances in slaughter technology and to enable the Commission to approve the slaughterhouses of some of the Community's main trading partners.

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<sup>1</sup> OJ L 275, 26.9.1986.

<sup>2</sup> OJ L 339, 2.12.1986.



On 16 December 1986 the Council adopted two Decisions introducing a Community financial measure for the eradication of African swine fever in Spain and Portugal.<sup>1</sup>

On 22 December 1986 the Council adopted a Decision introducing a supplementary Community measure for the eradication of brucellosis, tuberculosis and leucosis in cattle.<sup>2</sup>

These three decisions should help to produce better results in the fight against pig and cattle epidemics in the Iberian Peninsula.

On 30 December 1986 the Council adopted a Directive amending Directives 72/461/EEC and 72/462/EEC<sup>3</sup> in order to facilitate trade in organs and glands intended for the pharmaceutical manufacturing industry.

## Legislation on foodstuffs

389. On 24 March 1986 the Council adopted a Directive amending for the fourth time Directive 74/329/EEC on emulsifiers, stabilizers, thickeners and gelling agents for use in foodstuffs.<sup>4</sup> This Directive was designed to amend the rules for some substances which may be subject to authorizations by individual Member States, and to permanently abolish the rules for others.

On 25 June 1986 the Council held a policy debate on the Commission's Communication of November 1985 concerning a new approach to harmonizing legislation on foodstuffs. The debate focused on the possible delegation of powers to the Commission.

## Plant health legislation

390. On 21 July 1986 the Council adopted a Directive amending Directive 79/117/EEC prohibiting the placing on the market and the use of plant protection products containing ethylene oxide.<sup>5</sup> This agreement allows for a number of national derogations to be applied until 31 December 1989.

On 24 July 1986 the Council adopted two Directives on the fixing of maximum levels for pesticide residues in and on cereals intended for human consumption and for residues in and on foodstuffs of animal origin.<sup>6</sup> These Directives laid down a series of maximum levels for pesticide residues for a large proportion of food products. These levels must be adhered to at Community level and are therefore an important step forward as regards freedom of trade and the protection of human health.

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<sup>1</sup> OJ L 382, 31.12.1986.

<sup>2</sup> OJ L 24, 27.1.1987.

<sup>3</sup> OJ L 34, 5.2.1987.

<sup>4</sup> OJ L 88, 3.4.1986.

<sup>5</sup> OJ L 212, 2.8.1986.

<sup>6</sup> OJ L 221, 7.8.1986.

To allow for the accession of Spain and Portugal, the Council adopted a Directive on 18 December 1986 modifying Directive 77/93/EEC on protective measures against the introduction into the Member States of organisms harmful to plants or plant products.<sup>1</sup>

## Legislation on feedingstuffs

391. On 21 July 1986 the Council adopted a Directive<sup>2</sup> amending Directive 74/63/EEC on the fixing of maximum permitted levels for undesirable substances and products in feedingstuffs, Directive 77/101/EEC on the marketing of straight feedingstuffs and Directive 79/373/EEC on the marketing of compound feedingstuffs.

The main aim of the amendments to Directive 74/63/EEC is to improve the safety of feedingstuffs, in particular by limiting the maximum level of aflatoxin to 0.2 mg/kg. The purpose of the amendments to Directives 77/101/EEC and 79/373/EEC is to alter some of their definitions and to provide better information on the composition of feedingstuffs.

## E — Measures adopted following the accident at the Chernobyl nuclear power station

392. Following the accident on 25 April 1986 at the Chernobyl nuclear power station, the Community was obliged to take measures in the areas of intra-Community trade and imports from non-member countries because of the resulting radioactive fall-out.

393. For a number of food products on which a decision was required of the Council, the Commission put up a proposal to suspend imports from certain countries until 31 May 1986. On 12 May the Council adopted a Regulation<sup>3</sup> suspending until 31 May 1986 all imports of fruit and vegetables, milk and milk products, fresh meat and offal, animals for slaughter, game, poultry, rabbits and freshwater fish originating in Bulgaria, Hungary, Poland, Romania, Czechoslovakia, the Soviet Union and Yugoslavia.

In respect of foodstuffs marketed within the Community, the Member States adopted a declaration on 12 May 1986, in which:

- (i) they undertook not to subject products originating in other Member States to maximum permitted levels which were more restrictive than those for national products;
- (ii) they acknowledged the checks being carried out by the exporting Member States and undertook not to impose specific requirements for imports;
- (iii) they undertook to provide the Community with information on changes in radioactivity levels in their territory.

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<sup>1</sup> OJ L 382, 31.12.1986.

<sup>2</sup> OJ L 212, 2.8.1986.

<sup>3</sup> OJ L 127, 13.5.1986.

The Council asked the Commission to draft proposals as soon as possible for supplementing basic standards and to recommend a procedure for dealing with similar emergencies in the future.

394. On the basis of a proposal from the Commission, on 30 May 1986 the Council adopted a Regulation<sup>1</sup> to be applied until 30 September 1986 introducing import controls on the basis of maximum permitted levels. The accumulated maximum radioactivity due to caesium-134 and -137 must not exceed 370 becquerels/kg for milk and food preparations for infants and 600 becquerels/kg for all other products concerned. The checks are also applicable to all fresh and processed agricultural products originating in all non-member countries.

The Council also approved a declaration establishing the principle of parallelism between the tolerances adopted for imports and those to be complied with in the case of Community production and confirming the request made to the Commission to supplement the health-protection standards with appropriate standards relating to radioactivity in foodstuffs.

On 30 September 1986<sup>2</sup> the Council extended until 28 February 1987 the Regulation adopted on 30 May 1986 on the conditions governing imports of agricultural products originating in non-member countries following the accident at Chernobyl.

## F — Policy on agricultural structures and forests

395. In 1986 the Council adopted a number of regional measures affecting various Member States. Following the accession the Council also adopted a number of amendments to Community measures of a horizontal nature concerned with improving structures and with marketing and processing agricultural products, and with the organization of surveys on agricultural production structures. The Council adopted the list of less-favoured areas in Spain and Portugal and made amendments to the list of less-favoured areas in the Federal Republic of Germany and France.

In the forestry sector, the Council adopted two Regulations on the protection of forests against atmospheric pollution and fire.

The Council also started its examination of a proposal for introducing major socio-structural measures to help farmers to adapt more effectively to the agricultural market situation. The Council agreed that a package of socio-structural measures, including increased Community involvement in agricultural research, should be adopted at the beginning of 1987.

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<sup>1</sup> OJ L 146, 31.5.1986.

<sup>2</sup> OJ L 280, 1.10.1986.

# Measures adopted

## Specific regional measures

396. On 6 May 1986 the Council adopted three specific measures to assist France, Italy and the United Kingdom:

- (i) Regulation No 1400/86<sup>1</sup> to develop agriculture by improving the rearing of beef cattle in certain less-favoured areas of France; the estimated costs payable by the EAGGF (Guidance Section) amount to 47 million ECU;
- (ii) Regulation No 1401/86<sup>2</sup> to develop agriculture in certain less-favoured areas of northern Italy; the estimated costs of this project amount to 78.4 million ECU;
- (iii) Regulation No 1402/86<sup>3</sup> to develop agriculture in the Scottish islands of the northern and western coasts, with the exception of the Outer Hebrides; the estimated costs of this project amount to 25 million ECU.

397. On 26 May 1986 the Council adopted Regulation No 1654/86<sup>4</sup> providing for Community financial aid for replanting and converting the olive groves damaged by frost in 1985 in various regions in Italy and the regions of Languedoc-Roussillon and Provence-Alpes-Côte d'Azur in France. The duration of the programme will be two years and its estimated cost, which is payable by the EAGGF (Guidance Section), amounts to 60 million ECU.

On 14 July 1986 the Council adopted Regulation No 2239/86<sup>5</sup> on a specific measure to improve the situation in the wine sector in Portugal by making the basic vine-growing structures more efficient and by encouraging the permanent abandonment of certain areas planted with vines. The duration of this scheme will be 10 years and its estimated cost, which is payable by the EAGGF (Guidance Section), will be 73 million ECU.

On 18 November 1986 the Council adopted Regulation No 3606/86<sup>6</sup> establishing a special emergency measure for farmers in the less-favoured areas of Ireland as a result of the poor weather conditions in 1986. This measure took the form of a financial contribution from the Community in addition to the compensatory allowances granted in 1986. The period for carrying out the common measure is one year, and the Community contribution is limited to 20 million ECU.

On 18 December 1986 the Council adopted Directive 86/654/EEC<sup>7</sup> extending by three years the validity of Directive 79/174/EEC concerning the flood protection programme in the Hérault valley. The estimated cost of the extension to this programme (9 million ECU) is the same as for the original measure.

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<sup>1</sup> OJ L 128, 14.5.1986, p. 1.

<sup>2</sup> OJ L 128, 14.5.1986, p. 5.

<sup>3</sup> OJ L 128, 14.5.1986, p. 10.

<sup>4</sup> OJ L 145, 30.5.1986, p. 13.

<sup>5</sup> OJ L 196, 18.7.1986, p. 1.

<sup>6</sup> OJ L 335, 28.11.1986, p. 3.

<sup>7</sup> OJ L 382, 31.12.1986, p. 22.

On 22 December 1986 the Council adopted Regulation No 3974/86<sup>1</sup> on the rationalization and improvement of health conditions in slaughterhouses in Belgium. The time period for carrying out this measure is three years commencing 1 January 1987. The estimated cost of the measure, which is payable by the EAGGF (Guidance Section), is 20 million ECU.

### Amendments to current measures following the Accession

398. As part of the amendments following the Accession, on 22 April 1986 the Council adopted Regulation No 1316/86 concerning the application in Portugal of Regulation No 797/85 on improving the efficiency of agricultural structures.<sup>2</sup> Given the specific conditions of agriculture in Portugal, this Regulation provides for a number of amendments to — or derogations from — the use of Regulation No 797/85 for a period of three years, in particular as regards eligibility under the various schemes, and the improvements which Portuguese agricultural holdings will be expected to achieve.

On 14 July 1986 the Council adopted Regulation 2224/86 adapting, on account of the accession of Spain, Regulations No 797/85, No 355/77 and No 1360/78 on agricultural structures.<sup>3</sup> This Regulation provides for the extension to Spain of certain specific measures and more favourable conditions on behalf of less-favoured areas.

On 16 September 1986 the Council adopted Regulation No 2915/86<sup>4</sup> laying down socio-structural provisions applicable to agriculture in the Canary Islands. This Regulation provides for the application in the Canary Islands of the measures of a horizontal nature introduced in Regulations Nos 797/85, 355/77 and 1360/78.

As regards surveys on the structure of agricultural holdings, the Council adopted on 25 February 1986 Regulation No 489/86<sup>5</sup> amending Regulation No 1463/84 in order to make the necessary amendments to existing legislation so that the first Community survey on the structure of agricultural holdings can be carried out in Spain and Portugal in 1987.

### Definition of less-favoured areas

399. On 14 July 1986 the Council adopted Directives 86/466/EEC and 86/467/EEC<sup>6</sup> concerning the Community lists of less-favoured farming areas within the meaning of Directive 75/268/EEC for Spain and Portugal respectively. Approximately 62% of the utilized agricultural area in Spain and approximately 75% of this area in Portugal are classified as mountain areas and are therefore less-favoured.

At the same meeting, the Council adopted Directive 86/465/EEC<sup>7</sup> concerning the list of less-favoured farming areas in the Federal Republic of Germany. This Directive repealed

<sup>1</sup> OJ L 370, 30.12.1986, p. 9.

<sup>2</sup> OJ L 115, 3.5.1986, p. 17.

<sup>3</sup> OJ L 194, 17.7.1986, p. 4.

<sup>4</sup> OJ L 272, 24.9.1986, p. 4.

<sup>5</sup> OJ L 54, 1.3.1986, p. 21.

<sup>6</sup> OJ L 273, 24.9.1986, pp. 104 and 173.

<sup>7</sup> OJ L 273, 24.9.1986, p. 1.

the previous Directive 75/270/EEC and drew up a new and more extensive list meeting the need for change to take account of the situation in Germany, while at the same time adhering to the basic criteria laid down in Directive 75/268/EEC. The total of less-favoured areas in Germany has been increased by approximately 2 170 000 hectares, which means that 51% of the utilized agricultural area in Germany is now classified as 'less-favoured'.

On 18 December 1986 the Council adopted Directive 86/655/EEC<sup>1</sup> modifying the Community list of less-favoured farming areas in France. This resulted in an increase of approximately 474 000 hectares in the amount of utilized agricultural area which is classified as less-favoured in France. This means that less-favoured areas now account for 40% of the utilized agricultural area in France.

### Forestry measures

400. On 17 November 1986 the Council adopted two Regulations on forestry: Regulation No 3528/86<sup>2</sup> on the protection of the Community's forests against atmospheric pollution and Regulation No 3529/86<sup>3</sup> on the protection of the Community's forests against fire. The duration of these two measures will be five years as from 1 January 1987. The estimated cost of the first measure for its planned duration will be 10 million ECU, which will be met by the Community budget, and the cost of the second measure will be 200 million ECU.

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<sup>1</sup> OJ L 382, 31.12.1986, p. 23.

<sup>2</sup> OJ L 326, 21.11.1986, p. 2.

<sup>3</sup> OJ L 326, 21.11.1986, p. 5.

# Chapter VII: Administrative matters

## A — Budgetary matters

### 1986 budget

#### Action brought by the Council against the European Parliament

401. At its meeting on 20 December 1985 the Council found the 1986 General Budget of the European Communities adopted by the European Parliament to be *ultra vires*, notably because of the lack of common accord between the two arms of the budgetary authority on the new rates for non-compulsory expenditure, and therefore decided to bring an action before the Court of Justice for the annulment of the 1986 budget adopted by the European Parliament and confirmed by the act of adoption of its President.

#### Judgment of the Court of Justice

402. In its judgment delivered on 3 July 1986 (Case 34/86 *Council of the European Communities v the European Parliament*), the Court of Justice found as follows:

the Court:

1. Declares void the act of the President of the European Parliament of 18 December 1985 whereby he declared that the budget for 1986 had been finally adopted ('Final adoption of the general budget of the European Communities for the financial year 1986', OJ L 358, p. 1);
2. Declares that the annulment of the aforesaid act of the President of the European Parliament of 18 December 1985 may not call in question the validity of the payments made and the commitments entered into, in implementation of the budget for 1986 as published in the Official Journal, before the date of delivery of this judgment;
3. Dismisses the remainder of the application;
4. Orders the parties, including the interveners, to bear their own costs.

#### Resumption of the budgetary procedure

403. The result of the judgment was that the 1986 budget ceased to exist and the budgetary procedure therefore had to be resumed. To that end, immediately following the Court

judgment of 3 July 1986, the Commission forwarded to the budgetary authority a letter of amendment covering additional requirements for 1986.

In the letter of amendment, the Commission combined:

- (i) the budget for 1986 adopted by the European Parliament at second reading in December 1985; and
- (ii) preliminary draft supplementary and amending budget No 1 for 1986 of 20 May 1986.<sup>1</sup>

The letter of amendment:

- (i) increased the appropriations for the structural Funds and the EAGGF (Guarantee Section) in order to meet, from the own resources available, the additional requirements arising from the 'cost of the past' and the change in the economic situation of the agricultural markets;
- (ii) adjusted the amount available for the correction of budgetary imbalances for 1985.

It should also be noted that the letter of amendment:

- (iii) exhausted own resources within the 1.4% VAT ceiling;
- (iv) amended only the statement of expenditure, while leaving the VAT base and the amounts of traditional own resources unchanged.

The Commission proposal relating to the correction of imbalances was for an increase of 500 million ECU (gross equivalent: 706.5 million ECU) in the adjustment in favour of the United Kingdom, thus bringing the adjustment to a total of 1 900 million ECU.

On the expenditure side, the letter of amendment provided for the following main changes to the Council's draft budget at second reading:

	2nd reading EP		Additional increases		Total	
	CA	PA	CA	PA	CA	PA
EAGGF (Guarantee Section)	—	—	+ 915.3	+ 915.3	+ 915.30	+ 915.30
EAGGF (Guidance Section)	+ 44.70	+ 35.12	+ 85.0	+ 100.0	+ 129.70	+ 135.12
ERDF	+ 78.50	+160.00	—	+ 150.0	+ 78.50	+ 310.00
European Social Fund	+ 80.50	+260.00	—	+ 500.0	+ 80.50	+ 760.00
Refunds to Spain and Portugal	+ 50.53	+ 50.53	+ 145.5	+ 145.5	+ 196.03	+ 196.03
Other non-compulsory expenditure	+203.05	+120.70	—	—	+ 203.05	+ 120.70
Other compulsory expenditure	+ 15.40	+ 2.40	—	—	+ 15.40	+ 2.40
<b>Total</b>	<b>+472.68</b>	<b>+628.75</b>	<b>+1 145.8</b>	<b>+1 810.8</b>	<b>+1 618.48</b>	<b>+2 439.55</b>

<sup>1</sup> See also paragraph 416 of this Review.



404. The main totals to be entered in the budget as a result of the proposed amendments are shown below, together with estimated revenues:

**Main totals to be entered in the budget following the letter of amendment**

TABLE I

million ECU

Sector	Commitment appropriations			Payment appropriations		
	Second reading EP	Letter of amendment	Total	Second reading EP	Letter of amendment	Total
	a	b	c = a + b	d	e	f = d + e
1 EAGGF (Guarantee Section)	21 012.0	915.3	21 927.3	21 012.0	915.3	21 927.3
2 Fisheries	243.8	—	243.8	192.5	—	192.5
3 Structural Funds	6 356.5	85.0	6 441.7	4 991.7	750.0	5 741.7
— EAGGF (Guidance Section)	(809.5)	(85.0)	(894.5)	(735.7)	(100.0)	(835.7)
— Regional Fund	(3 176.5)	(—)	(3 176.5)	(2 223.0)	(150.0)	(2 373.0)
— Social Fund	(2 370.5)	(—)	(2 370.5)	(2 033.0)	(500.0)	(2 533.0)
4 Mediterranean programmes	260.0	—	260.0	133.0	—	133.0
5 Transport	75.8	—	75.8	57.8	—	57.8
6 Sectoral policies	920.2	—	920.2	761.7	—	761.7
— Energy	(160.3)	(—)	(160.3)	(45.9)	(—)	(45.9)
— Research	(664.4)	(—)	(664.4)	(628.7)	(—)	(628.7)
— Innovation, industry internal market	(95.5)	(—)	(95.5)	(87.1)	(—)	(87.1)
7 Development cooperation	1 264.2	—	1 264.2	1 171.5	—	1 171.5
8 Miscellaneous	229.4	—	229.4	235.8	—	235.8
9 Repayments	3 154.3	145.5	3 299.8	3 154.3	145.5	3 299.8
10 Administrative appropriations	1 604.5	—	1 604.5	1 604.5	—	1 604.5
Total 1 to 10	35 120.7	1 145.8	36 266.5	33 314.8	1 810.8	35 125.6

In the light of the proposed letter of amendment the Council (Ecofin), at its meeting on 7 July, accepted the principle that the reference framework limits for 1986 could be increased.

TABLE 2

million ECU

<b>Estimated revenue</b>	
Agricultural levies	1 584.9
Sugar levies	1 113.8
Customs duties	9 700.5
VAT	22 257.9
Financial contributions	211.0
Miscellaneous revenue	257.5
<b>Total</b>	<b>35 125.6</b>

405. At its meeting on 7 and 8 July 1986, the Council (Budget) examined the letter of amendment relating to the 1986 budget.

The results of the Council's deliberations were as follows:

- (i) Compared with its decisions of 27 November 1985, the Council decided to increase the appropriations for the following budget lines by the amounts (in ECU) set out below:

	Commitment appropriations	Payment appropriations
EAGGF (Guarantee Section)	+ 1 100 000 000	1 100 000 000
EAGGF (Guidance Section)	+ 39 700 000	30 000 000
ERDF		310 000 000
European Social Fund		760 000 000
<b>Total</b>	<b>+ 1 139 700 000</b>	<b>+ 2 200 000 000</b>
Repayments to Spain and Portugal	187 959 335	+ 187 959 335
<b>Grand Total</b>	<b>+ 1 327 659 335</b>	<b>+ 2 387 959 335</b>
<b>Total Expenditure</b>	<b>35 975 714 383</b>	<b>35 073 974 822</b>

- (ii) The increase in the budgetary adjustment in favour of the United Kingdom from 1 400 to 1 900 million ECU was also approved.
- (iii) In addition, without prejudice to future years, the Council accepted the proposals for the classification of the eight budget lines at issue made by the Commission in the letter of amendment, on the understanding that all the classifications at issue would be examined together with the Parliament and the Commission under the 1987 budgetary procedure.

The Council authorized its President to forward details of the outcome of its deliberations to the European Parliament as soon as possible.

406. At the Council meeting on 9 and 10 July 1986, the President first reported on the discussions which he had had with the representatives of the European Parliament under the mandate granted to him by the Council.

Subsequently, following another meeting with a delegation from the European Parliament, the Council resumed its deliberations on the draft budget for 1986.

On conclusion of its deliberations, the Council indicated its readiness to agree with the European Parliament new maximum rates of increase of 14.54% for commitment appropriations and 39.18% for payment appropriations, based on the following increases in the budgetary forecasts for 1986 over those resulting from the Council meeting of 7 and 8 July:

*million ECU*

	Commitment appropriations	Payment appropriations
Compulsory expenditure	7 405	2 405
Non-compulsory expenditure	211 045	89 696

The Council entered commitment appropriations of 211 043 680 ECU in respect of non-compulsory expenditure, but on condition that 150 million ECU in negative commitment appropriations for non-compulsory expenditure was also entered in Chapter 100; the commitment appropriations relating to non-compulsory expenditure not utilized before the end of the year were to be transferred to this 'negative reserve'.

407. On 10 July 1986, the Parliament took the final vote on the new budget for 1986, based on the compromise worked out between the Council and a delegation from Parliament.

On 10 July 1986 the Parliament President, Mr Pierre Pflimlin, declared that the budgetary procedure laid down in the Treaties had been completed and that the budget for 1986 was finally adopted.

The main elements of the general budget for 1986, which comprised 36 052 million ECU in commitment appropriations and 35 174 million ECU in payment appropriations, are shown in the following table:

**Trend in Community expenditure by sector (total expenditure)**

		1			
		1985 Budget			
		Commitments	%	Payments	%
<b>1. AGRICULTURAL MARKET GUARANTEES</b>					
● EAGGF Guarantee (Ch. 10 to 29)		19 955 000 000	65.18	19 955 000 000	70.18
Total 1		19 955 000 000	65.18	19 955 000 000	70.18
<b>2. STRUCTURAL POLICIES</b>					
● EAGGF Guidance (Ch. 30 to 34)		655 967 700	2.14	632 464 700	2.22
● Specific agricultural measures (Ch. 38)		56 727 300	0.19	55 277 300	0.19
● Fisheries (Ch. 40 to 46)		154 481 400	0.51	111 731 400	0.39
● Regional Fund (Ch. 50 and 51)		2 289 900 000	7.48	1 610 000 000	5.66
● Supplementary measures UK (Ch. 53)					
● Mediterranean programmes (Ch. 55)		140 000 000	0.46	10 000 000	0.03
● Miscellaneous — regional (Ch. 52, 54, 56 and 57)		67 200 000	0.22	42 200 000	0.14
● Transport policy (Ch. 58)		91 550 000	0.30	35 550 000	0.12
● Social Fund (60 and 61)		2 010 000 000	6.57	1 410 000 000	4.90
● Miscellaneous — social (Ch. 64, 65, 68 and 69)		182 279 000	0.60	180 721 000	0.60
● Education and culture (Ch. 63 and 67)		20 346 000	0.07	20 346 000	0.07
● Environment and consumers (Ch. 66)		18 665 000	0.06	15 165 000	0.05
Total 2		5 687 116 400	18.58	4 123 455 400	14.50
<b>3. RESEARCH, ENERGY AND INDUSTRY</b>					
● Energy policy (Ch. 70 and 71)		144 765 000	0.47	86 765 000	0.31
● Research and investment (Ch. 72 and 73)		841 602 900	2.75	561 641 900	1.90
● Information and innovation (Ch. 75)		21 685 000	0.07	13 735 000	0.05
● Industry and internal market (Ch. 77 and 78)		38 800 000	0.13	44 650 000	0.15
Total 3		1 046 852 900	3.42	706 791 900	2.45
<b>4. REPAYMENTS AND RESERVES</b>					
● Repayments to Member States (Ch. 80)		1 070 265 000	3.50	1 070 265 000	3.70
● Other repayments (Ch. 82, 86 and 87)		23 994 776	0.08	23 994 776	0.08
● Miscellaneous — guarantees (Ch. 79, 83, 84 and 85)		172 503 000	0.56	172 503 000	0.61
● Reserves (Ch. 101)		5 000 000	0.02	5 000 000	0.02
Total 4		1 271 762 776	4.15	1 271 762 776	4.41
<b>5. DEVELOPMENT COOPERATION AND NON-MEMBER COUNTRIES</b>					
● EDF (Ch. 90 and 91)					
● Food aid (Ch. 92)		635 594 800	2.08	507 861 900	1.75
● Coop. with Lat. Amer. & Asian dev. countries (Ch. 93)		285 350 000	0.93	142 250 000	0.50
● Specific and exceptional measures (Ch. 94 and 95)		101 700 000	0.33	81 700 000	0.28
● Cooperation with Mediterranean countries (Ch. 96)		236 900 000	0.77	248 627 700	0.85
● Miscellaneous — cooperation (Ch. 97, 98 and 99)		63 240 000	0.21	63 240 000	0.22
Total 5		1 322 784 800	4.32	1 043 679 600	3.67
<b>6. STAFF AND ADMINISTRATIVE APPROPRIATIONS</b>					
● Section III A		884 550 600	2.89	884 550 600	3.11
● Sections I, II, IV and V		447 952 698	1.46	447 952 698	1.58
Total 6		1 332 503 298	4.35	1 332 503 298	4.65
Grand total		30 616 020 174	100.00	28 433 192 974	100.00

2				3			
1986 Budget (10 July 1986)				Difference			
Commitments	%	Payments	%	Commitments	%	Payments	%
22 112 000 000	61.33	22 112 000 000	62.86	+ 2 157 000 000 +	10.81	+ 2 157 000 000 +	10.81
22 112 000 000	61.33	22 112 000 000	62.86	+ 2 157 000 000 +	10.81	+ 2 157 000 000 +	10.81
807 030 721	2.24	733 088 260	2.08	+ 151 063 021 +	23.03	+ 100 623 560 +	15.91
69 397 818	0.19	69 097 818	0.20	+ 12 670 518 +	22.34	+ 13 820 518 +	25.00
241 274 654	0.67	190 044 654	0.54	+ 86 793 254 +	56.18	+ 78 313 254 +	70.09
3 098 000 000	8.59	2 373 000 000	6.75	+ 808 100 000 +	35.29	+ 763 000 000 +	47.39
260 000 000	0.72	133 000 000	0.38	+ 120 000 000 +	85.71	+ 123 000 000 +	1 230.00
29 276 500	0.08	41 976 500	0.12	- 37 923 500 -	56.43	- 223 500 -	0.53
75 840 000	0.21	26 840 000	0.08	- 15 710 000 -	17.16	- 8 710 000 -	24.50
2 290 000 000	6.35	2 533 000 000	7.20	+ 280 000 000 +	13.93	+ 1 123 000 000 +	79.65
70 850 463	0.20	67 380 463	0.19	- 111 428 537 -	61.13	- 113 340 537 -	62.72
30 434 125	0.08	30 434 125	0.09	+ 10 088 125 +	49.58	+ 10 088 125 +	49.58
24 450 325	0.07	21 750 325	0.06	+ 5 785 325 +	31.00	+ 6 585 325 +	43.43
6 996 554 606	19.41	6 219 612 145	17.68	+ 1 309 438 206 +	23.03	+ 2 096 156 745 +	50.84
160 307 000	0.45	45 920 000	0.13	+ 15 542 000 +	10.74	- 40 845 000 -	47.08
664 374 250	1.84	628 666 250	1.79	- 177 228 650 -	21.06	+ 67 014 350 +	11.93
17 536 250	0.05	18 786 250	0.05	- 4 148 750 -	19.13	+ 5 051 250 +	36.78
77 951 500	0.22	68 338 500	0.19	+ 39 151 500 +	100.91	+ 23 688 500 +	53.05
920 169 00	2.55	761 701 000	2.17	- 126 683 900 -	12.10	+ 54 909 100 +	7.77
1 239 920 000	3.44	1 239 920 000	3.53	+ 169 655 000 +	15.85	+ 169 655 000 +	15.85
2 059 885 345	5.71	2 059 885 345	5.86	+ 2 035 890 569 +	8 484.72	+ 2 035 890 569 +	8 484.72
				- 172 503 000 -	100.00	- 172 503 000 -	100.00
145 000 000	0.40	5 000 000	0.01	- 150 000 000 -	3 000.00		
3 154 805 345	8.75	3 304 805 345	9.40	+ 1 883 042 569 +	148.07	+ 2 033 042 569 +	159.86
698 610 000	1.94	553 277 100	1.57	+ 63 015 200 +	9.91	+ 45 451 200 +	8.94
297 930 750	0.83	223 495 250	0.64	+ 12 580 750 +	4.41	+ 81 245 250 +	57.11
116 735 050	0.32	87 235 050	0.25	+ 15 035 050 +	14.78	+ 5 535 050 +	6.78
81 446 000	0.23	238 035 800	0.68	- 155 454 000 -	65.62	- 10 591 900 -	4.26
69 500 000	0.19	69 500 000	0.20	+ 6 260 000 +	9.90	+ 6 260 000 +	9.90
1 264 221 800	3.51	1 171 543 200	3.33	- 58 563 000 -	4.43	+ 127 863 600 +	12.25
1 049 196 425	2.91	1 049 196 425	2.98	+ 164 645 825 +	18.61	+ 164 645 825 +	18.61
555 266 888	1.54	555 266 888	1.58	+ 107 314 190 +	23.96	+ 107 314 190 +	23.96
1 604 463 313	4.45	1 604 463 313	4.56	+ 271 960 015 +	20.41	+ 271 960 015 +	20.41
36 052 214 064	100.00	35 174 125 003	100.00	+ 5 436 193 890 +	17.76	+ 6 740 932 029 +	23.71

## 1987 budget

### Reference framework for the 1987 financial year

408. At its meeting on 27 April 1987 the Council established the following reference framework for the 1987 financial year in accordance with the conclusions of the Council of 4 December 1984:

	Commitments	<i>million ECU</i> Payments
(i) Maximum net expenditure on agricultural markets	22 960.8	22 960.8
(ii) Non-compulsory expenditure	10 161.6	7 950.1
(iii) Other compulsory expenditure	4 304.5	4 393.3
<b>Grand total</b>	<b>37 426.9</b>	<b>35 304.2</b>
(iv) 'Cost of the past' and 'enlargement'		
The Council recalled that there was a problem in these areas and agreed to give it consideration in the course of the budgetary procedure.		

### Preliminary draft budget

409. On 13 June 1986, the Commission officially forwarded to the Council the preliminary draft general budget of the European Communities for the 1987 financial year; on 3 September 1986 it also forwarded to the Council letter of amendment No 1 relating to the preliminary draft general budget.

The letter of amendment mainly provided for changes in the appropriations for a certain number of budget lines in the preliminary draft budget (overall effect compared with the preliminary draft budget: - 10.7 million ECU in commitment appropriations and - 1.5 million ECU in payment appropriations) and the adjustment of the correction of budgetary imbalances in favour of the United Kingdom (net increase of approximately 650 million ECU).

### Council — first reading

410. The Council considered this preliminary draft budget at its meetings of 21 and 22 July and 8 and 9 September 1986.

Before establishing the draft general budget of the European Communities for the 1987 financial year, the Council met a delegation from the European Parliament on 21 July 1986.

Knowing Parliament's point of view, the Council then established the draft general budget of the European Communities for 1987, after consulting the Commission, the Court of Justice and the Court of Auditors. The Economic and Social Committee were also consulted.

In this draft budget the Council provided for total expenditure of 36 944 816 128 ECU in commitment appropriations and 35 945 595 127 ECU in payment appropriations.

### Commitment appropriations

	1986 Budget		Draft 1987 budget		Difference 1987/86	
	Amount	%	Amount	%	ECU	%
Parliament	306 141 258	0.85	349 031 720	0.95	42 890 462	+ 14.01
Council	185 602 700	0.51	199 564 800	0.54	13 962 100	+ 7.52
Commission	35 496 947 176	98.46	36 325 128 418	98.32	828 181 242	+ 2.33
Court of Justice	39 978 800	0.11	45 417 970	0.12	5 439 170	+ 13.61
Court of Auditors	23 544 130	0.07	25 673 220	0.07	2 129 090	+ 9.04
<b>Total</b>	<b>36 052 214 064</b>	<b>100</b>	<b>36 944 816 128</b>	<b>100</b>	<b>892 602 064</b>	<b>+ 2.48</b>

### Payment appropriations

	1986 Budget		Draft 1987 budget		Difference 1987/86	
	Amount	%	Amount	%	ECU	%
Parliament	306 141 258	0.87	349 031 720	0.97	42 890 462	+ 14.01
Council	185 602 700	0.53	199 564 800	0.55	13 962 100	+ 7.52
Commission	34 618 858 115	98.42	35 325 907 417	98.28	707 049 302	+ 2.04
Court of Justice	39 978 800	0.11	45 417 970	0.13	5 439 170	+ 13.61
Court of Auditors	23 544 130	0.07	25 673 220	0.07	2 129 090	+ 9.04
<b>Total</b>	<b>35 174 125 003</b>	<b>100</b>	<b>35 945 595 127</b>	<b>100</b>	<b>+771 470 124</b>	<b>+ 2.19</b>

411. The main components of the draft 1987 budget were as follows:

	<i>million ECU</i>	
	Commitment appropriations	Payment appropriations
EAGGF (Guarantee Section)	22 960.8	22 960.8
(Guidance Section)	915.0	884.0
ERDF	3 280.0	2 422.0
Social Fund	2 561.0	2 499.0
Other non-compulsory expenditure	3 098.7	3 076.4
including expenditure on research	836.0	725.0
Other compulsory expenditure	4 129.3	4 103.4
<b>Grand total</b>	<b>36 944.8</b>	<b>35 945.6</b>

The Council accepted the appropriations proposed by the Commission for the EAGGF (Guarantee Section), in accordance with the financial guideline on expenditure on aid to agricultural markets. In the case of non-compulsory expenditure, it entered in the draft budget an amount corresponding to half of the maximum rate of increase for the payment appropriations (4.05%) and an amount slightly below half for the commitment appropriations (3.73%). A marked preference was given to increasing Community aid to the technological research and development sector.

The Council's decisions took account of the need to respect the 1.4% VAT ceiling, as well as the Commission's request that a margin for manoeuvre should be maintained as regards own resources in order to be able to meet any contingencies during 1987.

### **Parliament — first reading**

412. At its sitting on 13 November 1986 the European Parliament adopted amendments and proposed modifications to the draft budget and by letter dated 14 November 1986 forwarded to the Council the drafts thus amended and modified.

The amendments and modifications proposed involved increases of 3 056 369 515 ECU in commitment appropriations and 2 512 788 152 ECU in payment appropriations compared with the Council's draft budget.

### **Council — second reading**

413. Before taking a decision on the draft budget thus amended and modified at its meeting of 26 and 27 November 1986, the Council held an exchange of views with a delegation from the European Parliament.

The Council then took decisions on each of the European Parliament's amendments and proposed modifications.

The draft budget adopted unanimously at second reading provided for commitment appropriations of 37 406 million ECU and payment appropriations of 36 247 million ECU.

The commitment appropriations comprised 27 137 million ECU for compulsory expenditure and 10 269 million ECU for non-compulsory expenditure.

The payment appropriations comprised 27 082 million ECU for compulsory expenditure and 9 165 million ECU for non-compulsory expenditure.

The rate of increase of non-compulsory expenditure compared with the 1986 budget was 8.09% for commitments and 7.37% for payments.

In response to the proposed modifications to expenditure on the EAGGF (Guarantee Section) adopted by Parliament at first reading and in the light of the exchange of views it had had with the Parliament delegation, the Council conducted a detailed debate on certain budgetary expenditure in the agricultural sector.



The amounts allocated included the following appropriations:

	<i>million ECU</i>	
	Commitment appropriations	Payment appropriations
ERDF	3 342	2 497
Social Fund	2 602	2 542
Research and development	1 020	764
Development aid	969	1 125

It decided to insert a new article in the budget, entitled:

'Measures to be taken following a review, with a view to reducing production surpluses and accumulated stocks', marked with 'token entry'.

The modified draft budget was forwarded to Parliament by letter dated 28 November 1986.

### **Parliament — second reading**

414. After the European Parliament had adopted on 11 December 1986 commitment and payment appropriations in excess of the Council classification and after the Council had informed Parliament that it had not had the necessary majority to exceed the maximum rate, the Parliament President was unable to declare the budget adopted. As a result, the 1987 budgetary procedure was not completed by the end of the year.

### **Triologue**

415. Because of the differences between the Council and the European Parliament concerning the classification of certain budget lines as compulsory expenditure or non-compulsory expenditure, the Council requested the Commission to set in motion the procedure provided for by the Joint Declaration of June 1982 in order to help the two arms of the budgetary authority resolve their differences.

The budget lines at issue amounted to approximately 1 130 million ECU in commitment appropriations and 1 223 million ECU in payment appropriations.

On 3 October 1986 President Delors invited the President of the Council and the President of the European Parliament to participate in a triologue. The first meeting took place on 21 October 1986, when it was agreed to set up a technical working party. This working party met during November and December but no agreement was reached and the questions relating to the classification remained unresolved.

## **Preliminary draft supplementary and amending budget for 1986**

### *Preliminary draft supplementary and amending budget No 1/86 of 20 May 1986*

416. By letter dated 20 May 1986, the Commission forwarded to the Council preliminary draft supplementary and amending budget No 1 for the 1986 financial year.

This preliminary draft, based on the 1986 budget adopted by the European Parliament, had three essential facets: the adjustment of the correction of the budgetary imbalances, and the increase of appropriations for the EAGGF (Guarantee Section) and the three structural Funds (EAGGF (Guidance Section), ERDF and ESF) by 1 810.8 million ECU. Because of the correction of budgetary imbalances, this preliminary draft supplementary and amending budget exhausted the own resources available within the 1.4% VAT ceiling.

The Council took no decision on this preliminary draft supplementary and amending budget but decided to await the judgment of the Court of Justice on the 1986 budget.

### *Preliminary draft amending budget No 1/1986 of August 1986*

417. On 29 August 1986 the Commission forwarded a communication to the budgetary authority on progress made with the 1986 budget and on 4 September 1986 it submitted preliminary draft amending budget No 1/1986. This preliminary draft amending budget offset an estimated 776 million ECU shortfall in own resources by cutting expenditure of 450 million ECU entered under the appropriations for the EAGGF (Guarantee Section) and cancelling at the end of the year 326 million ECU of other appropriations representing sums not utilized for technical reasons.

At its meeting on 8 and 9 September 1986, the Council (Budget) took note of the serious situation revealed in the Commission's communication and preliminary draft amending budget according to which the 1986 budget would probably result in a shortfall in revenue which could have grave repercussions on the resources available in 1987. The Council urgently called upon the Commission to take every possible measure when implementing the 1986 budget to achieve equitable cuts in expenditure to keep the budget balanced, while taking into account Community obligations and ensuring that certain expenditure was not carried forward to 1987.

The Council invited the European Parliament to lend its support to this request. In a resolution passed on 24 October 1986, the European Parliament refused to endorse the Council's request and called upon the Council to establish a draft amending budget on the basis of the Commission's preliminary draft amending budget.

On 21 November 1986, the Commission notified the Council that the estimated revenue shortfall of 776 million ECU in the preliminary draft amending budget was now estimated at 1 303 million ECU.

At its meeting on 26 and 27 November 1986, the Council decided not to establish preliminary draft amending budget No 1 for the 1986 financial year.

It took note of the latest estimated budget deficit for 1986, which would pose a problem for the 1987 budget.

It asked the Commission, when implementing the 1986 budget, to take full account of the revenue currently available in 1986. It took note of the Commission's intention to present a preliminary draft amending and supplementary budget to the budgetary authority once the 1986 accounts had been closed.

## **B — Other budgetary matters**

### **Transfers of appropriations between chapters within the budget estimates of the institutions for 1986**

418. 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 the European Parliament on several other requests for transfers relating to non-compulsory expenditure under the third subparagraph of Article 21 (2) of the Financial Regulation, including request No 36/86 relating to the negative reserve.

### **Carryover of appropriations from the 1985 financial year to the 1986 financial year**

419. At its meeting on 21 and 22 April 1986 the Council decided not to oppose the requests presented by the Commission for the 'non-automatic' carryover of appropriations from 1985 to 1986 pursuant to Article 6 (3) of the Financial Regulation.

In addition, on 25 June 1986, the Commission presented to the Council, for its information, in accordance with Article 6 (7) of the Financial Regulation,<sup>1</sup> a list of the appropriations carried over automatically from 1985 to 1986.

### **Discharge given to the Commission in respect of the implementation of the 1984 budget**

420. At its meeting on 10 March 1986, the Council recommended that the European Parliament give a discharge to the Commission in respect of the implementation of the budget and the supplementary and amending budget of the European Communities for the 1984 financial year.

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<sup>1</sup> 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'.

This recommendation was forwarded to the European Parliament by letter dated 12 March 1986.

On 18 April 1986, the European Parliament gave a discharge to the Commission in respect of the implementation of these budgets.<sup>1</sup>

## Financial Regulations

421. Work continued in the Council's subordinate bodies on the revision of the Financial Regulation of 21 December 1977.

## C — Staff Regulations

In addition to a number of decisions relating to internal matters, the Council adopted a series of regulations in the following areas:

### Salaries of officials and other servants

422. By Regulation (Euratom, ECSC, EEC) No 2126/86 of 7 July 1986,<sup>2</sup> the Council adjusted the weightings applicable to the remuneration and pensions of officials and other servants of the European Communities to take account of changes in the cost of living recorded in the various countries during the second half of 1985.

At its meeting on 26 November 1986 the Council adopted Regulation (EEC, Euratom, ECSC) No 3619/86<sup>3</sup> correcting the weightings applicable in Denmark, Germany, Greece, France, Ireland, Italy, the Netherlands and the United Kingdom to the remuneration and pensions of officials and other servants of the European Communities. This decision was taken following the five-yearly verification of weightings carried out by the Statistical Office of the European Communities in accordance with the method of adjusting remuneration.<sup>4</sup>

In the annual review of remunerations for 1986, the Council adopted at its meeting on 16 December 1986 Regulation (EEC, Euratom, ECSC) No 3856/86<sup>5</sup> adjusting the remuneration and pensions of officials and other servants of the European Communities and the weightings applied thereto for the reference period 1 July 1985 to 30 June 1986; this regu-

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<sup>1</sup> Decision granting a discharge to the Commission of the European Communities for the financial year 1984 in respect of Sections I — Parliament, II — Council, III — Commission, IV — Court of Justice, V — Court of Auditors, OJ L 150, 4.6.1986.

<sup>2</sup> OJ L 187, 9.7.1986.

<sup>3</sup> OJ L 336, 29.11.1986.

<sup>4</sup> OJ L 386, 31.12.1981.

<sup>5</sup> OJ L 359, 19.12.1986.

lation was adopted following the adoption of Regulation (EEC, Euratom, ECSC) No 3855/86<sup>1</sup> correcting the scale established following the 1985 annual review.

During 1986 the Council examined the report on the method of adjusting remuneration, as well as associated proposals submitted by the Commission in December 1985 in accordance with Section III. 2 of the Council Decision of 15 December 1981 amending the method of adjusting the remuneration of officials and other servants of the European Communities.<sup>2</sup> Because of the complexity of the issue raised, the Council was unable to complete its work in 1986.

## **Measures to terminate service**

423. Pursuant to Article 2 (1) of Regulation (ECSC, EEC, Euratom) No 3518/85 of 12 December 1985<sup>3</sup> introducing special measures to terminate the service of officials of the European Communities as a result of the accession of Spain and Portugal, the Council took a Decision (86/588/EEC, Euratom, ECSC)<sup>4</sup> laying down the number of officials to whom such measures would apply in 1987.

## **Arrangements applicable to the staff at the European Centre for the Development of Vocational Training and at the European Foundation for the Improvement of Living and Working Conditions**

424. The Council was presented in June 1986 with the draft regulations amending the arrangements applicable to staff at the European Centre for the Development of Vocational Training (Berlin) and the arrangements applicable to staff at the European Foundation for the Improvement of Living and Working Conditions (Dublin). The Commission was expected to submit amended proposals at the end of 1986 which would allow adoption of the changes considered.

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<sup>1</sup> OJ L 359, 19.12. 1986.

<sup>2</sup> OJ L 386, 31.12. 1981.

<sup>3</sup> OJ L 335, 13.12. 1985.

<sup>4</sup> OJ L 339, 2.12. 1986.



# 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	63½	146½	744½
1964	102½	229½	1 002½
1965	35	105½	760½
1966	70½	112½	952½
1967	75½	134	1 233
1968	61	132	1 253
1969	69	129	1 412½
1970	81	154	1 403
1971	75½	127½	1 439
1972	73	159	2 135
1973	79½	148	1 820
1974	66	114½	1 999½
1975	67½	118	2 079½
1976	65½	108½	2 130
1977	71	122	2 108½
1978	76½	104½	2 090
1979	59	107½	2 000
1980	83	106½	2 078½
1981	83	110	1 976
1982	86	107	1 885
1983	121½	105½	1 912½
1984	133	86	1 868½
1985	118	117	1 892
1986	107	118½	1 842½

*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
1986	3	4

# 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

CEN  
European Committee for Standardization

CFPE  
Community financing projects for the environ-  
ment

CIC  
Committee on Industrial Cooperation

cif  
cost, insurance and freight

CIRR  
Commercial interest reference rate

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 of 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

Eurofer  
European Confederation of Iron and Steel In-  
dustries

— F —

FADN  
Farm accountancy data network

FAO  
Food and Agriculture Organization

FAST  
Forecasting and assessment in the field of  
science and technology

FOPS  
Falling-object protective structures

— G —

GATT  
General Agreement on Tariffs and Trade

GCC  
Gulf Cooperation Council

GSP  
Generalized system of preferences

— I —

IADF  
International Agricultural Development Fund

IAEA  
International Atomic Energy Agency

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 At-  
lantic Fisheries

IDA  
International Development Association

IEA  
International Energy Agency

ILO  
International Labour Organization

IMF	MFA
International Monetary Fund	Multifibre Arrangement
IMP	MTN
Integrated Mediterranean programme	Multilateral trade negotiations
Insis	
Integrated services interinstitutional system	— N —
IOOC	NAFO
International Olive Oil Council	North-West Atlantic Fisheries Organization
ISDN	NATO
Integrated services digital network	North Atlantic Treaty Organization
IWO	NCI
International Vine and Wine Office	New Community Instrument
	NEAFC
— J —	North-East Atlantic Fisheries Convention
JET	NGO
Joint European Torus	Non-governmental organization
JRC	
Joint Research Centre	— O —
	OCTs
— L —	Overseas countries und territories
LAES	OECD
Latin-American Economic System	Organization for Economic Cooperation and Development
LDC	
Less-developed country	— P —
LEI	psr
Local employment initiative	produced in specific regions (quality wines)
LLDC	
Least-developed country	— R —
	R&D
— M —	Research and development
MCA	ROPS
Monetary compensatory amount	Roll-over protective structures

— S —

SDR  
Special drawing rights

SME  
Small and medium-sized enterprise

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  
Cooperation

TCDD  
Tetrachlorodibenzodioxine

TIR  
International road haulage

— U —

Ucits  
Undertaking for collective investment in  
transferable securities

Unbro  
United Nations Border Relief Operation

UHT  
Ultra-high temperature

Unctad  
United Nations Conference on Trade and De-  
velopment

UNEP  
United Nations Environment Programme

Unido  
United Nations Industrial Development Orga-  
nization

Unrwa  
United Nations Relief and Works Agency for  
Palestine Refugees in the Near East

USDOE  
United States Department of Energy

— V —

VAT  
Value-added tax

— W —

WEU  
Western European Union

WFP  
World Food Programme

WHO  
World Health Organization

WIPO  
World Intellectual Property Organization

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