

General Secretariat of the Council
of the European Communities

THIRTY-FIFTH REVIEW OF THE COUNCIL'S WORK

1 JANUARY — 31 DECEMBER 1987



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Introduction

The entry into effect of the Single European Act on 1 July 1987 had such an impact on the Community that it overshadowed all the other events of the year. It demonstrates that, far from marking time, European integration is well under way. The Single European Act is in itself a pointer: internally it shows Europeans that their Community is a living organization and to the outside world it demonstrates the European Community's dynamism and international standing.

The Council has attached great importance to the implementation of the Single Act, since it is keen to put into practice the ideas behind it: to strengthen economic and social cohesion, to complete the internal market by the end of 1992, to stabilize agricultural expenditure, and to introduce new Community policies on the environment and research. The Commission's proposals in these various fields and those providing for new resources (Delors package) were discussed in depth: at its meeting in June 1987, the European Council laid down a number of specific guidelines. It also laid down a procedure for the rapid adoption of all the decisions necessary to achieve the objectives set by the Single European Act for the creation of a common economic area. On this basis, the Commission put before the Council key proposals on financial and agricultural questions and on the subject of economic and social cohesion. The Council was particularly assiduous in dealing with these proposals, particularly at the Copenhagen European Council in December 1987.

Work on completing the single market, which is another vital element in the Single Act, continued under the new procedure introduced by the Single Act, involving mainly cooperation with the European Parliament.

The Council signed or accepted various international customs conventions, including the International Convention on the Harmonized Commodity Description and Coding System. It also completed its work on the majority of the proposals for eliminating technical barriers to trade, particularly for motor vehicles and pharmaceutical products. The introduction of a new nomenclature for the Common Customs Tariff and that of a new Community document for customs and statistical purposes were further important steps towards the single market. Several measures to encourage the development of new telecommunications technologies were also adopted.

The Council kept a close watch on the process of restructuring in the steel industry and decided to accept the extension of the quota system and to re-examine the post-1988 funding of welfare arrangements for workers in this sector.

Work continued on establishing freedom to provide services in the mortgage sector and on other measures under discussion concerning financial institutions, the liberal professions, insurance, company law, and broadcasting.

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Agreement was reached on technical reforms to strengthen the European Monetary System, in particular the extension of official use of the ecu. Measures were implemented to increase the transparency of export credits, and at the same time the Council continued its examination of the Commission's proposals on the elimination of tax frontiers.

Discussions on the completion of the 1987 budgetary procedure continued on the basis of a Commission letter of amendment to the 1987 draft budget, following which the Council and Parliament were able to come to an agreement in February 1987. Owing to the loss of revenue caused by the sharp fall in the dollar and to increased expenditure by the EAGGF Guarantee Section, the appropriations entered in the 1987 budget proved inadequate.

A supplementary and amending budget drew, among other measures, on the VAT resources still available in 1987 up to the maximum of 1.4%. As for the deliberations on the 1988 draft budget, they had not been concluded by the end of 1987.

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The year saw steady economic growth: private consumption rose by an average of 3.1%, while inflation fell by the same amount, employment rose by 0.8%, and unemployment fell very slightly.

It is against this background that the Council asked the Commission to put forward an action programme to assist the long-term unemployed, comparing and improving the national programmes in this field, with emphasis on the need for continuing education for adults.

It also decided to implement a programme intended mainly to back Member States' efforts to provide vocational training for all young people in addition to compulsory schooling. The Council also expressed its concern at the difficulties experienced by women in the employment market and stressed the need to improve and adapt policies for the vocational training of women and for promoting equal opportunity.

The problems involved in establishing new industries in regions affected by structural difficulties, such as the decline in the shipbuilding or steel industries, were examined in the context of new action programmes.

Research and technological development became a Community concern with the entry into force of the Single European Act on 1 July 1987. The Council accordingly adopted an initial multi-annual framework programme for 1987 to 1991, laying down the scientific and technical objectives, the priorities and certain financial provisions in this field. Several specific programmes had already been adopted under this framework programme by the end of the year.

With a view to the creation of a people's Europe, the Erasmus programme to promote mobility among students in the Community and cooperation between universities in all the Member States became operational from the beginning of July 1987. One of the aims behind this programme is to produce qualified people with direct experience of living in other countries.

Although the energy situation is at present favourable, the Council is keeping a close watch on developments in national policies and on possible trends in the energy market. This is why it is seeking to increase energy efficiency and is examining both the situation in the building sector and the use of electricity.

The Council considers that natural gas, which is ecologically clean and guarantees security of supply, should be distributed via a more integrated European network. The Council also intends to promote both information on new and renewable energy sources and their more widespread use.

The Chernobyl nuclear accident in 1986 remained among the Council's main concerns. The relevant measures for consumer health protection were reviewed and their period of application extended. Furthermore, as regards radiation emergencies, the Community is to participate in a rapid information system under an international convention. The Council also adopted a system for laying down without delay the maximum permitted levels of radioactivity in foodstuffs and feedingstuffs. In addition, it wishes to bring about an international agreement on this subject.

During the year the Council continued its efforts — backed by the adoption of the Single Act — for environmental and consumer protection by increasing its financial contributions to various Community projects and by endeavouring to reduce pollution by motor vehicles and by various toxic substances.

It also took steps to ban substances harmful to health or safety and, in international negotiations decided to help to reduce emissions of certain chlorofluorocarbons to protect the ozone layer in the stratosphere.

At a Council meeting attended by the Health Ministers of the Community Member States, there was a broad exchange of views on the threat of AIDS to public health in Europe. This led to agreement on common principles for the fight against AIDS, one of which was the rejection of any policies which discriminate against AIDS victims. An ad hoc working party responsible for mutual information at Community level and for proposing joint anti-AIDS measures met twice during 1987. Attention was also given to the possibilities of establishing a common strategy in the fight against drugs.

As regards air transport, the Council adopted in December 1987 a set of measures — designed to promote greater competition in scheduled air services between Member States — which provide a real starting point for a common policy in this field. The measures concern fares, capacity, market access, and the application of rules on competition to air transport companies.

On land transport, the Council's main activity was to continue its work on setting up by 1992 at the latest a free market without quantitative restrictions in the intra-Community road haulage sector. The Council granted the Member States a 40% increase in the Community quota and confirmed its intention of continuing its efforts to eliminate all distortions of competition in the road haulage sector.

With regard to agriculture, the Council first of all introduced mechanisms to deal with the reforms which had taken place in the dairy and beef sector, after which it concentrated on the particularly difficult negotiation of prices and related measures for the 1987/88 marketing year. In June the European Council itself became involved in these negotiations when it dealt with agri-monetary questions. During the second half of the year, the Council began its work on agricultural stabilizers, which were a particularly important aspect of the 'Delors package' and were discussed at the Copenhagen European Council in December 1987.

As in previous years, the Council, in its management of fisheries resources, set the TACs and quotas for 1988 and also adopted rules governing the catch possibilities of Spanish and Portuguese vessels and those of the other Community countries. Various measures were adopted to supervise and check the application of the policy of conserving fish stocks. Discussions are currently under way on adapting the common organization of the markets in fisheries products to take account of the changes brought about by the enlargement of the Community.

Furthermore, the Council continued to implement Community research projects to assist the fisheries sector by making provision for financial assistance for the period 1988-92. Consultation and cooperation on fisheries with the countries or organizations which have entered into agreements with the Community also continued during 1987. A number of Fisheries Agreements with African countries and countries bordering the Indian Ocean were formally concluded, while the negotiations with Morocco have not yet been successfully concluded.

In the field of external relations, the Community continued, as part of the global and balanced approach laid down in the Punta del Este Declaration, to make a substantial contribution to the negotiations in the Uruguay Round, to the success of which it attaches very great importance.

In relations with the United States, some disputes were settled, while a solution to others is still being sought. The Council expressed its concern on a number of occasions at the passage through Congress of the draft Trade Bill, which includes disturbing elements which might lead to protectionism.

In relations with Japan, the Council gave full support to the Commission's continued efforts to correct the trade imbalance, particularly under the sectoral approach followed since 1986.

Cooperation with EFTA was intensified by the adoption of an action programme at the meeting between the Commission and EFTA ministers at Interlaken on 20 May 1987, at which two multilateral conventions, the first ever between the EEC and EFTA, were signed. They concerned the Single Administrative Document and goods in transit and will greatly simplify the work of economic operators.

The Council attaches particular importance to the current normalization of relations with the CMEA and its European members, in the course of which negotiations are being conducted with Czechoslovakia, Hungary and Romania and contacts are continuing between the Commission and the CMEA Secretariat.

The Community's partners in the Third World remain as always one of the main focuses of the Council's attention.

The negotiations with the ACP countries with a view to Spain and Portugal becoming signatories to the Third Lomé Convention were completed. The two sides considered that the Convention had continued to be implemented very satisfactorily. The Council also adopted a major special programme to assist poor and heavily indebted countries south of the Sahara.

The enlarged Community's new Mediterranean policy is almost complete. The negotiations on the commercial and financial protocols were completed with most of the countries concerned. Following Turkey's application for accession, the procedure provided for by the Treaties was instituted, which means that it is now up to the Commission to prepare its opinion.

The strengthening of relations with Latin America on the basis of the declaration of intent annexed to the Treaty of Accession of Spain and Portugal and the conclusions of the European Council in The Hague in June 1986 was reflected in particular in the adoption by the Council and the Member States of a coherent overall strategy which takes account of the different situations and needs in the various parts of Latin

America. The third EEC/Central America Ministerial Conference, held in Guatemala in February 1987, provided the Community with an opportunity to confirm its support for the economic integration of the region and for the peace process. The Cooperation Agreement with the Andean Group came into force on 1 February 1987.

The Community continued to develop its cooperation with its Asian partners and with China. The Council drew up negotiating directives with a view to concluding a cooperation agreement with the Gulf Cooperation Council.

The Development Council continued its efforts to adapt cooperation policy to the latest developments, in particular by the inclusion of new subjects.

As the Community and the Member States, which had played an active part in the process, had hoped, Unctad VII adopted by consensus a Final Act which constitutes a realistic platform for reviving the North-South Dialogue and international cooperation.

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In conclusion, during its 80 meetings in 1987 the Council adopted a total of 458 Regulations, 125 Decisions and 40 Directives.

This Review, like previous editions, has 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 1987 the Presidency of the Council was held by Belgium, and in the second by Denmark.

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

Mr H. de Croo	Minister for Communications and Foreign Trade
Mr P. de Keersmaecker	State Secretary for European Affairs and Agriculture
Mrs W. Demeester-De Meyer	State Secretary for Public Health
Mr A. Duquesne	Minister for Education
Mr M. Eyskens	Minister for Finance
Mr J. Gol	Deputy Prime Minister, Minister for Justice and Institutional Reforms
Mr M. Hansenne	Minister for Employment and Labour
Mr E. Knoops	State Secretary for Foreign Trade
Mr P. Maystadt	Minister for Economic Affairs
Mr J. Michel	Minister for Home Affairs, the Civil Service and Decentralization
Mrs M. Smet	State Secretary for the Environment
Mr L. Tindemans	Minister for External Relations
Mr G. Verhofstadt	Minister for the Budget

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

Mr C. Christensen	Minister for the Environment and Nordic Affairs
Mr H. Dyremose	Minister for Labour
Mr U. Ellemann-Jensen	Minister for Foreign Affairs
Mr L. P. Gammelgaard	Minister for Fisheries

Mr B. Haakonsen	State Secretary, Ministry of Foreign Affairs
Mr B. Haarder	Minister for Education and Research
Mr S. E. Hovmand	Minister for Energy
Mr F. Nør Christensen	Minister for Transport
Mrs B. Schall Holberg	Minister for Agriculture
Mr P. Simonsen	Minister for Finance
Mr L. Toernaes	Minister for Agriculture
Mr K. E. Tygesen	State Secretary, Ministry of Foreign Affairs
Mr N. Wilhjelm	Minister for Industry

The 80 meetings held during 1987 were devoted to the following topics:

- 16 Agriculture¹
- 12 General and foreign affairs
- 8 Economy and finance¹
- 6 Internal market
- 6 Budget
- 5 Industry
- 4 Transport
- 4 Environment
- 3 Fisheries
- 3 Research
- 3 Consumer protection and information
- 3 Development cooperation
- 2 Energy
- 2 Labour and social affairs
- 1 Education
- 1 Health
- 1 Law and order
- 1 Legal affairs

¹ Including a joint meeting on finance and agriculture.

B — Institutional affairs

Single European Act

2. The Single European Act entered into force on 1 July 1987.

Throughout 1987, under the impetus given by the Commission, work continued on implementing the Commission's communication, 'The Single Act: a new frontier for Europe'.

The Delors package

3. In 1987 an important series of negotiations was held on matters central to the life of the Community. The starting point was the Commission's communication, 'The Single Act: a new frontier for Europe', which was presented in February 1987¹ and set the framework for these negotiations.

With the Single European Act, reinforcing economic and social cohesion had become an objective to be achieved in parallel with the completion of the internal market by the end of 1992. This made it necessary to allocate adequate funds to the Community's structural development instruments and to rationalize their operation for greater efficiency.

The reforms in which the Community had already been engaged since 1984 with regard to the common agricultural policy were to be pursued so as to take account of the new situation regarding manufacturing and trade.

The financial resources which the Member States had decided in 1984 to allocate to the Community were already insufficient in 1987. Consequently, it became essential to release new resources which would enable the Community to fulfil its commitments until at least 1992. However, the increase in funds transferred to the Community had to be accompanied by stricter rules on budgetary discipline.

Lastly, it was necessary to re-examine, as agreed, the mechanism for correcting budgetary imbalances.

4. During the year the Council — in particular the Permanent Representatives Committee, followed by the General Affairs Council — carefully examined and discussed the practical proposals forwarded by the Commission in each field.

With regard to cohesion, criteria had to be established for reforming the structural Funds, i.e.:

¹ Bulletin of the European Communities, Supplement 1/87.

- (i) efforts to be concentrated on five priorities, namely development and structural reform of the less-developed regions, conversion of regions severely affected by industrial decline, measures to deal with long-term unemployment, employment to be found for young people, and agricultural structures to be altered and rural areas developed;
- (ii) funds to be concentrated on the least-favoured regions in the Community, i.e. those with a per capita GNP below 75% of the Community average;
- (iii) the 'individual projects' system to be phased out and replaced by a schedule which would provide better coordination of Community and individual government action on the development objectives selected.

The measures for improving the common agricultural policy first had to comprise 'stabilizers', i.e. mechanisms penalizing production above certain thresholds. Stabilizers are already being applied in some sectors, and new stabilizers have been devised for cereals, oilseed and high-protein products. At the same time, it appeared necessary to complement the measures based on production prices with measures to encourage the setting-aside of arable land and the cessation of farming (early retirement), and the liquidation of surplus stocks of agricultural products by 1992.

5. On the financial front, the new resources required for developing the Community needed to be accompanied by a revision of the financing rules and stricter standards regarding the growth of large budgetary items. The most innovatory ideas concerning the financing rules were the setting of the ceiling for the Community's own resources in terms of Community GNP (instead of VAT resources), and provision for a 'fourth resource' based on the GNP of the Member States so as to take better account of their respective degrees of prosperity. With regard to budgetary discipline, the need to contain the increases in agricultural expenditure called for precise criteria, but account also had to be taken of factors external to the Community, such as parity fluctuations between the ecu and the dollar, the financial effects of which needed to be neutralized, to some extent at least. The discipline to be applied to non-compulsory expenditure had to reconcile the rules of the Treaty and the political commitments made by the European Council on the total appropriation for the structural Funds.

Lastly, it was necessary to establish whether and to what extent the mechanism for correcting budgetary imbalances adopted by the European Council meeting in Fontainebleau in 1984 needed to be amended.

6. The first phase of the negotiations was completed at the European Council in Brussels on 29 and 30 June 1987. This initial phase showed that there was wide agreement on the main factors to be considered in the forthcoming decision and at the same time it produced a number of general guidelines for continuing the work.

During the second half of the year the negotiations entered a much more intense and detailed phase. The problems were studied in depth, the positions of the delegations

were clarified, and the main questions were highlighted. The Permanent Representatives Committee devoted at least one extraordinary meeting per week to this matter and the General Affairs Council discussed it at each meeting. As the negotiations progressed, the Danish Presidency drew up compromise solutions for the many questions under discussion and finally presented draft conclusions to the meeting of the European Council in Copenhagen on 4 and 5 December 1987. The Heads of State or Government were not able to reach agreement on all points. In particular, it became apparent that on certain questions, such as agricultural measures for stabilizing the market, the fourth resource and the financing of the structural Funds, more time was needed to find solutions acceptable to all parties. As a result the European Council decided to hold a special meeting on the matter on 11 and 12 February 1988.¹

Procedures for the exercise of implementing powers conferred on the Commission

7. Since it wished to stress the principle that the Council should delegate powers to the Commission and to rationalize the choice of procedure for doing so, the Intergovernmental Conference which adopted the Single Act made provision for a new explicit legal basis allowing the Council to adopt a new decision on this matter (Article 10 of the Single European Act supplementing Article 145 of the EEC Treaty). It also asked the Council, in a statement, to adopt this decision before the Single European Act came into force.

Accordingly, the Commission presented its proposal in March 1986. The new rules were finally adopted in substance by the Council on 22 June 1987, one week before the entry into force of the Single Act, and they were published on 13 July 1987.

8. The Decision lays down three basic models for future procedures, two of which have two variants, so that the Council has a total of five options. In addition, there is a model which also comprises two variants for cases in which the Council confers on the Commission the power to decide on safeguard measures.

Although the Council deliberately decided not to specify in this new Decision which model should be used for any given committee activity, the three basic models are derived from the three most common procedures, hitherto known as the 'advisory committee procedure', the 'management committee procedure', and the 'regulatory committee procedure'. In the same way, the additional article on safeguard measures — which proved necessary because of the urgency which, by definition, attaches to such situations — is based to a great extent on present rules in the commercial sector.

¹ At this meeting the Council reached an overall agreement. The agreement and the legal instruments required to implement it will be described in the 1988 Review of the Council's work.

The Council still reserves the right to exercise executive powers itself, but when it decides to delegate its powers to the Commission it is henceforth bound to choose one of the seven options laid down in the new Decision.

This new Decision — which is now universally known as the 'comitology' Decision, even though this term does not of course appear in the official text — is the culmination of a major rationalization and simplification effort. Hitherto, when the Council conferred on the Commission new duties regarding legislation or management, it was free to choose the procedure to be followed and indeed, in the course of the work on this Decision at least 20 different types of procedure at present in use were examined or considered.

It is no secret that in the past, in the various sectors of the Council's work, it took far too long to lay down a particular decision-making procedure. From now on this process should be speeded up considerably, since the choice is restricted to the seven model options.

Private international law

9. Provision for conferring certain powers on the Court of Justice of the European Communities to interpret the Rome Convention on the Law applicable to Contractual Obligations of 19 June 1980.

The Council continued its work of drawing up a protocol conferring on the Court of Justice certain powers to interpret the 1980 Rome Convention. Although considerable progress was made, several matters are still unresolved and require further study.

Establishment of a court of first instance

10. The Council started its examination of an application which the Court of Justice of the European Communities had submitted to it under Article 168a of the EEC Treaty, Article 32d of the ECSC Treaty and Article 140a of the EAEC Treaty, which were inserted into the Treaties in implementation of the Single European Act. The object of this application is to attach to the Court of Justice a court with jurisdiction to hear and determine at first instance, subject to a right of appeal to the Court of Justice, certain classes of action or proceedings brought by natural or legal persons. In view of the importance and the urgency of the Court's application, the matter will be dealt with urgently so that the Council can act in 1988.

Special rights of citizens

RIGHT OF ABODE

11. Some progress was made towards the adoption of the proposal for a Directive on the right of abode of nationals of the Member States on the territory of another Member State.

EASING OF FRONTIER CHECKS

12. Examination continued of the questions raised by the proposal for a Directive on the easing of checks and formalities for citizens of the Member States crossing intra-Community frontiers, and a number of obstacles to a permanent solution were removed.

C — Parliamentary affairs

Statements to the European Parliament on the Presidency's programmes

PROGRAMME OF THE BELGIAN PRESIDENCY

13. On 22 January 1987 Mr Tindemans, Belgian Minister for Foreign Affairs and President-in-Office of the Council, made a statement to the European Parliament on the programme of the Belgian Presidency.

On the subject of eliminating the remaining barriers within the Community, he said that it would not be possible to adhere to the initial programme. However, the Presidency had done all in its power to forge ahead on this matter.

In addition, Mr Tindemans stated that the Presidency would strive to make European citizens more aware of what had been achieved and of the potential waiting to be developed by Europe.

Lastly, Mr Tindemans stressed the urgency of finding a solution to the difficult problems which had arisen in trade relations between the USA and Japan.

PROGRAMME OF THE DANISH PRESIDENCY

14. On 8 July 1987 Mr Elleman-Jensen, the Danish Minister for Foreign Affairs and President-in-Office of the Council, made a statement to Parliament on the pro-

gramme of the Danish Presidency. Mr Elleman-Jensen welcomed the entry into force of the Single Act. He considered that it would speed completion of the internal market and encourage environmental protection. In this context, he said that the cooperation procedure should produce closer contact between the Council and Parliament.

One of the major problems facing the Presidency was the serious financial and budgetary crisis which was affecting the Community. Mr Elleman-Jensen drew particular attention to the need to find long-term solutions to these problems so as to avoid such situations in the future. Any delays here would be damaging to the future development of the Community.

Review of the Presidency

STATEMENT REVIEWING THE BELGIAN PRESIDENCY

15. On 16 June 1987, in his statement to Parliament on the Belgian Presidency, Mr Tindemans spoke of the difficulties which had been encountered and which had prevented the taking of a final decision on own resources, reform of the CAP and promotion of greater cohesion of Community policies.

Nevertheless, in spite of these setbacks, under the Belgian Presidency agreements had been reached in the fields of veterinary science, public health and the environment. In this last sector, a fourth programme of action had been implemented. Progress had been made *inter alia* on liberalizing air transport, and on agriculture, where measures had been adopted to reduce the production of beef, veal and dairy products.

STATEMENT REVIEWING THE DANISH PRESIDENCY

16. On 16 December 1987 Mr Elleman-Jensen spoke at a plenary sitting of Parliament on the Danish Presidency.

He said that during the Danish Presidency progress had been made towards the completion of the single market, with the adoption of more than 20 common positions.

Mr Elleman-Jensen also stressed the progress made in the six months in the fields of monetary cooperation and trade negotiations. With regard to the environment,

while emphasizing the agreements reached on reducing pollution from cadmium and motor vehicles, he was disappointed that the work done on large incinerator plants had not reached a successful conclusion.

Statements on the work of the European Council

EUROPEAN COUNCIL IN BRUSSELS

17. On 7 July 1987 Mr Martens, Prime Minister of the Kingdom of Belgium, presented to Parliament the results of the European Council held in Brussels on 29 and 30 June 1987.

He said that the discussions had concentrated on a series of proposals regarding the 'Delors package', the main aim of which was to resolve the problems concerning the Community budget deficit, future funding, the common agricultural policy and the structural Funds.

Although it was not possible to find an overall solution to these problems at the meeting, an agreement was reached on a supplementary budget for 1987 and on farm prices.

In addition, a consensus was reached on a number of general principles, namely:

1. adoption of the legal provisions for exercising budgetary discipline;
2. provision for allocating more resources to the structural Funds;
3. adherence to the guidelines laid down by the European Council in London on agricultural matters;
4. approval in principle of the increase in the Community's own resources;
5. taking into consideration the respective levels of prosperity of the Member States in connection with contributions to the Community budget.

EUROPEAN COUNCIL IN COPENHAGEN

18. On 16 December 1987 Mr Schlüter, Prime Minister of Denmark, reported to Parliament on the European Council held in Copenhagen on 4 and 5 December. Mr Schlüter expressed his disappointment at the lack of progress made at the meeting. He added that a compromise solution presented by the Danish Presidency had not entirely resolved the situation.

Other debates

BELGIAN PRESIDENCY

19. Europe's commitments

On 22 January 1987 Mr Tindemans, Belgian Minister for Foreign Affairs and President-in-Office of the Council, took part in a debate on the plans presented by Mr Delors for reforming the Community.

1987 budget

On 19 February Mr Verhofstadt, Belgian Deputy Prime Minister and Minister for the Budget, Scientific Policy and Planning, in his capacity as President-in-Office of the Council, took part in a debate on the 1987 Community budget.

Social Fund

On 11 March 1987 Mr Tindemans spoke to Parliament on the Council's position on the future of the Social Fund.

Nuclear matters

On 8 April 1987 Mr de Keersmaecker, State Secretary for European Affairs and Agriculture, took part in a debate on nuclear policy.

20. Common agricultural policy

On 12 May 1987 Mr de Keersmaecker, in a debate on agriculture in the Community, stated that the Council recognized the need for stricter controls, including price controls.

Making a success of the Single Act

On 13 May 1987, speaking in a debate on the implementation of the Single Act, Mr Tindemans stressed the need for closer collaboration between the institutions.

Environment

Also on 13 May, Mrs Smet, State Secretary for the Environment and Social Emancipation, spoke on the Council's position during a debate on ecology and environmental protection.

European Union

On 16 June 1987, in a debate on a new strategy for European Union, Mr Tindemans stated that one of the Council's priorities was to implement the Single Act.

DANISH PRESIDENCY

21. *Supplementary budget*

On 8 July 1987 Mr Tygesen, Danish State Secretary for Foreign Affairs, spoke in his capacity as President-in-Office of the Council in Parliament's debate on the adoption of a supplementary budget for 1987.

Drugs

On 16 September 1987 Mr Elleman-Jensen, Danish Minister for Foreign Affairs, spoke to Parliament on the Council's views on measures against drugs.

1988 budget

On 13 October 1987 Mr Tygesen gave Parliament a progress report on the budget.

Internal market

On 14 October 1987 Mr Elleman-Jensen spoke to Parliament on the 1992 objective and described what had been done so as to enable decisions to be taken quickly in 1988.

Future financing of the Community

On 18 November 1987 Mr Elleman-Jensen spoke in the debate on the future financing of the Community.

PARTICIPATION IN THE WORK OF COMMITTEES AND OTHER PARLIAMENTARY BODIES

Parliamentary committees

22. The following Presidents-in-Office attended meetings of the committees of the European Parliament in 1987:

Mr. ...

Mr. ...

Mr. ...

Mr. ...

Mr. ...

Mr. ...

Mr. ...

Mr. ...

Mr. ...

Mr. ...

Mr. ...

Belgian Presidency (First half of 1987)

Committee	President-in-Office	Date and place
Social Affairs and Employment	Mr M. HANSENNE Minister for Employment and Labour	27 January, Brussels
Women's Rights	Mrs M. SMET State Secretary for the Environment and Social Emancipation, Assistant to the Minister for Social Affairs	4 February, Brussels
Legal Affairs and Citizens' Right	Mr J. GOL Deputy Prime Minister, Minister for Justice and Institutional Reforms	5 February, Brussels
Transport	Mr H. DE CROO Minister for Communications and Foreign Trade	24 February, Brussels
Political Affairs	Mr L. TINDEMANS Minister for External Relations	24 February, Brussels (first meeting)
Youth, Culture, Education, Information and Sport	Mr A. DAMSEAUX Minister for National Education	26 February, Brussels
Environment, Public Health and Consumer Protection	Mrs W. DEMEESTER-DE MEYER State Secretary for Public Health and Policies for the Handicapped, Assistant to the Minister for Social Affairs	27 February, Brussels
Economic and Monetary Affairs and Industrial Policy	Mr M. EYSKENS Minister for Finance	17 March, Brussels
Environment, Public Health and Consumer Protection	Mrs M. SMET State Secretary for the Environment and Social Emancipation, Assistant to the Minister for Social Affairs	17 March, Brussels

Committee	President-in-Office	Date and place
Agriculture, Fisheries and Food	Mr P. DE KEERSMAEKER State Secretary for European Affairs and Agriculture, Assistant to the Minister for External Relations	18 March, Brussels
External Economic Relations	Mr H. DE CROO Minister for Communications and Foreign Trade	18 March, Brussels
Economic and Monetary Affairs and Industrial Policy	Mr P. DE KEERSMAEKER State Secretary for European Affairs and Agriculture, Assistant to the Minister for External Relations	18 March, Brussels
Survey on the Problem of Stocks in the Agricultural Sector	Mr P. DE KEERSMAEKER State Secretary for European Affairs and Agriculture, Assistant to the Minister for External Relations	24 March, Brussels
Subcommittee on Fisheries	Mr P. DE KEERSMAEKER State Secretary for European Affairs and Agriculture, Assistant to the Minister for External Relations	25 March, Brussels
Energy, Research and Technology	Mr G. VERHOFSTADT Deputy Prime Minister, Minister for the Budget, Science Policy and the Plan	26 March, Brussels
EP and US Congress Delegations	Mr L. TINDEMANS Minister for External Relations	10 April, Madrid
Energy, Research and Technology	Mr P. MAYSTADT Deputy Prime Minister, Minister for Economic Affairs	29 April, Brussels
Economic and Monetary Affairs and Industrial Policy	<i>Internal Market</i> Mr P. DE KEERSMAEKER State Secretary for European Affairs and Agriculture, Assistant to the Minister for External Relations	27 May, Brussels (second meeting)

Committee	President-in-Office	Date and place
Economic and Monetary Affairs and Industrial Policy	<i>Industry</i> Mr P. Maystadt Deputy Prime Minister, Minister for Economic Affairs	27 May, Brussels
Political Affairs	Mr L. Tindemans Minister for External Relations	16 June, Strasbourg (second meeting)
8th EEC/Latin America Interparliamentary Conference	Mr D. COENS Minister for National Education	20 and 21 June, Lisbon
Transport	Mr H. DE CROO Minister for Communications and Foreign Trade	22 June, Brussels (second meeting)
Economic and Monetary Affairs and Industrial Policy	<i>Internal Market</i> Mr P. DE KEERSMAEKER State Secretary for European Affairs and Agriculture, Assistant to the Minister for External Relations	24 June, Brussels (third meeting)
Social Affairs and Employment	Mr Michel HANSENNE Minister for Employment and Labour	24 June, Brussels (second meeting)
Agriculture, Fisheries and Food	Mr P. DE KEERSMAEKER State Secretary for European Affairs and Agriculture, Assistant to the Minister for External Relations	24 June, Brussels
Youth, Culture, Education, Information and Sport	Mr A. DUQUESNE (the first meeting was attended by Mr A. DAMSEAU) Minister for National Education	25 June, Brussels (second meeting)

Danish Presidency (Second half of 1987)

Committee	President-in-Office	Date and place
Women's Rights	Mr H. DYREMOSE Minister for Labour	13 July, Brussels
Energy, Research and Technology	Mr B. HAARDER Minister for Education and Research	22 September, Brussels
Transport	Mr F. NØR CHRISTENSEN Minister for Transport, Communications and Works	23 September, Brussels
Social Affairs and Employment	Mr H. DYREMOSE Minister for Labour	30 September, Brussels
Environment, Public Health and Consumer Protection	Mr C. CHRISTENSEN Minister for the Environment	30 September, Brussels
Economic and Monetary Affairs and Industrial Policy	Mr N. WILHJELM Minister for Industry	30 September, Brussels
Legal Affairs and Citizens' Rights	Mr E. NINN-HANSEN Minister for Justice	1 October, Brussels
Agriculture, Fisheries and Food	Mr L. TORNAES Minister for Agriculture	21 October, Brussels
External Economic Relations	Mr K. E. TYGESEN State Secretary for Foreign Affairs	28 October, Brussels
Development and Cooperation	Mr B. HAAKONSEN State Secretary for Foreign Affairs	3 November, Brussels

Committee	President-in-Office	Date and place
Economic and Monetary Affairs and Industrial Policy	Mr P. SIMONSEN Minister for Finance	5 November, Brussels
Youth, Culture, Education, Information and Sport	Mr B. HAARDER Minister for Education and Research	25 November, Brussels
Subcommittee on Fisheries	Mr L. P. GAMMELGAARD Minister for Fisheries and Nordic Affairs	26 November, Brussels
Environment, Public Health and Consumer Protection	<i>Consumption</i> Mr N. WILHJELM Minister for Industry	26 November, Brussels
Regional Policy and Regional Planning	Mr N. WILHJELM Minister for Industry	26 November, Brussels
Environment, Public Health and Consumer Protection	Mr C. CHRISTENSEN Minister for the Environment	4 December, Brussels

Joint association bodies

23. The meeting of the ACP-EEC Joint Assembly held in Arusha, Tanzania, from 2 to 6 February 1987 took place without the representative of the Council of the European Communities, who was unavoidably absent.

Mr Tygesen, State Secretary, Ministry of Foreign Affairs, represented the Council at the meeting of the ACP-EEC Joint Assembly held in Lisbon from 28 to 30 September 1987.

Interparliamentary delegations

24. On 7 April 1987 Mr Tindemans, Belgian Minister for Foreign Affairs and President-in-Office of the Council, received the Algerian Minister for Foreign Affairs in Strasbourg on the occasion of a meeting between delegations from the European Parliament and the Algerian Parliament.

On 11 April 1987 Mr Tindemans represented the Council in Madrid at the meeting between delegations from the American Congress and the European Parliament.

On 22 June 1987 Mr Coens, Belgian Minister for National Education, took part in an interparliamentary meeting between the EEC and Latin America in Lisbon.

Ceremonial occasions

25. On 8 April 1987 a formal sitting was organized on the occasion of the visit of His Majesty King Baudouin I, King of Belgium, to the European Parliament.

On 8 July 1987 Her Majesty Margrethe II, Queen of Denmark, attended a formal sitting of the European Parliament held in her honour.

On 14 October 1987 Mr Hillery, President of the Republic of Ireland, attended a formal sitting of the European Parliament held in his honour.

Conciliation procedures

26. A Conciliation Committee met on 9 March 1987 to discuss the problems relating to loans under NCI IV for stimulating investments.

It met for a second time on 19 October 1987 to discuss the financing of the common agricultural policy and the amendment of the Financial Regulation.

Parliamentary questions

27. During 1987 the Council replied to 208 questions raised at Question Time, and to 151 written questions and nine oral questions.

D — Court of Justice

Cases brought before the Court

28. During 1987 the Council appeared before the Court in 37 cases.

In two cases the Member States brought proceedings against the Council under Article 173 of the EEC Treaty.

In addition, the European Parliament and the Commission of the European Communities brought proceedings against the Council in 11 cases — nine under Article 173 of the EEC Treaty and two under Article 175 of the EEC Treaty.

In 15 cases private companies established in the Community or in non-Community countries brought proceedings against the Council under Article 173 of the EEC Treaty. In three of these cases the proceedings were brought against both the Council and the Commission. In addition, a private company brought proceedings under Article 215 of the EEC Treaty against both the Council and the Commission.

In two cases officials brought proceedings against the Council and a group of members of staff on the JET project brought proceedings against the Council and the Commission.

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

E — Economic and Social Committee

29. During 1987 the President-in-Office of the Council attended plenary sessions of the Committee on four occasions.

On 29 January 1987 Mr Tindemans made a statement to the Committee on the programme of the Belgian Presidency.

On 14 May 1987 Mr Wilfried Martens, Belgian Prime Minister, made a speech on the implementation of the Single Act.

On 24 September 1987 Mr Dyremose, Danish Minister for Labour, spoke on the Community's social policy.

On 6 December 1987 Mr Tygesen, on behalf of the Danish Presidency, made a statement to the Committee on the work of the European Council held on 5 and 6 December 1987.

On 19 November 1987 the Council appointed Mr Jacques Moreau as Secretary-General of the Economic and Social Committee, in succession to Mr Roger Louet.

F — Conventions

Convention parallel to the Brussels Convention

30. The negotiations, which began in 1985, between the Member States of the EEC and those of EFTA on a Convention parallel to the 1968 Brussels Convention on Jurisdiction and the Enforcement of Judgments in Civil and Commercial Matters continued, and substantial progress was made. It is expected that the questions still outstanding will be resolved at the beginning of next year so that a diplomatic conference can be held in 1988.

Law of the Sea

31. The European Economic Community took part in the fifth session of the Preparatory Commission for the International Sea-bed Authority and for the International Tribunal for the Law of the Sea, which was held in two parts, in Kingston from 30 March to 16 April 1987 and in New York from 27 July to 21 August 1987.

In the course of these meetings the Community, which was represented in the Plenary Commission as well as in all the special commissions, made a number of contributions, notably in connection with the internal regulations of the International Tribunal for the Law of the Sea, and possible provisions for aid for developing countries mining minerals on land and which might be affected by the marine production of those minerals.

The fifth session resolved with the USSR the problem of overlapping exploration and mining sites in the international area, which had been claimed by consortia whose members include firms in a number of Member States, and it also enrolled, as pioneer investors, India, France, Japan and the USSR.

Chapter II — Internal market

A — Free movement of goods and approximation of legislation — Customs union — Industrial policy — Iron and steel industry

32. During 1987 the Council continued its efforts to complete the internal market by the end of 1992, as laid down in the Commission's White Paper. The Council held six meetings on the internal market, on 24 February, 7 April, 11 June, 5 October, 30 November and 18 December 1987. It made substantial progress in this field in accordance with the ongoing programme laid down by successive Presidencies, firstly by the British Presidency in 1986 and subsequently the Belgian Presidency in June 1987. During the second half of the year most of the Council's work was carried out in accordance with the new procedures introduced by the Single European Act, and in particular Article 100a, which entered into force on 1 July 1987.

In addition, the Council adopted specific measures in the industrial sector, particularly in the fields of telecommunications, information technologies and iron and steel. The Council held five meetings on these topics, on 19 March, 1 June, 21 September and 8 and 22 December.

Customs union

COMMON CUSTOMS TARIFF

33. During 1987 the Council adopted a Regulation establishing a new tariff and statistical nomenclature,¹ called the Combined Nomenclature. This nomenclature, which is based on the International Convention on the Harmonized Commodity Description and Coding System,² replaces the Common Customs Tariff nomenclature, established in 1968. It comprises an eight-digit coding system for

¹ OJ L 256, 7. 9. 1987.

² See paragraph 36 of this Review.

goods and updated and more detailed descriptions of goods which meet the needs of both the customs and the statistical services. It also has the traditional columns for autonomous and conventional duties from the Common Customs Tariff. Since it retains the structure of the Harmonized System, which is to be used throughout the world, this new nomenclature should facilitate international trade in goods by clarifying the requirements of the different user countries.

In addition, the Council adopted five regulations temporarily suspending the autonomous duties of the Common Customs Tariff and 57 regulations opening or increasing Community quotas for certain products.

HARMONIZATION OF CUSTOMS LEGISLATION

34. On 11 June 1987 the Council adopted a regulation amending Regulation (EEC) No 222/77 on Community transit.¹ This regulation simplifies the rules concerning the guarantee by providing for exemption from it under certain circumstances and within certain limits for internal transit operations.

On 13 July 1987 the Council adopted a regulation on the temporary importation of containers.² This regulation is an addition to existing rules on temporary importation (Regulation (EEC) No 3599/82) and constitutes the first step towards establishing Community provisions governing the temporary importation of means of transport.

On 13 July 1987 the Council also adopted a regulation on customs debt.³ This regulation replaces the 1979 Directive (Directive 79/623/EEC). It defines the various situations giving rise to a customs debt, and thus constitutes the keystone of Community customs legislation.

On 4 August 1987 the Council adopted a regulation revising the amounts for the documentary requirements in Regulation (EEC) No 750/86 concerning the definition of the concept of 'originating products' and methods of administrative cooperation in trade between the customs territory of the Community, and Ceuta, Melilla and the Canary Islands.⁴

On 9 November 1987 the Council adopted a regulation on the application of the Combined Nomenclature to the statistics of trade between Member States and amending Regulation (EEC) No 1736/75 on the external trade statistics of the Community and statistics of trade between its Member States.⁵

¹ OJ L 157, 17. 6. 1987.

² OJ L 196, 17. 7. 1987.

³ OJ L 201, 22. 7. 1987.

⁴ OJ L 218, 7. 8. 1987.

⁵ OJ L 321, 11. 11. 1987.

Lastly, on 30 November 1987 the Council adopted a joint position on the proposal for a regulation determining the persons liable for payment of a customs debt, under the cooperation procedure with the European Parliament instituted by the Single Act.

INTERNATIONAL CUSTOMS CONVENTIONS

35. In 1987 the Community was particularly active on the international scene.

Firstly, on 26 January 1987 the Council decided to approve, on behalf of the Community, European agreements (drawn up by the Council of Europe) relating to trade in:

- (i) therapeutic substances of human origin;
- (ii) blood-grouping reagents.¹

Following the decision taken in 1986 to authorize the Commission to negotiate an agreement with the EFTA countries on the introduction, in trade between the Community and these countries, of a single administrative document replacing the existing declarations, the expeditious response of the Commission, acting in close collaboration with the Member States, led to the signing of a convention — at the Ministerial meeting of the EFTA countries at Interlaken on 20 May 1987 — providing for the introduction of this document as from 1 January 1988.²

On the same date in Interlaken a convention was also signed on a common transit procedure. In this case the work was carried out with even greater assiduity, since the Council Decision authorizing the Commission to negotiate an agreement in this field was adopted on 9 February 1987, the negotiations were concluded on 20 March and the texts were ready for signing at Interlaken on 20 May 1987.³

These two conventions were ratified by all the contracting parties before the end of October 1987, so that they were able to enter into force on 1 January 1988.

36. 1 January 1988 will go down in the history of the customs as the date of the greatest customs reform since 1950. It marks not only the introduction of the single administrative document for trade within the Community and trade with and between the EFTA countries, but also the entry into force of the International Convention on the Harmonized Commodity Description and Coding System. The Council decided to conclude this convention on 7 April 1987.⁴ The instrument of approval of the convention by the Community was deposited on 22 September 1987 at a joint

¹ OJ L 37, 7. 2. 1987.

² OJ L 134, 22. 5.1987.

³ OJ L 226, 13. 8. 1987.

⁴ OJ L 198, 20. 7. 1987.

ceremony organized by the Customs Cooperation Council, in which 15 countries or customs unions took part. The Convention on the Harmonized System constitutes the basis of the Combined Nomenclature, the new Community statistical and tariff instrument (see above under Common Customs Tariff).

Lastly, on 30 November 1987 the Council decided to approve, on behalf of the Community, Annexes E.5 and F.3 of the International Convention on the Simplification and Harmonization of Customs Procedures, and also the Recommendation of the Customs Cooperation Council of 22 May 1984 concerning the use of codes for the representation of data elements, together with four of its Annexes.¹

Free movement of goods

ELIMINATION OF TECHNICAL BARRIERS TO TRADE

37. The Council completed its work on almost all the proposals still outstanding on the elimination of technical barriers to trade, 10 of which were finally adopted during the year. In addition, the Council reached agreed common positions for nine other proposals in this field under the cooperation procedure with the European Parliament established by the Single Act. Of the 19 directives thus adopted, nine appeared in the Commission's White Paper, presented in June 1985.

Thus, at the end of the year, there were only three proposals still awaiting the Council's decision, two of which had not yet received the requisite opinion of Parliament. The number of directives adopted or approved by the Council in this field, under the former approach to standardization, now totals 213. In addition, two proposals submitted under the new approach, as well as a further two concerning the information procedure on technical standards and rules, were approved or adopted.

Motor vehicles

38. On 25 June 1987 the Council adopted two directives amending Directive 70/156/EEC on the approximation of the laws of the Member States relating to the type-approval of motor vehicles and their trailers.

The first of these two directives amends the 1970 framework directive on eight points with the aim of improving the administrative procedures for the type-approval of special technical units and components, and also of improving and clarifying the administrative procedures laid down in that directive for implementing the Community type-approval system.²

¹ OJ L 362, 22. 12. 1987.

² OJ L 192, 11. 7. 1987.

The second directive introduces into Community regulations the definition of 'off-road' vehicles in categories M and N, covering vehicles for the carriage of passengers and goods respectively.¹

39. On 3 December 1987 the Council adopted two directives² on the approximation of the laws of the Member States relating to measures to be taken against air pollution by gases from:

- (i) the engines of motor vehicles (private cars);
- (ii) diesel engines for the propulsion of heavy goods vehicles.

The first directive provides for a further reduction of the limit values for exhaust gases from private cars (with either petrol or diesel engines), which have already been subject to Community regulations since 1970. These limits, which concern emissions of carbon monoxide, hydrocarbons and nitrogen oxides — the latter being considered the most harmful to the environment — have been reduced in several stages, in line with technical progress, and were last amended in 1983 (by Directive 83/351/EEC).

The aim of the new standards adopted in the 1987 Directive is that ultimately they should have an effect on the environment equivalent to that of the standards on motor vehicle emissions in force in the United States.

However, to take account of the European characteristics of the vehicles and the way in which they are used, the new Community standards were based on vehicle category, a distinction being made between vehicles below 1 400 cc, between 1 400 and 2 000 cc, and above 2 000 cc capacity.

The second directive contains further Community regulations on gaseous emissions from motor vehicles, setting limit values for the three gaseous pollutants (carbon monoxide, hydrocarbons and nitrogen oxides) emitted by commercial vehicles propelled by diesel engines. Apart from a 1972 Directive on fume emissions, these vehicles have not been subject to any specific Community regulations on emissions of pollutants.

Tractors

40. On 25 June 1987 the Council adopted a directive¹ on the approximation of the laws of the Member States relating to dual-pillar-type structures mounted in front of the driver's seat to provide roll-over protection on narrow-tracked agricultural and forestry tractors.

¹ OJ L 220, 8. 8. 1987.

² OJ L 36, 9. 2. 1988.

The main aim of these provisions is not only to abolish technical barriers to trade due to the disparity of national regulations on the matter, but also and in particular to ensure the safety of the drivers of agricultural tractors, which tend to overturn more readily than ordinary tractors.

Pharmaceutical products

41. On 9 February 1987 the Council adopted a Recommendation¹ with 14 sections, concerning toxicological and clinical tests on human beings, which contains an interpretation of existing Community guidelines in this field. These comprise 15 acts adopted by the Council.

Simple pressure vessels

42. On 25 June 1987 the Council adopted a directive on the harmonization of the laws of the Member States relating to simple pressure vessels.² This directive, which covers compressed air vessels, fuel tanks for motor vehicles and storage tanks for certain gases, is the first to be adopted under the new approach on technical harmonization and standardization. The Council had adopted a Resolution on the new approach at its meeting on 7 May 1985.

In addition, amendments were made to existing directives in the course of 1987 as follows:

- (i) on 25 June 1987 the Council adopted a directive amending Directive 84/534/EEC on the approximation of the laws of the Member States relating to the permissible sound power level of tower cranes;²
- (ii) on 25 June 1987 the Council adopted a directive amending certain directives on the approximation of the laws of the Member States relating to industrial products with respect to the distinctive numbers and letters indicating the Member States;³
- (iii) on 25 June 1987 the Council adopted a directive amending Directive 71/316/EEC on the approximation of the laws of the Member States relating to common provisions for both measuring instruments and methods of metrological control;³
- (iv) on 25 June 1987 the Council adopted a directive amending Directive 80/232/EEC on the approximation of the laws of the Member States relating to

¹ OJ L 73, 16. 3. 1987.

² OJ L 220, 8. 8. 1987.

³ OJ L 192, 11. 7. 1987.

the ranges of nominal quantities and nominal capacities permitted for certain prepackaged products;¹

- (v) on 3 August 1987 the Council adopted a directive on the eighth adaptation to technical progress of Directive 67/548/EEC on the approximation of laws, regulations and administrative provisions relating to the classification, packaging and labelling of dangerous substances.²

43. Lastly, during 1987, the Council adopted common positions under the cooperation procedure laid down in Article 149(2)(b) of the EEC Treaty on the following proposals for directives:

- (i) on 30 November 1987, on the draft directive amending Directive 76/116/EEC on liquid fertilizers;
- (ii) on 30 November 1987, on two draft directives amending Directive 84/538/EEC on the approximation of the laws of the Member States relating to the permissible sound power level of lawnmowers;
- (iii) on 18 December 1987, on a draft directive on the harmonization of national laws concerning the classification, packaging and labelling of dangerous preparations;
- (iv) on 18 December 1987, on a draft directive on the inspection and verification of the organizational processes and conditions under which laboratory studies for the non-clinical testing of chemicals are planned, performed, recorded and reported;
- (v) on 18 December 1987, on a proposal for a directive amending Directive 75/106/EEC on the approximation of the laws of the Member States relating to the making-up by volume of certain prepackaged liquids.

Sectoral activities

INNOVATION AND TECHNOLOGY TRANSFER

44. On 9 June 1987 the Council adopted a Decision extending until 31 December 1988 the three-year programme, adopted in November 1983 (Council Decision 83/624/EEC), to promote the transnational development of the supporting infrastructure for innovation and to stimulate trade in and the use of new technologies, in particular for the benefit of small and medium-sized businesses (Sprint).¹

¹ OJ L 192, 11. 7. 1987.

² OJ L 239, 21. 8. 1987.

³ OJ L 153, 13. 6. 1987.

TELECOMMUNICATIONS AND INFORMATION TECHNOLOGIES

45. The Council has adopted a total of seven acts in this sector to date.

On 25 June 1987 the Council adopted a recommendation and a directive¹ with the aim of encouraging a changeover from the present incompatible systems in the Community to a second-generation mobile digital cellular system which will provide efficient mobile telephone services throughout the Community.

The recommendation contains a schedule for the coordinated and phased establishment of new services in the Member States, and also common functional specifications on which a wide consensus has already been reached by the telecommunications authorities, the CEPT (European Conference of Postal and Telecommunications Administrations) and industry.

The directive provides for the release in all Member States of certain frequency bands so that they can be reserved exclusively for the new Community system.

This process will be carried out in stages in accordance with a schedule incorporating the dates in the recommendation.

As from 1991, the new system will be allotted two frequency bands, each with a width of 9 MHz (905-914 and 950-959 MHz), while the ultimate aim is to broaden these bands, within 10 years at the most, to 25 MHz (890-915 and 935-960 MHz).

On 5 October 1987 the Council adopted a Decision² introducing a communications network Community programme on trade electronic data interchange systems (Tedis).

The programme will run for two years starting on 1 January 1988, with the aim of developing electronic interchange systems for trade data.

This mainly involves coordinating at Community level the work being done in the different Member States on developing these systems, informing potential users and manufacturers about them, and finding Community solutions to the problems posed by data confidentiality and various legal aspects.

The programme will also cover any support required for pilot projects in specific sectors.

¹ OJ L 196, 17. 7. 1987.

² OJ L 285, 8. 10. 1987.

STEEL INDUSTRY

46. During 1987 the transitional arrangements which were introduced at the beginning of 1986 to help complete the process of restructuring the industry and gradually returning, in an orderly manner, to a free market, remained in force.

With regard to the system of quotas and restructuring, in November 1986 the Council had deferred its decision on the liberalization of three categories of products, namely small sections, machine wire and merchant bars, since the Commission had received a proposal from Eurofer to reduce excess capacity voluntarily in return for the system being maintained.

On 19 March 1987 and again on 1 June 1987 the Council noted that the closures proposed by firms were not sufficient to resolve the difficulties caused by the existence of substantial excess production capacity.

On 21 September 1987, after taking note of the Commission's proposals on a new system of quotas to apply as from 1 January 1988, the Council invited the Commission to appoint a group of 'Three Wise Men' to advise the Council and the Commission on how adequate commitments to reducing production capacity could be obtained, assuming that a system of quotas would continue to apply for a limited period and appropriate financial incentives would be given. The group was to present a report by mid-November.

On 8 December 1987 the Council agreed to take a decision on 22 December, in the light of undertakings made in the interim by each Member State concerned regarding reduction of excess capacity in Categories Ia and Ib, II and III, on whether the quota system should be continued beyond 31 December 1987.

It invited the Commission to take the necessary steps to consult the Member States before that date with a view to producing clear and credible indications of the willingness of governments, after consultation with their industries, to effect sufficient capacity reductions in both State and private-sector undertakings by means of closures.

Lastly, on 22 December 1987, the Council gave its assent to the extension of the steel quota system for Categories Ia and Ib, II and III to 30 June 1988, on the understanding that this period could be extended if certain conditions regarding capacity reductions, quantified to a large extent by the Council, had been met by 10 June 1988.

47. With regard to aid, at its meetings on 19 March, 1 June and 21 September, the Council confirmed that it would keep to the rules of the existing aid code in their entirety.

With regard to the social aspects, on 19 March and 8 December 1987 the Council stressed the need for social protection for workers who lost their jobs in the steel in-

dustry, and on 22 December 1987 it invited the Commission to allocate a further ECU 50 million to social aid as from 1988, on the principle that the funds earmarked for payments in 1988 would be taken out of the ECSC reserves. The Council said that it was prepared to re-examine the financing of social measures for future years in the light of needs and with due regard to the possibility that customs duties on ECSC products might be transferred to the Community.

With regard to regional matters, on 8 December 1987 the Council approved in principle the objectives of the Resider programme and on 22 December 1987 the programme itself, provided that certain amendments were made with a view to its formal adoption.

In addition, on 9 November 1987 the Council gave its assent,¹ under Protocols 10 and 20 respectively to the Treaty of Accession of Spain and Portugal, to two draft Commission Decisions establishing the delivery levels for 1987 of ECSC steel products to the rest of the common market at 935 000 tonnes for Spain and 100 000 tonnes for Portugal.

48. 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:
 - (a) the granting of a loan to the Istituto Mobiliare Italiano (IMI) for the financing of investment programmes which contribute to facilitating the marketing of Community steel;²
 - (b) the granting of a global loan to Interbanca — Banca per finanziamenti a medio e lungo termini — for the financing of investment programmes which contribute to facilitating the marketing of Community steel;³
- (ii) under Article 55(2)(c) of the ECSC Treaty:
 - (a) the granting of financial aid for steel research projects in 1987;⁴
 - (b) the granting of financial aid for steel research measures.⁵

SHIPBUILDING

49. On 26 January 1987 the Council formally adopted the Directive on aid to shipbuilding,⁶ which it had approved on 22 December 1986.

¹ OJ C 314, 26. 11. 1987.

² OJ C 103, 16. 4. 1987.

³ OJ C 193, 22. 7. 1987.

⁴ OJ C 144, 2. 6. 1987.

⁵ OJ C 259, 29. 9. 1987.

⁶ OJ L 69, 12. 3. 1987.

In addition, on 27 October 1987 the Council adopted a Decision authorizing the Commission to negotiate, on behalf of the Community, within the framework of the OECD, amendments to the arrangement on credits for the export of ships.

PROTOCOL NO 18 ANNEXED TO THE ACT RELATING TO THE CONDITIONS FOR THE ACCESSION OF THE KINGDOM OF SPAIN AND THE PORTUGUESE REPUBLIC

50. On 23 July 1987 the Council adopted a Decision amending the above Protocol, which concerns the importation of motor vehicles into Portugal.

B — Right of establishment and freedom to provide services

Financial institutions

DIRECTIVE ADOPTED

51. On 22 June 1987 the Council adopted Directive 87/345/EEC amending Directive 80/390/EEC coordinating the requirements for the drawing-up, scrutiny and distribution of the listing particulars to be published for the admission of securities to official stock exchange listing.¹

The main provision of this directive is that once the listing particulars have been approved by the competent authorities in a Member State they must be recognized by the other Member States in which admission to official listing has been applied for.

PROPOSAL FOR A DIRECTIVE WHICH IS THE SUBJECT OF A COMMON POSITION IN ACCORDANCE WITH ARTICLE 149, SECOND PARAGRAPH, OF THE TREATY

52. On 16 November 1987 the Council adopted the directive amending, as regards the investment policies of certain Ucits, Directive 85/611/EEC on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (Ucits). The objective of this directive is to allow Ucits to place up to 25% of their holdings in certain mortgage bonds covered by specific guarantees.

¹ 1 OJ L 185, 4. 7. 1987.

WORK IN PROGRESS

53. The Council's subordinate bodies continued 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.¹ The object of this proposal is to abrogate all 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.

The Council began its examination of the proposal for a directive on funds belonging to credit institutions. It might be able to adopt a common position towards the end of the first half of 1988.

The Council began its study of the proposal for a directive concerning the information to be published on the acquisition or the disposal of a major shareholding in a quoted company. It expects to adopt a common position during the first half of 1988.

The Council continued its examination of the proposal for a directive concerning the listing particulars to be published in the case of a public offer of securities. It expects to adopt a common position towards the end of 1988.

Liberal and craft professions

WORK IN PROGRESS

System for the general recognition of higher education diplomas

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

Engineers

55. In the light of the Council's adoption in 1985 of the directive on architects,² its subordinate bodies continued their examination of certain key questions regarding the possibility of a sectoral directive aimed at providing the right of establishment and freedom to provide services in the technical field (engineers).

¹ OJ L 322, 17. 12. 1987.

² OJ L 223, 21. 8. 1985.

Insurance

WORK IN PROGRESS

Second directive on direct insurance other than life assurance — provision of services

56. On the basis of the recent rulings of the Court of Justice in four cases concerning the provision of services, the Council's subordinate bodies drew up an overall compromise text to which the Council gave its agreement in principle on 18 December 1987.

The adoption of a common position and, once the cooperation procedure with the European Parliament has been completed, the formal adoption of the directive will take place towards the end of the first half of 1988.

DIRECTIVES ADOPTED

57. On 22 June 1987 the Council adopted the following Directives:¹

- (i) Directive 87/343/EEC amending, as regards credit insurance and suretyship insurance, the first Directive, 73/239/EEC,² on the coordination of laws, regulations and administrative provisions relating to the taking-up and pursuit of the business of direct insurance other than life assurance;
- (ii) Directive 87/344/EEC on the coordination of laws, regulations and administrative provisions relating to legal expenses insurance.

Company law

WORK IN PROGRESS

58. 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.

The Council began its examination of the proposal for a directive amending Directives 78/660/EEC³ and 83/349/EEC,⁴ concerning annual accounts and con-

¹ OJ L 185, 4. 7. 1987.

² OJ L 228, 16. 8. 1973.

³ OJ L 222, 14. 8. 1978.

⁴ OJ L 193, 18. 7. 1983.

solidated accounts respectively, in connection with their field of application. The aim of this directive is to make it compulsory to draw up annual or consolidated accounts for certain types of partnership in which the partner with several liability is a company with share capital.

Public contracts

COMMON POSITION

59. On 5 October 1987 the Council adopted a common position on the proposal for a directive amending Directive 77/62/EEC¹ relating to the coordination of procedures for the award of public supply contracts and repealing certain provisions of Directive 80/767/EEC.²

WORK IN PROGRESS

60. The Council began its examination of the proposal for a directive amending Directive 71/305/EEC concerning the coordination of procedures for the award of public works contracts.

Transborder broadcasting

WORK IN PROGRESS

61. The Council continued its examination of the proposal for a directive aimed at coordinating 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 Member States broadcasts, in particular television broadcasts, which comply with the provisions of the directive.

C — Intellectual property

Patent law

62. At a meeting held in April 1987 the Interim Committee for the Community patent continued its efforts to find a solution to the technical questions still outstan-

¹ OJ L 13, 15. 1. 1977.

² OJ L 215, 18. 8. 1980.

ding following the Intergovernmental Conference on the Community patent, which was held in Luxembourg in December 1985. Its chairman subsequently gave the Council a progress report on those questions, i.e. the financial arrangements arising from the Agreement on Community Patents and the translation of the text of the Community patent.

Following this report, the work of finding solutions to the technical questions was taken up by the Permanent Representatives Committee, which made a certain amount of progress on the basis of compromise formulae proposed by the successive Presidencies.

The Permanent Representatives Committee also continued its efforts to find a solution to the more political problem of the circumstances under which the Agreement on Community Patents could enter into force.

Trade-mark law

63. The Working Party on Intellectual Property completed its third reading of the amended proposal for a regulation on the Community trade mark and reported to the Permanent Representatives Committee on the remaining problems. This body has already discussed an initial series of technical problems. A report was made to the Council on this subject on 30 November 1987.

At the same time a Conference of Representatives of the Governments of the Member States discussed the problem of the seat of the future Community patent office, which is left open in the proposal for a regulation.

In addition, and in parallel with the abovementioned work, the examination of the amended proposal for a first Council Directive approximating the laws of the Member States on national trade marks was carried out by the various subordinate bodies of the Council. At its meeting on 18 December 1987 the Council reached agreement in principle on the contents of the directive, but because of the ties established by some delegations with the abovementioned proposal for a regulation, was not able at that stage to adopt a common position under the cooperation procedure set up by the Single European Act.

Legal protection for the topographies of semiconductors

64. On 26 October 1987 the Council adopted a Decision whereby the protection afforded under Directive 87/54/EEC of 16 December 1986 on the legal protection of the topographies of semiconductor products was extended to persons originating from the United States or from British territories (Council Decision of 26 October

1987 on the extension of legal protection of the topographies of semiconductor products to persons originating from certain countries or territories).

Work in connection with international organizations, in particular the World Intellectual Property Organization (WIPO)

65. The Member States and the Commission coordinated their positions, following the usual procedures, in particular for the following meetings organized by the WIPO:

- (i) the third and fourth consultative meetings for revising the Paris Convention (Geneva, 18 to 22 May 1987 and 15 to 18 September 1987), and the preparatory meetings for the countries in Group B;
- (ii) the third meeting 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, 22 to 26 June 1987);
- (iii) the 18th series of meetings of the governing bodies of the WIPO (Geneva, 21 to 30 September 1987).

The coordination work related to matters of Community interest, in particular certain questions concerning the revision of the Paris Convention, the extension of the Madrid Arrangement and the possibility of a link between this and the future system of Community trade marks, and also the holding of a diplomatic conference on the protection of integrated circuits.

For the work on questions concerning intellectual property carried out under the GATT Uruguay Round, reference should be made to the chapter on external relations, under 'trade policy'.¹

¹ See paragraph 190 of this Review.

Chapter III — Economic and social policy

A — Economic, financial and tax questions and export credits

Economic and financial questions

INTERNATIONAL ECONOMIC AND MONETARY PROBLEMS

66. 1987 was characterized by steady economic growth in the industrialized countries. However, the continuing imbalances in the balance of payments, especially in the United States and in Japan, led to the destabilization of the world economy as a whole and in particular a steady fall in the value of the dollar and a sharp drop in world share prices in October.

In the European Economic Community, GDP showed an average increase in real terms of 2.2%; the average increase in private consumption was 3.1%, while inflation fell from 3.7% to 3.1%. The unemployment rate showed a slight fall, from 11.9% to 11.8% of the civil labour force, and the rate of employment increased by 0.8%. At the same time net government borrowing represented only 4.5% of GDP instead of 4.8%, average long-term interest rates reached 7.8%, their lowest level for six years, and the Community recorded a balance-of-payments surplus on current account equivalent to 1.1% of GDP in its trade with the rest of the world.

67. Throughout the year, the Council monitored the international economic situation, in particular with a view to coordinating the positions to be adopted by the Member States at meetings of the IMF Interim Committee and Development Committee and at the annual meetings of the IMF and the World Bank in September 1987. In the course of preparatory work for the summit meeting of the seven most industrialized countries held in Venice from 8 to 10 June, the Council also held an exchange of views on a number of economic and monetary questions, in particular the problem of international debt.

In response to the difficulties being experienced at that time on the international financial markets, the Council issued a statement at its meeting on 16 November 1987 stressing the need for all countries to combine and coordinate their efforts to attain increased stability on the world market.

STRENGTHENING THE EUROPEAN MONETARY SYSTEM

68. At their meeting in Nyborg, Denmark, on 12 and 13 September the Finance Ministers and the Governors of the Central Banks agreed on a number of technical reforms to strengthen the mechanisms of the EMS.

The consequences of these reforms were:

- (i) to extend the maximum duration of very short-term financing (VSTF) by one month, from two-and-a-half months to three-and-a-half months;
- (ii) to allow intramarginal interventions authorized by the issuing central bank to be financed, under certain conditions, by the European Monetary Cooperation Fund (EMCF);
- (iii) to extend, for a trial period of two years, the official use of the ecu. The central banks' acceptance limit for settlements in ecus under the VSTF facility has now been raised from 50% to 100% of amounts outstanding.

In order to make more effective use of the instrument for maintaining exchange rate stability, the Governors of the Central Banks also agreed to strengthen the procedures for joint monitoring of developments and economic policies so as to arrive at a common evaluation of the situation at any given time and define suitable policies.

69. During 1987 it became necessary to readjust the EMS central rates. On 12 January the Finance Ministers and the Governors of the Central Banks agreed to revalue the German mark and the Dutch guilder by 3% and the Belgian and Luxembourg francs by 2%. The fact that no further adjustments were necessary for the rest of the year, while the currencies of non-Community countries were subject to considerable fluctuations, is a measure of the success of the exchange mechanism, due in particular to greater convergence of economies in the Community and to the Nyborg agreements.

LIBERALIZATION OF CAPITAL MOVEMENTS

70. The Finance Ministers examined the remaining steps to be taken for complete liberalization of capital movements within the European Community and invited the Commission to present proposals to this end in the near future. Proposals for the 'creation of a European financial area' were put forward in November 1987.

COORDINATION OF THE ECONOMIC POLICIES OF THE MEMBER STATES

71. In accordance with the Decision of 18 February 1974 on the attainment of a high degree of convergence of the economic policies of the Member States of the

European Community,¹ the Council carried out regular examinations and assessments of the economic and monetary situation in the Community, particularly within the framework of the three quarterly reviews. On 22 December 1987 it adopted the 1987-88 annual report on the economic situation in the Community and laid down economic policy guidelines for 1988.²

BUDGETARY DISCIPLINE

72. In accordance with the conclusions of 4 December 1984 concerning budgetary discipline, at its meetings of 11 May 1987 and 15 June 1987 the Council established a reference framework for the 1988 budget.

NEW COMMUNITY INSTRUMENT (NCI IV)

73. Following the adoption, on 8 December 1986, of a joint position on the creation of a New Community Instrument (NCI IV) for granting loans to small and medium-sized businesses, the Council held a conciliation meeting on this subject with the European Parliament. This meeting led to the resolution of a number of points and the two institutions reached agreement on the measures to be implemented. The Council then officially adopted the Decision instituting the NCI IV on 9 March 1987.³

OWN RESOURCES

74. The Council continued its examination of the proposals for amendments to Regulation (EEC, Euratom, ECSC) No 2891/77 implementing the Decision of 21 April 1970 on the replacement of financial contributions from Member States by the Communities' own resources. A conciliation meeting with the European Parliament was held on 15 June 1987. It was agreed to continue work on the other proposals from the Commission relating to this regulation.

On 21 December 1987, the Council adopted a regulation introducing a temporary derogation from Regulation (EEC, Euratom, ECSC) No 2891/77 with a view to deferring refunds totalling ECU 400 million in respect of 1987 own resources to the beginning of the 1988 financial year.⁴

¹ OJ L 63, 5. 3. 1974.

² OJ L 394, 31. 12. 1987.

³ OJ L 71, 14. 3. 1987.

⁴ This Council act was not published in the *Official Journal of the European Communities*.

FINANCIAL ENGINEERING AND THE FINANCING OF MAJOR EUROPEAN INFRASTRUCTURE PROJECTS

75. The Council held an initial exchange of views on the proposal for a Council Decision and asked the Economic Policy Committee to give an opinion on the Commission's proposal. This opinion was submitted to the Council at the end of the year.

Tax harmonization

76. 1987 saw the transmission to the Council by the Commission of a series of detailed proposals for directives concerning rates of indirect taxation and rates structures and a working paper on the VAT equalization system.

These proposals form part of the process of eliminating tax barriers as recommended by the Commission in Part 3 of the White Paper.

At its meeting on 16 November 1987, the Council, following a preliminary examination, instructed the Economic Policy Committee to examine the macro-economic aspects of the Commission's proposals and submit a report to the Council. This report is scheduled for completion in April 1988. The Council has agreed to hold a policy debate on these proposals once the report has been received.

Meanwhile, the competent Council working party pressed on with examination of the proposals already put forward in the field of VAT and excise duties.

Export credits

ARRANGEMENT ON GUIDELINES FOR OFFICIALLY SUPPORTED EXPORT CREDITS

Tied aid credits — transparency and discipline

77. On 9 February 1987, the Council approved a compromise on measures to increase discipline and transparency in the field of export credits.

This compromise, which was also approved by all the other parties to the Arrangement, provided in particular for a two-stage increase in the minimum grant element for tied aid credits. In addition, agreement was reached on abolishing subsidies for rich countries.

By a Decision¹ of 22 June 1987, the Council decided to implement this compromise within the Community as from July 1987.

CIRRs (commercial interest reference rates)

78. The parties established a new method for defining CIRRs with a view to setting up a single system for all currencies. However, for certain currencies temporary exceptions were granted.

Both the operation of the system and the exceptions are subject to periodic review.

Extension of the Decision of 4 April 1978¹

79. By a Decision of 9 November 1987, the Council extended for 12 months this Decision on the implementation within the Community of the Arrangement on Guidelines.

Arrangement on export credits for ships

80. Ships are not covered by the Arrangement on Guidelines for officially supported export credits but are the subject of the OECD Arrangement on export credits for ships. Within the OECD this sector is the responsibility of Working Party No 6 on shipbuilding.

Negotiations have been under way within this Working Party since the beginning of 1987 following a Japanese proposal for amending the Arrangement on ships, in particular the rates of interest used.

The Community is taking part in these negotiations on the basis of the negotiating directives adopted by the Council at the end of October 1987.

INTRA-COMMUNITY CONSULTATIONS

81. As in the past, consultations in accordance with Decision 73/391/EEC² were held on all transactions under consideration relating to a period of more than five years. In addition, there were regular exchanges of views between the Member States on developments regarding risks in various purchaser countries.

¹ This Council act was not published in the *Official Journal of the European Communities*.

² OJ L 345, 17. 12. 1973.

There were also exchanges of views aimed at finding improved formulae for cooperation between the relevant bodies in the Member States regarding export credit insurance.

EUROPEAN CREDIT-INSURANCE FACILITY

82. The Commission put before the Council a proposal for the creation of a European system of export credit insurance covering export contracts concluded in non-Community countries by more than one Member State.

B — Social policy

83. The problems of employment, the vocational training of young people, adults and the handicapped, equal treatment and equal opportunities for women, and health and safety at work commanded the Council's attention throughout 1987, and it devoted the bulk of its two meetings on 26 May and 1 December 1987 in Brussels to these questions.

At two informal meetings held in Brussels (16 and 17 March 1987) and Copenhagen (28 and 29 September 1987), the Ministers for Labour and Social Affairs exchanged views, *inter alia*, on the following points: adaptability, the follow-up to the Council Resolution of 22 December 1986 on an action plan for employment growth, action to combat long-term unemployment, reform of the structural Funds, and the implementation of Article 118a of the EEC Treaty.

In addition, an informal meeting held in Brussels on 30 April 1987 enabled the Ministers responsible for women's affairs to discuss, *inter alia*, a communication from the Commission on vocational training for women, a Commission Report on protective legislation, and the problem of sexual harassment at the workplace.

The dialogue with the two sides of industry was continued by the Standing Committee on Employment, which held its 33rd meeting, devoted to flexibility, on 25 June 1987 and its 34th meeting, devoted to long-term unemployment, on 5 November 1987.

Employment and vocational training

84. With regard to action to combat long-term unemployment, following its Resolution of 22 December 1986 on an action plan for employment growth and a memorandum from the Commission of 25 May 1987, the Council held a policy debate at its meeting on 26 May 1987.

It continued its work in this field on 1 December 1987, when it adopted conclusions on action to combat long-term unemployment.¹

In these conclusions, the Council

- (i) recognized that improved economic growth and performance are necessary prerequisites for an amelioration of the employment situation and that the specific measures taken in the Member States to combat long-term unemployment should include regular and frequent counselling in order to identify individual problems and abilities;
- (ii) invited the Commission to present an action programme in favour of the long-term unemployed, which should
 - (a) stimulate cooperation with a view to identifying and making known at Community level successful experience which could form part of national programmes in favour of the long-term unemployed;
 - (b) improve the existing systems for the exchange of information and experience (Misep, Elise) on action undertaken by Member States in the planning and implementation of specific national measures; the systems should be extended to cover the methods, effectiveness and cost of national measures, and ways should be found of profiting from experience gleaned in other OECD countries;
 - (c) make available more comprehensive and comparable statistical data on long-term unemployment.

85. In addition, with regard to local employment initiatives, at its meeting on 26 May 1987 the Council took note of a communication from the Commission on the implementation of the Council Resolution of 7 June 1984 on the contribution of local employment initiatives to combating unemployment.

This communication constitutes an interim report on the implementation of the Resolution of 7 June 1984 and identifies certain areas in which improvements appear necessary.

During its meeting on 26 May 1987, the Council held a broad exchange of views on the problems of adaptability, on the basis of a communication from the Commission and of a note from the Presidency.

A draft declaration arising from this exchange of views was submitted to the two sides of industry at the meeting of the Standing Committee on Employment on 25 June 1987.

¹ OJ C 335, 15. 12. 1987.

86. In the field of vocational training for adults, on 15 June 1987 the Council adopted conclusions on the development of continuing vocational training for adult employees in undertakings.¹

In these conclusions, the Council noted that the completion of the internal market and the achievement of technological progress called for a significant effort in the area of training for employers and employees, with a view to more efficient management of human resources, and considered it desirable that continuing vocational training measures should be encouraged by both sides of industry and the public authorities.

The Council also noted that the Commission intended to propose a Community action programme for the development of continuing vocational training which would cover a series of points listed in the conclusions.

In addition, it noted that there were difficulties in the implementation of continuing vocational training, particularly with regard to the adjustment of working hours, and that further Community work was necessary on easing these problems.

87. Following its adoption on 9 March 1987 of conclusions concerning vocational training for young people in the European Community,² the Council adopted by simple majority, on 1 December 1987, a Decision concerning an action programme for the vocational training of young people and their preparation for adult and working life.³

The programme covers the years 1988 to 1992 and aims, *inter alia*, to support the best efforts of the Member States to ensure, as called for by the European Council, that all young people in the Community who so wish receive one, or if possible two or more, years' vocational training in addition to their full-time compulsory education.

88. The programme specifies which activities of the Member States are eligible for a Community contribution and the ways in which the Commission will provide its support.

It aims, *inter alia*, in cooperation with the two sides of industry, to strengthen links and cooperation at all levels between the vocational education, training and guidance systems and all sectors of the economy, both public and private, including, as appropriate, public, private and voluntary bodies and youth organizations.

The Commission is to place particular emphasis on the launching of a European network of training initiatives linking projects from the different Member States which

¹ OJ C 178, 7. 7. 1987.

² OJ C 73, 20. 3. 1987.

³ OJ L 346, 10. 12. 1987.

encourage the personal and professional development of young people through cooperative or integrated vocational education, training and guidance measures.

89. Lastly, the Council's subordinate bodies examined the draft programme of Community action in favour of handicapped people, put forward by the Commission in the form of two proposals for Decisions concerning respectively:

- (i) the promotion of professional rehabilitation and economic integration;
- (ii) the promotion of social integration and of an independent way of life.

Pending the adoption of the programme, the Council and the representatives of the Governments of the Member States, meeting within the Council, adopted a Resolution on 22 December 1987 extending the application of the Resolution of 21 December 1981 on the social integration of handicapped people.¹

Improvement of living and working conditions

90. In the field of the protection of employees in the event of the insolvency of their employer, on 2 May 1987 the Council adopted Directive 87/164/EEC amending, on account of the accession of Spain, Directive 80/987/EEC.²

91. Following the communication from the Commission of 30 October 1987, the Council adopted a Resolution on safety, hygiene and health at work on 21 December 1987.³

In this Resolution, the Council stressed the need to place equal emphasis on achieving the economic and social objectives of the completion of the internal market, and to coordinate Community and national measures for achieving these two objectives.

In addition, the Council suggested that the Commission draw up practical plans of work, preferably on an annual basis, and took note of the Commission's intention of submitting to it in the near future minimum requirements at Community level concerning:

- (i) the organization of the safety and health of workers at work;
- (ii) protection against risks resulting from dangerous substances;
- (iii) the arrangement of the place of work.

The Council also acknowledged the predominant role of the heightening of public awareness for the success of the measures recommended in the Commission's com-

¹ OJ C 354, 31. 12. 1987.

² OJ L 66, 11. 3. 1987.

³ OJ C 28, 3. 2. 1988.

munication and agreed to suggest that a European year in this field be organized in 1992.

Lastly, the Resolution provided for the involvement of the social partners, in accordance with national laws and practices, in implementing the Council directives, in conceiving and implementing Member States' policies and in implementing the measures for the protection of workers taken by companies.

92. In addition, on 1 December 1987 the Council adopted by qualified majority a common position on the amended proposal for a directive on the protection of workers by the prohibition of certain specific agents and/or of certain activities (fourth individual Directive within the meaning of Article 8 of Directive 80/1107/EEC) ('carcinogens').

The directive provides for the prohibition of the production and the use, subject to certain exceptions and derogations, of the following carcinogenic substances:

- (a) 2-naphthalenamine and its salts (CAS No 91-59-8);
- (b) 4-biphenylamine and its salts (CAS No 92-67-1);
- (c) benzidine and its salts (CAS No 92-87-5);
- (d) 4-nitrodiphenyl (CAS No 92-93-3).

93. At the same time the Council achieved substantial progress with regard to the amended proposal for a directive on the protection of workers against the dangers connected with exposure to benzene (fifth individual Directive within the meaning of Article 8 of Directive 80/1107/EEC).

Lastly, during the year under review, the Council's subordinate bodies examined:

- (i) a proposal for a directive amending Directive 80/1107/EEC to establish limit values for 101 dangerous substances;
- (ii) a draft Decision amending Decision 74/325/EEC to extend the responsibilities of the Advisory Committee on Safety, Hygiene and Health Protection at Work to include health protection against the dangers arising from ionizing radiation.

Equal treatment for men and women

94. On 26 May 1987, the Council adopted conclusions on vocational training for women.¹

¹ OJ C 178, 7. 7. 1987.

In these conclusions, the Council:

- (i) recognized the specific difficulties experienced by women on the labour market, in particular because of vocational training handicaps, and asked that the supply of continuous training be adapted to meet the needs of women, including those seeking work;
- (ii) stressed that close cooperation should be instituted between training bodies and the employment market in order to ensure the vocational training of women, and also that it was important for women seeking vocational training, as it was for instructors and both sides of industry, to realize the importance of equality of opportunity between men and women so that vocational training might lead to actual employment;
- (iii) with a view to a future recommendation, stressed its interest in a series of specific measures.

95. On 26 May 1987 the Council adopted conclusions on protective legislation for women in the Member States of the European Community,¹ having examined a communication from the Commission on this subject under the Community medium-term programme on equal opportunities for women (1986-90).

The Council recognized that protective legislation for women must be revised where it seemed detrimental to the promotion of equal opportunities for women or ineffective in terms of the policy of protection itself.

The Member States and both sides of industry were invited to review the protective legislation for women, with the aim of promoting the desegregation of work and more adaptable working patterns.

The Council invited the Commission to update in due course its communication on protective legislation for women in conjunction with the schedule for the Community medium-term programme on equal opportunities for women (1986-90).

Social security

96. On the basis of a communication from the Commission entitled 'Problems of Social Security — areas of common interest', at its meeting on 26 May 1987 the Council held a thorough exchange of views on:

- (i) the financing of social security;
- (ii) demographic trends and their impact on social security;
- (iii) the situation of persons not covered or insufficiently covered by social protection systems (the 'new poverty').

¹ OJ C 178, 7. 7. 1987.

The Council asked the Commission to continue its work in the light of this debate.

97. In the field of social security for migrant workers, the Council's subordinate bodies examined proposals for regulations on non-contributory benefits, technical adjustments following enlargement, early retirement and Turkey, and draft Decisions of the EEC-Yugoslavia Cooperation Council and the EEC-Turkey Association Council.

ECSC aid

98. Under Article 56(2)(a) of the ECSC Treaty, the Commission laid before the Council 14 requests for assent to enable it to ensure the productive re-employment of redundant ECSC workers, or those threatened with redundancy, by granting conversion loans to companies or global loans to financial institutions.

In granting these requests the Council authorized loans totalling ECU 228 million, with individual amounts ranging from ECU 4 to 51 million.

Information instruments

99. On 26 May 1987 the Council adopted a Directive on the synchronization of general population censuses in 1991.¹

Like the Council Directive of 22 November 1973 on the synchronization of general population censuses in 1981, this directive is intended to provide the Commission with sufficiently reliable, detailed and comparable statistical data on population, employment and households in the Member States (situation in spring 1991).

In addition, on 1 December 1987 the Council adopted Regulation (EEC) No 3621/87 on the organization of a labour force sample survey in the spring of 1988.²

C — Regional policy

General background

100. Since the policy of economic and social cohesion involves adapting the structural Funds so that they make a more effective and coordinated contribution to

¹ OJ L 143, 3. 6. 1987.

² OJ L 341, 3. 12. 1987.

strengthening this cohesion, regional policy and its principal instrument, the European Regional Development fund, are particularly affected by the implementation of the Single Act.

The comprehensive proposal to this end provided for in Article 130d of the Treaty was submitted by the Commission on 4 August 1987 and is being examined by the Council, together with other measures concerning the budget and control of the agricultural markets, as part of the 'Delors package'.¹

These proposals were the subject of an initial debate among the Heads of State or Government in Copenhagen on 5 December 1987; the debate is scheduled to continue in Brussels in February 1988 with a view to reaching an overall conclusion.

Implementing provisions more specifically relevant to the ERDF are to be laid down at a later stage, pursuant to Article 130e and in accordance with the new procedure (qualified majority) established by that Article.

To start with, the Council had a limited number of initiatives to deal with concerning two new Community programmes under current ERDF regulations and a specific programme for the establishment of local business and innovation centres.

European Regional Development Fund (ERDF)

COMMUNITY PROGRAMMES

101. Two proposals for regulations instituting new Community programmes under Article 7 of Regulation No 1787/84/EEC on the ERDF² were brought before the Council during the second half of the year.

These programmes, the provisions of which are very largely parallel, are for the redevelopment of areas in economic decline or of a sector of activity, i.e.:

- (i) Shipbuilding areas: this programme, named 'Renaval', was put forward on 31 July 1987 as part of a communication from the Commission on the industrial, social and regional aspects of this sector.
- (ii) Steel areas: this programme, named 'Resider' which was put forward on 18 September 1987, formed part of a communication on iron and steel policy, other aspects of which are a continuing process of industrial restructuring (a new quota system and incentives for plant closure) and social measures.

¹ See paragraph 3 *et seq.* of this Review.

² OJ L 169, 28. 6. 1984.

102. These two programmes essentially extend and continue the specific Community measures for regional development instituted on the basis of the original regulation establishing the ERDF¹ under the non-quota section, with a view to overcoming constraints on the development of new economic activities in certain areas adversely affected by the restructuring of the shipbuilding and steel industries.²

The 'Resider' programme was approved in principle by the Council at its meeting on 22 December 1987, in the general context of the measures put forward concerning steel policy.³

The 'Renaval' programme is currently being examined.

TWELFTH ERDF REPORT

103. The 12th annual report from the Commission concerning the activities of the European Regional Development Fund during 1986 was transmitted to the Council on 8 December 1987. In addition to all 1986 data, broken down by type of operation and by Member State, this report also includes an assessment of the financial data since the creation of the Fund in 1975.

Community action for the creation and development of Business and Innovation Centres

104. On 23 January 1987 the Commission put before the Council a proposal for a Decision on a Community programme for the creation and development of Business and Innovation Centres (BICs) and a European Business and Innovation Centre Network (EBN). This is currently under examination.

Although the aims of this programme based on Article 235 of the Treaty (to contribute to the strengthening and exploitation of the potential for internally generated development of the regions) are a matter of regional policy, it does not constitute a Community programme in ERDF terms and its financing is provided for under a separate section of the budget. It aims to formalize a form of support that has already been granted by the Commission in recent years for the creation of such centres within the framework of industrial redevelopment measures. The extension of this support was provided for in the action programme for SMEs in the Council Resolution of 20 October 1986.⁴

¹ Regulation (EEC) No 724/75, in particular Article 13 as amended in OJ L 35, 9. 2. 1979.

² OJ L 271, 15. 10. 1980; L 27, 31. 1. 1984; L 350, 27. 12. 1985.

³ See paragraphs 46 and 47 of this Review.

⁴ See 34th Review, paragraph 63.

D — Development of a Community energy policy

Overall background

105. The situation on and the prospects for the energy market were the subject of an exchange of views at the Council meeting on 2 June 1987. It was noted in conclusion that, although the energy situation in the short term was relatively favourable, developments in the medium and long term must be closely monitored, owing to numerous uncertainties concerning the energy market in the years to come.

The Council therefore asked the Commission to continue its analysis of prospects for the energy sector both inside and outside the Community, and asked the Member States to support this work, by submitting their own evaluations to the Commission and by cooperating with its forthcoming examination of national energy policies.

The overall background also had to be assessed in the light of progress on the new Community energy policy objectives for 1995 adopted by the Council on 16 September 1986,¹ in which the examination of national policies referred to above forms a major element.² These objectives constitute broad guidelines both for national policies in the Member States and for Community action, while remaining sufficiently flexible to allow for any changes affecting the energy market.

It is against this background that the Council examined energy questions during the period under review, whether in relation to the demand for energy or to the specific problems of various energy sectors which sometimes, to varying degrees, involved discussion of other factors not strictly limited to energy considerations; this was particularly true with regard to nuclear power.

Lastly, there was an exchange of views on the general problem of the completion of the internal market in the field of energy. At its meeting on 2 June 1987 the Council, stressing the importance that it attaches to this question, declared its support for the Commission's intention to draw up first of all, with the cooperation of the interested parties, an inventory of the existing obstacles and then in due course to put to the Council appropriate proposals for the gradual elimination of these obstacles by the end of 1992.

Energy demand

106. In this field energy saving and in particular promoting the efficient use of energy continued to be of concern to the Council. At its meeting on 2 June 1987 the

¹ OJ C 241, 25. 9. 1986.

² The Commission is due to report to the Council on the results of this examination in the first half of 1988.

Council thus began an examination, on the basis of a communication from the Commission, of the situation regarding energy efficiency in the Community. Confirming the need to maintain and indeed strengthen initiatives in this field, the Council:

- (i) recognized that the achievement of the Community objective of a 20% improvement in energy efficiency by 1995 would be an important factor in reducing the risk of future difficulties in the energy markets;
- (ii) stressed the importance of the exchange of experience between the Member States and the Commission concerning the implementation and the effect of measures in the field of energy efficiency, and recognized in addition that the examination of the energy policies of the Member States that the Commission intended to carry out would provide a useful framework for these exchanges;
- (iii) called on the Commission to conduct a detailed examination of specific energy efficiency initiatives in the Community and to submit suitable proposals to the Council.

107. Within this general framework, at its meeting on 13 November 1987 the Council examined two sectoral texts submitted by the Commission in the field of energy saving.

The first was a proposal for a directive on information on the energy efficiency of buildings. The Council's consideration of this matter at the November meeting could only take the form of a preliminary discussion, pending the opinions of the European Parliament and the Economic and Social Committee. Nonetheless, the exchange of views enabled the Council to note that the building sector accounted on average for more than 38% of final energy consumption in the Community and that the potential for improving energy efficiency in this sector was insufficiently exploited. Attention was also drawn to the desirability of improving both the availability of information on the energy efficiency of buildings and the sources of information for parties involved in real-estate transactions.

The second sectoral aspect related to a communication from the Commission on improving the efficiency of electricity use. The policy debate in the Council underlined the importance of this objective, and the Council took note of the Commission's intention to draw up a work programme for this sector for transmission to the Council during the second half of 1988. The Council asked the Commission, in the course of its work on this subject, to consult the electricity distributors and all the other parties involved.

Problems specific to the various energy sectors

SOLID FUELS

108. In the course of 1987, the Council gave its assent under Article 54, second paragraph, of the ECSC Treaty to the co-financing of two investment projects which

involved the construction of coal-fired generating units in two thermal power stations.¹

In addition, at its meeting on 2 June 1987 the Council held an exchange of views on two other solid fuels, lignite and peat, on the basis of a working document from the Commission's departments concerning the financial measures taken by the Community in favour of this sector. The meeting provided an opportunity for the delegations directly involved to state their concerns and take note of recent developments. At the same meeting, the Council noted a statement from the Commission on its approach to subsequent work on this question, on the understanding that it would remain under discussion by the Council.

OIL AND GAS

Natural gas

109. A communication from the Commission on this energy sector was examined by the Council at its meeting on 2 June 1987. Bearing in mind the Community's energy objectives for 1995, the ecological advantages of the use of natural gas, and the possibility of using Community financial instruments to encourage investments in the natural gas sector, the Council drew conclusions which may be summarized as follows:

With regard to the prospects for the share of natural gas in overall energy demand, the Council noted firstly that the existing projections used by the Member States confirmed that this share would be maintained in 1995, and secondly that this energy sector should continue to contribute to at least the same extent to the diversification of the Community's energy sources.

As regards the security of energy supplies, the Council noted that the outlook at Community level for 1990 and beyond had considerably improved since 1982, and that the Community's supplies were sufficiently diversified, at least until the end of the century. In support of this the Council drew attention to a number of factors: new deposits of natural gas had been discovered in the Community and existing reserves had been revalued, existing long-term supply contracts had been extended and new supply contracts concluded with Norway by gas companies in several Member States and, lastly, existing Community gas networks were being gradually and progressively extended and integrated as much as possible. Furthermore the Council considered, notwithstanding the possibility that the present situation regarding oil prices would persist, that the exploration and production of natural gas in the Community on an economic commercial basis should be continued and, if necessary, stepped up as provided for in the Community energy policy objectives for 1995.

¹ OJ C 259, 29. 9. 1987.

110. Thirdly, the Council stressed the importance of maximum convergence in the approaches of the Community, the Member States and economic operators to the problems of natural gas. In this context the Council stressed the desirability of intensifying consultation and the exchange of information.

Finally, turning to the question of the integration of the gas grid, the Council made three points: as previously mentioned, such integration increased the security of energy supplies, it also constituted an important step towards a Community market for natural gas, and it should be encouraged on economic grounds. In this context, the gas industry should continue the process of integrating the European grid. Cooperation between gas companies in the Member States was of particular importance and should be encouraged, especially in view of the possibility of interruptions in supplies, and greater integration of the gas grid should also be encouraged by the Community and the Member States with due regard to the geographical situation of certain Member States.

Situation on the oil market

111. This situation, including questions of refining and of imports of petroleum products, continued to be discussed at every Council meeting on energy questions. With regard more specifically to oil refining and imports of petroleum products, the Council took note of a Commission analysis of recent major developments, particularly concerning the restructuring of the refining industry in the Community.

In addition, there were exchanges of views on a further aspect of this industry at the Council meetings on 2 June and 13 November 1987, namely the costs borne by the refining industries in the Member States in complying with environmental legislation.

It was found, however, that in view of the complexity of the subject and certain continuing differences of opinion among the delegations this question would have to be examined in depth by the Member States and the Commission before any further steps were taken.

RENEWABLE ENERGY SOURCES

112. The further exploitation of renewable energy sources was examined by the Council at its meeting of 13 November 1987 on the basis of a draft recommendation to the Member States submitted by the Commission.

Pending receipt of the opinions of the European Parliament and the Economic and Social Committee, this meeting served to define a common position.

Firstly, reference was made to the Resolution of 16 September 1986 on new Community energy policy objectives for 1995 and the convergence of the policies of the Member States, in which the Council had set the objective of maintaining the development of new and renewable energy sources and of increasing their contribution to the total energy balance. The indigenous nature of these energy sources and the fact that their exploitation was of particular benefit for diversification and the security of energy supplies was also recognized.

On this basis, the common position stresses that in order to render efforts to develop these energy sources economically viable, there should be greater coherence of the measures taken at Community level and the results and experience gained should be widely disseminated.

113. The common position also sets out a series of measures which could be particularly recommended to the Member States. They include: adoption of legislation and/or procedure to overcome the constraints on the exploitation of renewable energy sources, recourse to existing research programmes and pilot projects, and the possibility of including the use of renewable energy sources and energy-saving measures in government investment projects. Existing national inventories of these sources should also be made more widely available, and a facility should be set up for the exchange of information on the development of renewable energy sources, both between Member States and at Community level. Finally, it was also regarded as desirable to encourage terms of contract for the supply of electricity to distributing companies by private-sector producers using renewable energy sources which would further the economic exploitation of these energy sources on a non-discriminatory basis.

Without prejudice to the common position established, the Council also took note of the information provided on the initiatives the Commission had taken or was proposing to take regarding studies on possible obstacles to the marketing of renewable sources of energy. The Council also noted that the Commission intended to organize a conference in the autumn of 1988 which would aim to identify renewable energy sources with major potential and the current obstacles to marketing them, and to suggest ways of overcoming these obstacles.

NUCLEAR QUESTIONS

114. The work of the Council in the period under review was dominated by two major concerns. The first was the question of what measures should be taken in addition to those taken in 1986 following the accident at the Chernobyl nuclear power station. The second concerned measures to further increase protection in the event of nuclear accidents or any other radiological emergency.

Under the first heading, two phases can be distinguished.

Firstly, the Council adopted Regulation (EEC) No 624/87 of 27 February 1987¹ extending until 31 October Regulation (EEC) No 1707/86 to the conditions governing imports of agricultural products originating in third countries following the accident at the Chernobyl nuclear power station. Secondly, having regard in particular to Article 113 of the Treaty establishing the European Economic Community, at its meeting on 14 December 1987, the Council adopted Regulation (EEC) No 3955/87,² which fixed maximum permitted levels of radioactivity for the abovementioned products for a period of two years, in order both to safeguard the health of consumers and to maintain the unity of the internal market.

115. Under the second heading, several texts were adopted by the Council at its meetings on 14 and 22 December 1987.

These concern two fields which are interdependent in many respects: the first comes under the central objective of obtaining rapid and sufficiently detailed information in cases of radiological emergency; the second concerns basic regulations on maximum admissible levels of radioactive contamination for certain products in emergency situations.

116. In the first field, the Council adopted a Decision, based in particular on Article 101 of the Treaty establishing the European Atomic Energy Community, approving the conclusion by the Commission, on behalf of the Community, of the Vienna Convention on early notification of a nuclear accident, negotiated in 1986 under the auspices of the International Atomic Energy Agency.

The convention, which had already been signed by all the Member States of the Community on 26 September 1986, entered into force on 27 October 1986. It applies to any accident involving facilities or activities of a signatory State or of individuals or legal persons under its jurisdiction or control leading or likely to lead to a release of radioactive material and which has resulted or may result in an international transborder release that could be of radiological safety significance for another State.

The Council Decision also lays down the specific procedures relating to the notification of nuclear accidents occurring in an establishment of the Joint Research Centre, having regard to the responsibilities of the Member State in whose territory the establishment is located.

117. In addition, pursuant in particular to Article 31 of the Treaty establishing the European Atomic Energy Community, at the same meeting on 14 December 1987 the Council, also on a proposal from the Commission and having regard to the opinions of the Economic and Social Committee and of the European Parliament, adopted a Decision³ on Community arrangements for the early exchange of infor-

¹ OJ L 58, 28. 2. 1987; OJ L 62, 5. 3. 1987.

² OJ L 371, 30. 12. 1987; OJ L 16, 21. 1. 1988.

³ OJ L 371, 30. 12. 1987.

mation in the event of a radiological emergency to supplement the abovementioned IAEA Convention, having particular regard to the provisions of the Treaty.

The arrangements laid down in this Decision apply to the provision of information whenever a Member State decides to take measures of a widespread nature in order to protect the general public in case of a radiological emergency.

When a Member State decides to take such measures, it must immediately notify the Commission and those Member States which are, or are likely to be, affected, with a view to minimizing any radiological consequences.

The system thus established is one of the key elements in the implementation of the regulation adopted by the Council in the second of the two fields referred to above.

118. The maximum permitted levels of radioactive contamination of foodstuffs and feedingstuffs following a nuclear accident or any other case of radiological emergency were the subject of Regulation (Euratom) No 3954/87 adopted by the Council at its meeting of 22 December 1987.¹

This regulation was adopted, under Article 31 of the Treaty establishing the European Atomic Energy Community, on a proposal from the Commission drawn up after obtaining the opinion of the Scientific and Technical Committee. Its main object is to enable the Commission, in the event of a nuclear accident or any other case of radiological emergency, to render applicable the pre-established maximum permitted levels laid down by the Council, whilst keeping open the possibility of adapting these levels to take account of the particular conditions applying, in accordance with the procedures laid down in the Council Regulation. It should also be noted that in this same regulation, the Council provided for maximum permitted levels for certain products (baby foods, minor foodstuffs, liquid foodstuffs, and feedingstuffs) to be adopted at a later stage.

119. In connection with the adoption of the regulation, the Council and the representatives of the governments of the Member States meeting within the Council adopted a Resolution² comprising three main elements. The Commission was asked, on the basis of the Community's maximum permitted radioactivity levels, to work towards an international agreement on the levels to be applied following a nuclear accident or any other radiological emergency. It was also considered that the limits henceforth applicable within the Community should also apply to foodstuffs exported from the Community, unless importing States applied different limits, and it was noted in this context that Member States would take the necessary measures to ensure that their exporters observed these principles and that these measures would be notified to the Commission. Thirdly, it was agreed that a Council Regulation

¹ OJ L 371, 30. 12. 1987.

² OJ C 352, 30. 12. 1987.

covering these obligations would be adopted as soon as possible on a proposal from the Commission.

E — Transport

120. In 1987, the Council held four meetings devoted to transport questions, on 23 and 24 March, 9 June, 24, 25 and 30 June, and on 7 and 16 December 1987.

The Ministers for Transport also met informally in Brussels on 16 and 17 February 1987.

Inland transport

INTRA-COMMUNITY CARRIAGE OF GOODS BY ROAD

Access to the market for the carriage of goods by road between Member States

121. On 30 June 1986 the Council had given its assent on the final organization of the market for the carriage of goods by road between Member States, namely the setting up by 1992 at the latest of a free market without quantitative restrictions in the sector of intra-Community carriage of goods by road.¹

On 19 November 1986 the Commission put before the Council a proposal for a regulation on access to the market for the carriage of goods by road between Member States. This proposal concerns both the organization of the transitional period between now and 1992 and the definitive arrangements for this market.

The proposal also constitutes an essential element in achieving the Council's aim of establishing 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 1985.¹

The Council began examining this question at its meeting in March 1987 and continued this work at its meetings in June and December.

Following this, the Council instructed the Committee of Permanent Representatives to continue examining the matter with a view to achieving progress as soon as possible.

¹ See 34th Review, paragraph 145.

Community quota for 1987

122. On 30 June 1987 the Council adopted Regulation (EEC) No 1897/87¹ amending Regulation (EEC) No 3164/76.²

This new regulation grants the Member States a number of additional Community authorizations, thereby raising the increase in the Community quota for 1987 from 15% to 40% and bringing the total number of Community authorizations allocated to all Member States to 11 535. By adopting this regulation, the Council implemented the first increase of 40% in the Community quota during the transitional period referred to in paragraph 121.

The regulation contains a provision allowing a Member State to convert all or part of the additional Community authorizations for 1987 into short-term authorizations.

Elimination of distortions of competition in the road haulage industry

123. On 25 June 1987 the Council adopted a Resolution on the elimination of distortions of competition in the road haulage industry.

In this Resolution, the Council confirmed its intention, as stated on 30 June 1986,³ to continue its work in order to complete the elimination of distortions of competition in the road haulage industry, due in particular to tax inequalities, and agreed to look into the following questions:

- (i) the taxation of motor vehicles and fuels, road tolls and other fiscal questions relevant to the road haulage industry;
- (ii) the uniform implementation of social provisions;
- (iii) technical standards for commercial vehicles.

The Council asked the Commission to submit as soon as possible appropriate proposals concerning these subjects.

INTERNATIONAL CARRIAGE OF PASSENGERS BY COACH AND BY BUS

124. At its December 1987 meeting, on the basis of a questionnaire drawn up by the Presidency, the Council held a preliminary discussion on the proposal for a

¹ OJ L 179, 3. 7. 1987.

² Council Regulation of 16 December 1976 on the Community quota for the carriage of goods by road between Member States (OJ L 357, 29. 12. 1976).

³ See 34th Review, paragraph 145.

regulation laying down common rules for the international carriage of passengers by coach and by bus. This proposal which had been transmitted to the Council on 15 April 1987, aims in particular to establish the freedom to provide services in this sector.

The proposed regulation would replace the three existing regulations governing shuttle services,¹ regular services¹ and occasional services² by a single regulation applicable to all international carriage of passengers by road.

At the end of the debate, the Council instructed the Committee of Permanent Representatives to continue its work in the light of the discussions so that the Council could carry out a thorough examination of this proposal as soon as possible.

ADMISSION OF NON-RESIDENT CARRIERS TO NATIONAL TRANSPORT SERVICES IN A MEMBER STATE (CABOTAGE)

125. At its meetings in June and December 1987, the Council exchanged views on three proposals for regulations on the conditions under which non-resident carriers may operate national transport services in a Member State, with regard to:

- (i) the carriage of goods and persons by inland waterway;
- (ii) the carriage of goods by road;
- (iii) road passenger transport.

These various proposals aim to establish the freedom to provide services in the field of national transport services.

The Council instructed the Committee of Permanent Representatives to continue work on this subject so that the Council could carry out a thorough examination of these proposals as soon as possible.

FIXING OF RATES FOR THE CARRIAGE OF GOODS BY ROAD BETWEEN MEMBER STATES

126. At its December 1987 meeting, the Council held an initial exchange of views on the proposal for a Council Regulation amending Regulation (EEC) No 3568/83 on the fixing of rates for the carriage of goods by road between Member States.³

Following this work, the Council instructed the Permanent Representatives Committee to continue work on the matter in order to allow the regulation to be adopted as soon as possible.

¹ OJ L 67, 20. 3. 1972.

² OJ 147, 9. 8. 1966, p. 2688.

³ OJ L 359, 22. 12. 1983.

WEIGHTS AND DIMENSIONS OF COMMERCIAL VEHICLES — WIDTH OF REFRIGERATED VEHICLES

127. At its December 1987 meeting, the Council held a preliminary discussion on a proposal for a directive to allow refrigerated vehicles, notwithstanding the maximum permitted width of 2.5 metres fixed by Directive 85/3/EEC,¹ sufficient width to accommodate pallets of standard international dimensions.

The Council instructed the Permanent Representatives Committee to continue its work on this matter.

ROADWORTHINESS TESTS FOR MOTOR VEHICLES

128. At its June 1987 meeting, the Council carried out an initial examination of the proposal for a Council Directive amending Directive 77/143/EEC on the approximation of the laws of the Member States relating to roadworthiness tests for motor vehicles and their trailers.²

This proposal aims to extend to private cars, vans and other light goods vehicles, the periodic roadworthiness tests laid down in Directive 77/143/EEC for buses, coaches, lorries, taxis and ambulances.

Following this examination, the Council instructed the Permanent Representatives Committee to continue work on the question.

GENERAL SPEED LIMITS

129. At its June 1987 meeting, the Council held an exchange of views on the harmonization of general speed limits in the European Community.

Following this, the Council noted that the Commission intended, once its consultations with the interested parties had been completed, to put before the Council a proposal for a directive on speed limits.

ACCESS TO THE OCCUPATION OF CARRIER OF GOODS BY WATERWAY

130. On 9 November 1987, the Council adopted the Directive on access to the occupation of carrier of goods by waterway in national and international transport and

¹ Directive 85/3/EEC on the weights, dimensions and certain other technical characteristics of certain road vehicles (OJ L 2, 4. 1. 1985).

² OJ L 47, 18. 2. 1977.

on the mutual recognition of diplomas, certificates and other evidence of formal qualifications for this occupation.¹

TRANSPORT INFRASTRUCTURES

131. On 22 December 1987, the Council adopted a regulation granting financial support amounting to ECU 53 million from the 1986 and 1987 budgets to a number of transport infrastructure projects.²

The Council is also continuing to examine the proposal submitted by the Commission to the Council on 4 July 1986 concerning the granting of financial support under a medium-term transport infrastructure programme.

NEGOTIATIONS WITH AUSTRIA, SWITZERLAND AND YUGOSLAVIA IN THE FIELD OF LAND TRANSPORT

132. Under the terms of its conclusions of 30 June 1986 concerning the intra-Community carriage of goods by road, the Council had, with a view to the completion of the internal market, asked the Commission to study the problems related to Community transit via non-member countries and to submit suitable proposals.³

The Commission having complied with this request on 16 September 1987, on 7 December the Council adopted a Decision on the opening of negotiations in the field of transport between the European Economic Community and the Republic of Austria, the Swiss Confederation and the Federal Socialist Republic of Yugoslavia.

These negotiations will be conducted by the Commission in consultation with the Member States and will cover a series of problems arising from the growth in traffic passing through these non-member countries. The aim, in the first phase, is to define the possibilities and procedures for future negotiations and a schedule.

General questions

SUMMER TIME

133. On 22 December 1987 the Council adopted a fourth Directive on summer-time arrangements.⁴ This Directive establishes the date of the beginning of the

¹ OJ L 322, 12. 11. 1987; Corrigendum, OJ L 344, 8. 12. 1987.

² OJ L 380, 31. 12. 1987.

³ See 34th Review, paragraph 145.

⁴ OJ L 6, 9. 1. 1988.

summer-time period for 1989 as 26 March throughout the Community, and the date of the end of this period as 24 September in 10 Member States and 29 October in Ireland and in the United Kingdom. The Directive lays down in addition that the Council, acting on a proposal from the Commission, shall adopt by 1 January 1989 the arrangements to apply from 1990 onwards.

Air transport

134. On 14 December 1987 the Council adopted four legislative acts in the air transport sector, the implementation of which should allow the real beginning of a common policy in this area. These provisions, which entered into force on 1 January 1988,¹ cover the following:

COUNCIL DIRECTIVE 87/601/EEC ON FARES FOR SCHEDULED AIR SERVICES BETWEEN MEMBER STATES

135. This directive lays down a Community system for the approval of fares for scheduled air services between Member States.

Fares remain subject to approval by the authorities of the Member States concerned. This approval will be obligatory if the fares comply with certain criteria. Consultation and arbitration procedures are laid down, however, should there be disagreement on a given proposal; arbitration decisions will be binding if confirmed by the Commission.

Air carriers will automatically be authorized to offer, under certain conditions, discount and deep-discount fares. Discount fares can be fixed at between 65% and 90% of the normal 'economy class' fare; while the deep-discount zone extends from 45% to 65% of the reference fare.

Member States wishing to maintain or conclude more flexible arrangements are free to do so.

COUNCIL DECISION 87/602/EEC ON THE SHARING OF PASSENGER CAPACITY BETWEEN AIR CARRIERS ON SCHEDULED AIR SERVICES BETWEEN MEMBER STATES AND ON ACCESS FOR AIR CARRIERS TO THE SCHEDULED AIR SERVICE ROUTES BETWEEN MEMBER STATES

¹ OJ L 374, 31. 12. 1987.

Capacity

136. The Decision stipulates that increases in capacity under any bilateral arrangement will be approved automatically, provided that the resulting capacity shares are not outside the range 55% to 45% for the period up to 30 September 1989 or 60% to 40% from 1 October 1989. However, any Member State in which the application of these arrangements has led to serious financial damage for its air carrier(s) can request a review of the provisions for the period from 1 October 1989. Following this review, the Commission will decide whether or not the capacity increases should be applied in full.

Capacity increases proposed in the course of a season will be approved automatically, providing that certain specific conditions are met and that the resulting capacity shares do not fall outside the abovementioned ranges.

Access to the market

137. The provisions concerning access for air carriers in the Community to scheduled air services between Member States stipulate that:

- (a) Community air carriers shall be authorized to provide scheduled third- and fourth-freedom services¹ between Category 1 airports in the territory of a Member State and regional airports in the territory of another Member State. However, for reasons of airport infrastructure and in order to ensure the progressive implementation of Community policy, a certain number of airports are to be temporarily excluded from these provisions.
- (b) Member States will be able to designate two or more air carriers to carry out scheduled services to each of the other Member States. They will not, however, be able to designate more than one air carrier for any one route unless the volume of traffic on that route exceeds certain specified levels.
- (c) Third- and fourth-freedom air carriers shall be permitted to combine scheduled air services to or from two or more points in one or more other Member States, provided that no traffic rights are exercised between the combined points.

Services operated in accordance with these provisions will be subject to the abovementioned checks on capacity shares, except those between an airport in Category 1 and a regional airport using aircraft with not more than 70 passenger seats.

¹ Third-freedom services are those in which an air carrier puts down, in the territory of another State, passengers, freight and mail taken up in the State in which it is registered. Fourth-freedom services are those in which an air carrier takes on, in the territory of another State, passenger, freight and mail, for off-loading in its State of registration.

The Decision gives Community air carriers, under certain conditions, the right to provide scheduled air services between two Member States other than their State of registration ('fifth-freedom rights').

COUNCIL REGULATION (EEC) NO 3975/87 LAYING DOWN THE PROCEDURE FOR THE APPLICATION OF THE RULES ON COMPETITION TO UNDERTAKINGS IN THE AIR TRANSPORT SECTOR

138. This regulation lays down detailed procedures for the application of Articles 85 and 86 of the Treaty to international air transport between Community airports.

COUNCIL REGULATION (EEC) NO 3976/87 ON THE APPLICATION OF ARTICLE 85(3) OF THE TREATY TO CERTAIN CATEGORIES OF AGREEMENTS AND CONCERTED PRACTICES IN THE AIR TRANSPORT SECTOR

139. This regulation lays down that the Commission may by regulation grant exemptions for certain categories of agreements, decisions and concerted practices. These exemptions will be for a limited period, enabling air carriers to adapt to the more competitive environment which will be created by the Directive on fares and the Decision on capacity shares and access to the market.

The Council will decide on the revision of the abovementioned Directive and Decision and of this regulation by 30 June 1990 at the latest, on the basis of proposals to be submitted by the Commission by 1 November 1989.

Sea transport

140. As part of the implementation of the regulations in the field of sea transport adopted by the Council on 22 December 1986,¹ the Council adopted the following Decisions:

- (i) Council Decision of 17 September 1987 relating to maritime transport between Italy and Algeria (87/475/EEC).² This Decision, based on Article 6(2) of Regulation (EEC) No 4055/86 on the freedom to provide services in the field of maritime transport, permits the Italian Republic to ratify its Agreement on Maritime Transport and Navigation with the Algerian Republic, signed on 28 February 1987.

¹ OJ L 378, 31. 12. 1986.

² OJ L 272, 25. 2. 1987.

- (ii) Council Decision of 19 October 1987 on coordinated action to safeguard free access to trans-oceanic traffic with the countries of West and Central Africa.¹ This Decision, based on Article 4 of Regulation (EEC) No 4058/86, provides for the Community to hold consultations, under the third ACP-EEC Convention, with the African member States of the Ministerial Conference of West and Central African States on Maritime Transport (CMEAOC) on free and unrestricted access to maritime traffic.

RELATIONS WITH NON-COMMUNITY COUNTRIES ON MARITIME AFFAIRS

141. The Council and the Member States approached certain developing countries whose behaviour was considered contrary to the development of harmonious international relations on maritime affairs.

F — Research

A new Community policy on research and technological development

142. The Single European Act, which entered into force on 1 July 1987, amended the EEC Treaty by the addition of specific provisions relating to research and technological development (Articles 130f to 130q). The Community is thereby called upon to adopt a multiannual framework programme for research and technological development laying down, *inter alia*, scientific and technical aims, priorities, and certain financial provisions. Community policy on research and development is to be implemented by means of specific programmes within this framework programme.

On 28 September 1987, the Council adopted the framework programme for Community research and technological development projects for the period from 1987 to 1991. The funding for this programme was fixed at ECU 5 396 million, of which ECU 417 million will be covered by a later Council Decision.

During November and December 1987, the Council adopted the first four specific programmes under the framework programme, allocating a total of ECU 705 million in commitment appropriations (see table below).

Three Council meetings on research were held in 1987, on 23 and 24 February continued on 24 March, on 28 September and on 21 December.

¹ Not published.

143.

**Table of Decisions on research adopted
by the Council in 1987**

Research field	Date of Decision	Appropriation (ECU million)	Staff	Duration (years)	OJ
FRAMEWORK PROGRAMME	28.9.1987	5 396 ¹		5	L 302, 24.10.1987
1. Quality of life		(375)			
2. Towards a large market and an information and communications society		(2 275)			
3. Modernization of industrial sectors		(845)			
4. Exploitation and optimum use of biological resources		(280)			
5. Energy		(1 173)			
6. Science and technology for development		(80)			
7. Exploitation of the sea-bed and use of marine resources		(80)			
8. Improvement of European S/T cooperation		(288)			
SPECIFIC PROGRAMMES					
1. Medical and health research	17.11.1987	65	12	5	L 334, 24.11.1987
2. S/T for development	14.12.1987	80	16	5	L 355, 17.12.1987
3. RACE (telecommunications)	14.12.1987	550	²	5	L 16, 21.1.1988
4. Radiation protection (revision)	21.12.1987	+ 10 ³			L 16, 21.1.1988

¹ Of this total, only ECU 4 979 million is already available. The Council is to decide at a later date on an amount of ECU 417 million.

² Staff costs may not exceed 4.5% of the Community contribution.

³ This figure indicates the difference between the funds allocated to the original programme and those allocated to the revised programme.

Work of Crest

144. At its meetings in 1987, the Scientific and Technical Research Committee (Crest) gave its opinion on programmes proposed by the Commission to the Council in the following fields:

- (a) Community action programme in the field of telecommunications technologies (RACE);
- (b) multiannual R&D programme in the fields of basic technological research and the implementation of new technologies (Brite) (1985-88) — revision;
- (c) R&D programme in the field of information technologies (Esprit II);
- (d) Community support plan to facilitate access to large scientific facilities of European interest (1988-92);
- (e) multiannual R&D programme in the field of biotechnology — revision;
- (f) R&D programme in the field of applied metrology and of chemical analysis (BCR) (1988-92);
- (g) programme to coordinate R&D work in the field of medicine and health (1987-89);
- (h) R&D programme in the field of S/T for development (1987-90);

ECSC

145. In order to promote technological and economic research to improve coal production and valorization methods within the Community, at its meeting of 18 and 19 May 1987 the Council gave its assent, as requested by the Commission under the terms of Article 55(2)(c) of the ECSC Treaty, to the granting of financial aid to the amount of ECU 21 952 500 from funds derived from the levies to a research programme in the field of mining technology and product beneficiation; subject to the availability of budgetary resources, an amount of ECU 4 914 600 would be assigned to a supplementary programme. An amount of ECU 47 500 was reserved for the dissemination of information.

The overall cost of the programme, including the amounts borne by the contractors, totals ECU 36 635 000; for the supplementary programme, the overall total is ECU 8 091 000.

External relations

COOPERATION WITH THE US-DOE

146. On 21 December 1987 the Council noted the Commission's intention to renew, in accordance with Article 101(3) of the EAEC Treaty, the cooperation agreement on the exchange of information concerning radioactive waste management.

INTERNATIONAL SCIENTIFIC AND TECHNICAL COOPERATION

147. On 2 June 1987 the Council adopted a Decision authorizing the Commission to negotiate a cooperation agreement between the EAEC and Japan in the field of controlled thermonuclear fusion.

On 5 October 1987 the Council adopted a Decision containing directives for the Commission to conduct negotiations between the EAEC, Japan, the USSR and the United States of America concerning preliminary design activities for a thermonuclear experimental reactor (ITER).

EUROPEAN COOPERATION IN THE FIELD OF SCIENTIFIC AND TECHNICAL RESEARCH

148. On 9 February 1987 the Council approved Framework Agreements for scientific and technical cooperation between the Community and the Kingdom of Sweden, the Swiss Confederation, the Republic of Finland, the Kingdom of Norway and the Republic of Austria.

G — Environment

Introduction

149. During 1987 the Council held four meetings devoted specifically to the environment, on 19 and 20 March, 21 and 22 May, 21 July and 3 December.

At these meetings the Council approved a number of regulations, directives, decisions and resolutions. Other acts which were formally adopted at other Council meetings were approved in principle following the debates which took place on these occasions.

The Council also continued its work at these meetings on other proposals from the Commission.

In addition, the Council ensured that the Community played a part in various international activities.

Regulations, Directives, Decisions or Resolutions adopted by the Council

COUNCIL REGULATION (EEC) NO 1422/87 AMENDING REGULATION (EEC) NO 3626/82 ON THE IMPLEMENTATION IN THE COMMUNITY OF THE CONVENTION ON INTERNATIONAL TRADE IN ENDANGERED SPECIES OF WILD FAUNA AND FLORA¹

150. This regulation was adopted by the Council on 21 May 1987. Its aim is to amend the classification of certain species in view of amendments to the Washington Convention.

COUNCIL REGULATION (EEC) ON ACTION BY THE COMMUNITY RELATING TO THE ENVIRONMENT (ACE)

151. On 23 July 1987 the Council adopted a regulation² extending Regulation (EEC) No 1872/84, the object of which is Community financing of certain projects in favour of the environment.

Compared with the previous regulation, this act increases the financial resources allocated and also broadens the field of application of these measures to include waste management and the protection or re-establishment of land threatened or damaged by fire, erosion and desertification.

COUNCIL DIRECTIVE AMENDING DIRECTIVE 85/210/EEC ON THE APPROXIMATION OF THE LAWS OF THE MEMBER STATES CONCERNING THE LEAD CONTENT OF PETROL

152. This directive, adopted by the Council on 21 July 1987,³ sets out the conditions under which a Member State may completely ban regular leaded petrol from

¹ OJ L 136, 26. 5. 1987.

² OJ L 207, 29. 7. 1987.

³ OJ L 225, 13. 8. 1987.

its national market should such a measure be justified for reasons of environmental and human health protection.

COUNCIL DIRECTIVE AMENDING DIRECTIVE 75/716/EEC ON THE APPROXIMATION OF THE LAWS OF THE MEMBER STATES RELATING TO THE SULPHUR CONTENT OF CERTAIN LIQUID FUELS (GAS OILS)

153. This directive, adopted on 30 March 1987,¹ is intended to reduce sulphur dioxide emissions into the air resulting from the combustion of certain liquid fuels (gas oils).

In particular, it sets a limit of 0.3% for the sulphur content of gas oils and enables Member States to make the use of gas oils with a maximum sulphur content of 0.2% compulsory in certain zones and under certain conditions.

DIRECTIVE ON THE PREVENTION AND REDUCTION OF ENVIRONMENTAL POLLUTION BY ASBESTOS

154. The Council adopted this directive on 19 March 1987.²

It follows various Community acts on the protection of workers and consumers against this substance and is aimed essentially at reducing or preventing asbestos emissions into the air, asbestos discharges into the aquatic environment and solid asbestos waste.

DIRECTIVE AMENDING DIRECTIVE 82/501/EEC ON THE MAJOR-ACCIDENT HAZARDS OF CERTAIN INDUSTRIAL ACTIVITIES

155. The directive adopted by the Council on 19 March 1987² clarifies and supplements the original directive, in the light of experience gained in the first phase of implementation.

¹ OJ L 91, 3. 4.1987.

² OJ L 85, 28. 3. 1987.

**RESOLUTION OF THE COUNCIL OF THE EUROPEAN COMMUNITIES
AND OF THE REPRESENTATIVES OF THE GOVERNMENTS OF THE
MEMBER STATES MEETING WITHIN THE COUNCIL ON THE CON-
TINUATION AND IMPLEMENTATION OF A EUROPEAN COMMUNITY
POLICY AND ACTION PROGRAMME ON THE ENVIRONMENT
(1987-92)**

156. The Council adopted this Resolution on 19 October 1987.¹

In this way, the Council took note of the programme of action put forward by the Commission and gave its approval in principle to the priorities established for Community action in the period 1987-92.

**PROPOSAL FOR A COUNCIL REGULATION ON COMMUNITY
EXPORTS AND IMPORTS OF CERTAIN DANGEROUS CHEMICALS**

157. On 3 December 1987 the Council reached agreement in principle on this regulation instituting a notification system for exports of certain dangerous chemicals.

In a Resolution, the Council undertook to examine the possibility of applying the principle of 'prior informed consent', taking into account the experience gained in the Member States and in other international organizations.

**AMENDMENT TO DIRECTIVE 76/464/EEC CONCERNING LIMIT
VALUES AND QUALITY OBJECTIVES FOR DISCHARGES OF ALDRIN,
DIELDRIN AND ENDRIN INTO THE AQUATIC ENVIRONMENT**

**PROPOSAL FOR A COUNCIL DIRECTIVE AMENDING AND
SUPPLEMENTING ANNEX II TO DIRECTIVE 86/280/EEC ON LIMIT
VALUES AND QUALITY OBJECTIVES FOR DISCHARGES OF CERTAIN
DANGEROUS SUBSTANCES INCLUDED IN LIST I OF THE ANNEX TO
DIRECTIVE 76/464/EEC (2ND AMENDMENT) (HCB AND HCB D)**

158. On 3 December 1987 the Council adopted a common position on these two proposals. The two directives regulate at Community level discharges of these five substances into the aquatic environment.

¹ OJ C 328, 7. 12. 1987.

**PROPOSAL FOR A COUNCIL DECISION AMENDING DECISION
86/85/EEC ESTABLISHING A COMMUNITY INFORMATION SYSTEM
FOR THE CONTROL AND REDUCTION OF POLLUTION CAUSED BY
THE SPILLAGE OF HYDROCARBONS AND OTHER HARMFUL
SUBSTANCES AT SEA**

159. On 3 December 1987 the Council reached agreement on this Decision, which extends the application of the Community information system to inland waterways.

**COUNCIL RESOLUTION CONCERNING A COMMUNITY ACTION PRO-
GRAMME TO COMBAT ENVIRONMENTAL POLLUTION BY CADMIUM**

160. On 3 December 1987 the Council reached agreement in principle on this Resolution.

161.
**Other proposals from the Commission examined by the 'En-
vironment' Council during 1987**

**PROPOSAL FOR A DIRECTIVE ON PROCEDURES FOR HARMONIZ-
ING PROGRAMMES FOR THE REDUCTION AND EVENTUAL
ELIMINATION OF POLLUTION CAUSED BY WASTE FROM THE
TITANIUM DIOXIDE INDUSTRY**

**PROPOSAL FOR A DIRECTIVE ON THE LIMITATION OF EMISSIONS
OF POLLUTANTS INTO THE AIR FROM LARGE COMBUSTION
PLANTS**

**PROPOSAL FOR A DIRECTIVE ON WATER QUALITY OBJECTIVES
FOR CHROMIUM**

PROPOSAL FOR A DIRECTIVE ON THE DUMPING OF WASTE AT SEA

**PROPOSAL FOR A COUNCIL DECISION ESTABLISHING A FIVE-YEAR
COMMUNITY PROGRAMME OF PROJECTS TO ILLUSTRATE THE JOB
CREATION POTENTIAL OF ENVIRONMENTAL MEASURES**

Activities at international level

ACTS ADOPTED BY THE COUNCIL

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

162. On 24 November 1986, the Council had authorized the Commission to take part in the negotiations for this Protocol.

Following the negotiations conducted in the course of the year, the Council decided on 16 September 1987¹ to sign the Protocol.

The aim of the Protocol, which is due to enter into force on 1 January 1989 provided it obtains the requisite number of ratifications, is to reduce emissions into the atmosphere of certain chlorofluorocarbons and halons liable to destroy the ozone content of the stratosphere.

The following main measures were included in the Protocol:

- (i) a freeze on the emissions of certain chlorofluorocarbons one year after the entry into force of the Protocol and of halons three years after that date;
- (ii) a 20% reduction in chlorofluorocarbon emissions four-and-a-half years after the entry into force of the Protocol;
- (iii) a further 30% reduction, bringing emissions down to 50% of their 1986 level, nine-and-a-half years after the entry into force of the Protocol, unless a contrary Decision is agreed by a two-thirds majority of the parties.

Convention on the protection of the Mediterranean Sea against pollution (Barcelona Convention)

163. On 21 September 1987 the Council authorized the Commission to take part in the negotiations under the Barcelona Convention for the adoption of measures concerning discharges of mercury and cadmium and provisions regarding organosilicon compounds.¹

Convention on the protection of the Rhine against chemical pollution

164. On 24 June 1987 the Council authorized the Commission to take part in negotiations for the adoption of a supplement to the Convention on the protection of the Rhine against chemical pollution concerning chloroform.²

¹ Decision not published in the *Official Journal of the European Communities*.

² Not published in the *Official Journal of the European Communities*.

WORK IN INTERNATIONAL ORGANIZATIONS

165. The representatives of the Member States and of the Commission acted in concert during 1987 on the work undertaken within the framework of the relevant international organizations or international conventions.

Washington Convention on international trade in endangered species of wild fauna and flora (Cites)

166. The Community took part as an observer in the sixth meeting of the conference of the contracting parties, which was held in Ottawa in July 1987. The work concerned mainly the inclusion of new species in the scope of the Convention, the transfer of species from one annex to another of the Convention (changing the level of protection) and the implementation of the Cites in the Member States of the Community.

Berne Convention on the conservation of the wildlife and of the natural environment of Europe

167. The sixth meeting of the Standing Committee of the Berne Convention was held in Strasbourg in December 1987. This work resulted in particular in the inclusion of almost 300 new species in Annexes II and III to the Convention, including for the first time several species of fish and invertebrates.

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

168. The fifth meeting of the Executive Body, held in Geneva in November 1987, noted in particular the progress of work on drawing up a Protocol on combating nitrogen oxide emissions or their cross-border flows.

H — Health

169. In accordance with the guidelines set out by the Milan European Council of 28 and 29 June 1985 and further to their meeting of 29 May 1986, the Council and the Ministers for Health devoted their meeting of 15 May 1987 to a number of problems of major importance for the health of European citizens.

At this meeting, the Council and the representatives of the Governments of the Member States meeting within the Council first of all held a wide-ranging exchange of views on the problems raised by AIDS.

They adopted unanimously, in the form of conclusions,¹ an important political text on action to combat AIDS which lays down common principles for the fight against AIDS and provides for the creation of an *ad hoc* Working Party responsible for drawing up a common strategy.

170. In these conclusions, the Council and representatives of the Governments of the Member States:

- (i) considered that, since AIDS was a public health problem, the fight against this disease must be based on considerations of that ilk and represented a priority 'international cause' in the field of public health;
- (ii) reaffirmed that the Community had a specific role to play in ongoing cooperation with the Member States and in consultation with the WHO, while avoiding duplication of effort;
- (iii) confirmed their particular commitment to full respect for the principles of freedom of movement of persons and equal treatment as laid down in the Treaties;
- (iv) considered it necessary, by means of reciprocal information and appropriate coordination, to prevent contradictory national policies from being developed in regard to third-country nationals;
- (v) stressed the ineffectiveness, in terms of prevention, of any policy of systematic and compulsory screening, in particular during health checks at frontiers;
- (vi) considered it necessary to prevent the development of contradictory national policies which might give rise to discrimination;
- (vii) authorized the convening of an *ad hoc* Working Party of public health officials concerned, within the Member States, with the fight against AIDS, with the participation of the Commission, in order to draw up as soon as possible a common strategy leading to a plan of action and coordination to be adopted at Community level by the Member States;
- (viii) considered it necessary to create within the Community a flexible and lightweight structure providing logistic support for the abovementioned *ad hoc* Working Party and following up the proposals adopted by the Ministers for Health;
- (ix) stressed the need for a permanent link with the research programme;
- (x) acknowledged the importance of systematic access to reliable epidemiological data for preparing the decisions to be taken at a political level;

¹ OJ C 178, 7.7.1987.

- (xi) stressed the need to draw up common methods of assessment relating to the measures taken in the Community on proposals from the *ad hoc* Working Party;
- (xii) authorized the introduction of arrangements for systematically informing international travellers about AIDS.

171. On this basis, they instructed the abovementioned *ad hoc* Working Party:

1. to propose a procedure for ensuring at Community level:
 - (a) a rapid exchange of epidemiological data;
 - (b) mutual information about the scientific initiatives and the technical, administrative and legal measures envisaged or adopted by the Member States;
 2. to propose common measures to combat AIDS;
 3. to draw up assessment methods relating to the measures taken in the Community;
- and to report regularly to the Council on its proceedings.

Following this mandate, the *ad hoc* 'AIDS' Working Party met in Brussels on 24 June and 17 December 1987.

172. The Council and the representatives of the Governments of the Member States meeting within the Council also held an exchange of views on 15 May 1987 on a communication from the Commission on the 'Europe against cancer' programme with a proposal for the 1987-89 plan of action.

Pending the opinion of the European Parliament, the Council and the Ministers for Health reached agreement in principle on a Decision adopting a plan of action for 1988-89 for an information and awareness campaign under the 'European against cancer' programme.

173. The Council and the representatives of the Governments of the Member States meeting within the Council considered at their May meeting the current situation with regard to the introduction of a European emergency health card, as provided for in their Resolution of 29 May 1986.

They then held an exchange of views on the possibilities and the problems of computerizing the European emergency health card and on other questions concerning the computerization of medical data.

174. The Council and the representatives of the Governments of the Member States meeting within the Council discussed, on 15 May 1987, the introduction of a system of mutual medical assistance between the Member States to ensure swift treatment for victims of nuclear disasters.

It was agreed that work on this question should continue in conjunction with the examination of the results of work on a proposal for a Decision on a Community system for the rapid exchange of information in the event of a nuclear accident or abnormal levels of radioactivity.

175. On 15 May 1987 the Council and the representatives of the Governments of the Member States meeting within the Council adopted conclusions on the improvement of the use of proprietary medicinal products by consumers.¹

In these conclusions, the Commission and the Member States were requested to study the possibility of making more systematic the use, and more legible and intelligible the content, of the consumer information leaflets accompanying proprietary medicinal products marketed on the territory of the Community, the purpose being to encourage the safe and appropriate use of proprietary medicinal products and to satisfy the consumer's wish to be properly informed.

The Commission was requested to submit a report containing the conclusions of studies, experiments and consultations, accompanied, if appropriate, by suitable proposals concerning the information for doctors and patients envisaged in its White Paper on the completion of the internal market.

176. As regards the health aspects of the fight against drug abuse (preventive measures and the treatment and rehabilitation of drug addicts), the Council and the representatives of the Governments of the Member States meeting within the Council took note on 15 May 1987 of a communication from the Commission on preparatory work that the Commission intended to undertake in 1988 and 1989.

177. With regard to the general question of the fight against drugs, cooperation between the Member States continued within the framework of the 'Pompidou group' (Council of Europe), which continues to play a leading role in this field.

On 28 April 1987 the Ministers responsible for immigration and the fight against terrorism and drugs approved general measures on the traffic in drugs.

At their Conference on 25 May 1987, the Justice Ministers reaffirmed the urgent need, in view of progress on the completion of the internal market, for a many-sided strategy at Community level to combat drug production, trafficking and consumption which would include the harmonization of the relevant legislation within the Member States.

At international level, the Community took part in the United Nations Conference on Drug Abuse and unlawful traffic in drugs, which was held in Vienna in June 1987.

¹ OJ C 178, 7.7.1987.

The final texts from this conference provide for a multidisciplinary approach in the fight against drugs.

In relations between the Community and the Association of South-East Asian Nations (Asean) and certain Latin American countries, arrangements were made for closer cooperation on conversion to different crops, controlling the traffic in drugs, the prevention of drug addiction and the rehabilitation of drug addicts.

I — Other matters

Education

THE ERASMUS PROGRAMME

178. At its meeting on 14 May 1987, the Council adopted a Decision on a European Community action scheme for the mobility of university students.¹

Based on Articles 128 and 235 of the EEC Treaty, the Erasmus programme was established and implemented with effect from 1 July 1987 in order to stimulate student mobility within the Community and intensify inter-university co-operation, the term 'university' being used to cover all types of post-secondary education and training establishments which offer qualifications or diplomas of that level.

The central objective of the programme as stated in the Decision is to achieve a significant increase in the number of students spending an integrated period of study in another Member State, in order that the Community may draw upon an adequate pool of manpower with first-hand experience of economic and social aspects of other Member States, while ensuring equality of opportunity for male and female students as regards participation in such mobility. The other objectives are:

- (i) to promote broad and intensive cooperation between universities in all Member States of the Community;
- (ii) to harness the full intellectual potential of the universities by means of increased mobility of teaching staff, thereby improving the quality of the education provided with a view to securing the competitiveness of the Community in the world market;
- (iii) to strengthen the interaction between citizens in different Member States with a view to consolidating the concept of a people's Europe.

¹ OJ L 166, 25.6.1987.

The development of a pool of graduates with direct experience of intra-Community cooperation will create the basis upon which intensified cooperation in the economic and social sectors can develop at Community level.

179. Four types of action are laid down for the achievement of these objectives:

1. the establishment and operation of a European network for university cooperation;
2. the Erasmus student grants scheme;
3. academic recognition of diplomas and periods of study;
4. supplementary measures to promote student mobility.

The cost of actions 3 and 4 after the first year is not to exceed 10% of the annual funding for the entire Erasmus programme.

With regard to funding, the Ministers agreed an overall amount of ECU 85 million for the first three-year phase of the programme from July 1987 to June 1990, broken down as follows: ECU 10 million for the first year, 30 million for the second year and 45 million for the third. In the third year, the amount set aside for grants will be double that allocated to the other actions.

The implementation of the Erasmus programme is the responsibility of the Commission, assisted by a Consultative Committee composed of two representatives per Member State, at least one of whom shall be drawn from the academic community.

The Council is to decide by 30 June 1990 at the latest on any proposals for amending the programme submitted by the Commission before 31 December 1989, along with a report on the experience acquired in the application of the programme.

INTEGRATION OF HANDICAPPED CHILDREN INTO ORDINARY SCHOOLS

180. The Council and the Ministers for Education meeting within the Council adopted conclusions concerning a programme of European collaboration on the integration of handicapped children into ordinary schools.¹

This four-year action programme, covering the years 1988 to 1991, aims to give priority to integrating handicapped children into ordinary schools, so that specialized establishments are used only when necessary. This approach is better suited to the needs of the individual, since it stresses the child's abilities and potential rather than its disabilities. The programme is an important part of the drive for the social integra-

¹ OJ C 211, 8.8.1987.

tion of handicapped people, and all the measures form part of the general Community programme for their social and economic integration.

181. The programme, which is designed to ensure a concerted and intensive exchange of experience, has four main headings:

1. Examination of the following themes common to all school levels and to all disabilities:
 - (a) special systems and integrated situations,
 - (b) teachers and parents,
 - (c) the classroom,
 - (d) a full school life.
2. Selection by the Commission, on the basis of proposals by Member States, of 20 existing local experiences/situations illustrating significant integration and having features of particular relevance to one or more of the four themes.
3. Appropriate use of Eurydice and the Handynet database for the handicapped for specific points concerning the education of handicapped children.
4. Continuing attention to optimize the contribution of new technology to the education of children with disabilities, especially in the context of integration.

IN-SERVICE TRAINING FOR TEACHERS

182. The Council and the Ministers for Education meeting within the Council also adopted conclusions on in-service training for teachers,¹ in which they agreed that it was necessary to:

- (i) clarify the objectives;
- (ii) be able to offer a variety of consistent and flexible training programmes;
- (iii) as far as possible link in-service training programmes to professional development projects devised by the participants themselves;
- (iv) devote increased resources to in-service training,
- (v) improve the continuity between initial training and in-service training.

They invited the Commission to encourage meetings and exchanges in order to enrich the developments in this field in the Member States.

FAILURE AT SCHOOL AND ILLITERACY

183. The Council and the Ministers for Education meeting within the Council also adopted conclusions on failure at school. Having expressed their concern at this im-

¹ OJ C 211, 8.8.1987.

portant phenomenon affecting a considerable number of young people, they invited the Commission to produce a communication on the problem containing information on the situation in the Member States and instructed the Education Committee to examine this communication and submit a report for a future Council meeting.

Finally, with regard to the fight against illiteracy, the Council and the Education Ministers meeting within the Council adopted conclusions in which, having taken note of the Education Committee's report on measures taken by the Member States to fight illiteracy, they reaffirmed their commitment, as stated in their 1984 conclusions, to combat this phenomenon and agreed on a work programme.

Culture

184. On 9 November 1987 the Council and the Ministers responsible for Cultural Affairs meeting within the Council adopted a Resolution on the promotion of important works of European culture.

By this Resolution, the Council and the Ministers responsible for Cultural Affairs meeting within the Council recognized the importance of promoting the translation into other European languages of important works of European literature and decided to launch a suitable pilot scheme to encourage translation, and to promote the widest possible distribution of works thus translated.

They also agreed to establish annual prizes to encourage translation in Europe, and to encourage the highest possible standard of translation, recognizing the vital role of sound training for translators in this connection. The Commission was asked to examine how it would contribute to the realization of these measures.

Consumer policy

185. During 1987 the Council held three meetings on consumer policy, on 7 April, 10 June and 18 December 1987. The Council's work centred mainly on consumer safety issues and also consumer redress. Finally, the Council continued its debate on two proposals for directives on the protection of consumers in respect of the indication of prices for foodstuffs and non-food products.

DIRECTIVE AND RESOLUTIONS ADOPTED BY THE COUNCIL IN 1987

Council Directive on the approximation of the laws of the Member States concerning products which, appearing to be other than they are, endanger the health or safety of consumers¹

¹ OJ L 192, 11.7.1987.

186. This Directive was adopted by the Council on 25 June 1987. It concerns the approximation of the laws of the Member States concerning imitation products which may represent a danger to the consumer. More specifically, it provides for the banning of products which resemble foodstuffs and may for that reason be dangerous to consumers, particularly children. The Directive also lays down a procedure for the exchange of information within the Community.

Council Resolution on consumer redress¹

187. In this text, adopted on 25 June 1987, the Council invited the Member States to examine the possibility of expanding the pilot schemes with the assistance of the Commission to improve consumer redress, and underlined the important role played in this field by organizations responsible for consumer protection. The Council asked the Commission to consider whether the role of these organizations should be expanded and how this could be achieved.

Council Resolution on consumer safety¹

188. On 25 June 1987 the Council also adopted a Resolution underlining the importance for consumer protection of producing and marketing only safe products, particularly in the context of the completion of the internal market. The Council also took note of the Commission's intention to forward to the Council a proposal to this effect in the near future.

OTHER PROPOSALS FROM THE COMMISSION CONSIDERED BY THE COUNCIL IN 1987

Proposal for a Council Directive on consumer protection in respect of the indication of the prices of non-food products

Proposal for a Council Directive amending Directive 79/581/EEC on consumer protection in the indication of the prices of foodstuffs

189. The Council continued its examination of these two proposals at its meetings of 10 June and 18 December 1987.

¹ OJ C 176, 4.7.1987.

Chapter IV — External relations and relations with the Associated States

A — Commercial policy

GATT

190. In an international economic climate perturbed by monetary and financial upheavals the open multilateral trade system stood out in 1987 for its solidity and stability, in spite of unilateral pressures. Given the interdependence of monetary, financial and trade-linked problems, the Uruguay Round trade negotiations were more than ever of crucial importance, representing an essential element in any effort to re-establish international confidence and create an economic climate favourable to growth and prosperity.

The first year of the Uruguay Round negotiations, which in 1987 were devoted to the initial stages of the talks in accordance with the negotiation schedule adopted at Geneva on 28 January 1987 by the main bodies set up by the Punta del Este Declaration, proved to be one unaffected by major changes and entirely satisfactory. The main parties were able to outline more clearly the problems arising, submit firm contributions or proposals and lay the foundations for the negotiations proper scheduled to start at the beginning of 1988.

In keeping with its policy of continuity, the Community actively contributed to this work by assuming the role of moderator and conciliator to ensure progress on all fronts in view of the fundamental importance of respecting the global character of the negotiations. On the basis of the negotiating directives adopted by the Council on 13 October 1987, the Community was first to submit an offer, to which a number of conditions attached, concerning the priority field of tropical produce. On agriculture the Council stated, at its meeting on 20 October 1987, that the broad lines set out in a Commission communication would, once some points had been amended and clarified and some assurances given by the Commission, serve as an appropriate basis.

The Community was thus able, as early as the end of October 1987, to submit its general approach to the negotiations in this sensitive area. Lastly, the Community was also in a position to put forward, even before the end of 1987, some ideas on how to proceed in the delicate and complex fields of intellectual property and services on

the basis of documents from the Commission's departments which had been approved by the Article 113 Committee.

Work progressed in accordance with the objectives and timetables laid down in the Punta del Este Declaration and the negotiation schedule. Here, too, the Community also contributed by ensuring a smooth transition in all the negotiating groups from the initial stage of the negotiations to the substantive and firm stage due to start in 1988, while at the same time making sure that the global character, balance and coherence of future work were maintained.

191. At the same time as discussing the new round of trade negotiations, the Community participated, as in previous years, in all the various activities connected with the routine management of GATT. In a number of cases it asked that the disputes settlement procedure be used to protect its export interests *vis-à-vis* its major trading partners and achieved satisfactory results from the special groups set up at its request to consider the cases it had cited, namely the discriminatory tax levied by Japan on wines and alcoholic beverages, the import, distribution and sales system applied by commercial agents in the Canadian provinces and, lastly, certain schemes operated by the United States (oil tax and customs duties). The Community is closely monitoring these cases to ensure that the groups' recommendations are speedily implemented by the countries concerned.

Sectoral problems

IRON AND STEEL INDUSTRY

192. As in previous years, the Community's external activities in the iron and steel sector centred on the implementation of the Decisions taken by the Council in December 1986 concerning arrangements with non-member countries in the iron and steel sector.¹ The Council also decided, on 8 December 1987, to continue to apply in 1988 the external measures in force in 1987. It envisaged no change in the quantities of steel which could be imported into the Community from non-member countries having an arrangement. By this decision the Council entered into the spirit of the Uruguay Round and also confirmed the streamlining measures already decided in December 1986 (reduction of the number of arrangements and simplification of the terms of the arrangements with the EFTA countries).

TEXTILES

193. Following the conclusion of MFA IV and the negotiation in 1986 of new bilateral agreements due to come into force on 1 January 1987, Community activity

¹ See paragraph 213 of the 34th Review.

in the textiles sector related essentially, as regards internal aspects, to management questions and, as regards external aspects, to the preparation of work to be carried out for the MFA within the framework of GATT. As regards the latter in particular, the Community submitted its bilateral agreements to the Textiles Surveillance Body (TSB), which duly welcomed the liberal approach adopted in the agreements.

The implementation of the agreements negotiated in 1986 and the changes to the classification of textiles which resulted from the International Convention on the Harmonized Commodity Description and Coding System, which came into force on 1 January 1988, meant that the Community was obliged to negotiate with a number of non-member countries adjustments to the quantitative limits, at the same time widening the product range.

For the same reasons, the Council was obliged to change the level of the annual quotas opened independently for the East European countries.

194. It should also be pointed out that, owing to their expiry at the end of 1987, the Commission negotiated the extension of a number of arrangements with preferential countries (on the basis of the negotiating directives adopted by the Council on 11 March 1986¹ and in consultation with the special committee provided for by Article 113 of the EEC Treaty), including Malta, Turkey (textiles only) and Egypt (cotton yarn only). A report on these negotiations was to be submitted to the Council without delay.

Common commercial policy instruments

195. With regard to Community rules applicable to the common import arrangements, the Commission proposed at the end of 1986 to revoke the 'national activating thresholds' scheme. On 9 December 1987 the Committee of Permanent Representatives established that this proposal could not be adopted owing to the lack of a qualified majority and that consequently recourse to national protection measures would continue to be possible whenever justified by a safeguard clause in a bilateral agreement. On the other hand, scope for such action expired on 31 December 1987 for imports of products liberalized in some Member States but subject to quotas in others.

196. On the basis of a proposal from the Commission, the Council adopted on 22 June 1987 Regulation No 1761/87 (EEC) amending the basic Regulation No 2176/84 (EEC) on protection against dumped or subsidized imports from countries not members of the European Economic Community.

¹ See paragraph 214 of the 34th Review.

The purpose of this addition to the basic regulation was to prevent the bypassing of anti-dumping duties leviable on products originating in the country in question by the mere assembly of parts/components imported without duty being paid (screwdriver operations).

In accordance with the revised regulation, an anti-dumping duty would be imposed on products introduced into the Community market after having been assembled or produced in the Community provided that assembly or production was carried out by a party linked or associated with any of the manufacturers whose exports were subject to a definitive anti-dumping duty, that assembly or production had started or substantially increased after the opening of the anti-dumping investigation, and that the value of parts or materials used in assembly or production and originating in the country of exportation of the product subject to the anti-dumping duty exceeded the value of all other parts or materials used by at least 50%. In applying this provision, account was to be taken of all the circumstances of each case, especially of the variable costs incurred in assembly or production, the research and development carried out and the technology applied within the Community.

Furthermore, in compliance with the basic anti-dumping Regulation (EEC) No 2176/84, the Council expressed an opinion on a number of proposals from the Commission, the majority of which concerned the establishment of definitive anti-dumping duties.

197. In accordance with its Decision 69/894/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 2063/69 establishing common rules for exports,¹ the Council adopted Regulation (EEC) No 3951/87 of 21 December 1987² laying down for 1988 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.

¹ OJ L 324, 27.12.1969.

² OJ L 371 30.12.1987; OJ L 8, 12.1.1988.

Fairs and exhibitions

198. 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.

Work also continued in 1987 on the preparation of the world exhibition to be held in Brisbane, Australia, from April to October 1988 on the theme of 'Leisure in the era of technology'. All Member States will take part in this exhibition, with five of them forming a Community group.

B — Relations with the industrialized countries

Relations with the EFTA countries

199. By approving on 20 July 1987 the 10th Annual Report on Cooperation with the EFTA countries, the Council expressed its satisfaction with the considerable progress made during the period under review with the strengthening of this cooperation and lent its full support to the measures on future cooperation agreed at the meeting held in Interlaken between the Commission and EFTA ministers (20 May 1987) and to the principles on which cooperation between the Community and EFTA was based.

Particularly noteworthy was the signing at Interlaken of two agreements between the Community and EFTA which will considerably ease the work of economic operators by harmonizing customs documentation and transit formalities. These were the Agreement on the introduction of the single administrative document for Community-EFTA trade and the Agreement on a common transit system. These agreements were the first signed by the Community with EFTA as a group and were due to come into force simultaneously in the Member States of the Community and EFTA on 1 January 1988.

200. The Free-Trade Agreements, 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, on which the Joint Committees met for the last time in 1987, given that these agreements would cease to have any effect once the abovementioned multilateral agreement on transit came into force.

Relations with non-European industrialized countries

UNITED STATES

201. In 1987 relations with the United States were hampered by an economic climate made difficult by the rising American balance-of-payments deficit and the continuation in the United States of marked protectionist attitudes which led to the submission to Congress of draft trade legislation designed to restrict trade. The two draft laws finalized during the summer by the House and the Senate respectively were due for examination at a joint Senate/House conference in order to merge the two drafts and arrive at the adoption of a single text.

The Council monitored the progress of this legislation in the United States with particular attention. On 16 March the Council adopted a statement expressing the Community's deep concern at the prospect of restrictive trade legislation being enacted in the United States and stressing the adverse effects that the adoption of such legislation was bound to have not only on bilateral relations between the Community and the United States but also on world trade. It confirmed that if the United States took unilateral restrictive measures the Community would have no choice but to respond in accordance with its rights under GATT.

The Council later returned to this problem at its meetings in May, June, July and September in order to monitor developments and reaffirm its concern regarding the potential effects of the legislation being considered by Congress. It lent its full support to the steps taken by the Commission to demonstrate to the members of the American Congress the effects of any decisions they might take, and the Council re-expressed the hope that the outcome of the deliberations would not oblige the Community to take retaliatory action.

202. Negotiations with the United States under Article XXIV. 6 of the GATT following the enlargement of the Community, which it had not been possible to bring to a conclusion before the end of 1986,¹ were actively continued in January 1987. These negotiations finally resulted in an Agreement, which was adopted by the Council on 30 January.²

The solution adopted was pragmatic in that the Agreement was without prejudice to any legal interpretations of Article XXIV of the GATT by the Community and the United States. The concessions granted by the Community were temporary and the short-term disadvantages for American agriculture in the wake of enlargement would be offset by the undeniable advantages which would follow as the Spanish and Portuguese duties were brought into line with the CCT for the industrial sector. The Community essentially agreed to open (for the period 1987 to 1990) an annual quota

¹ See paragraph 227 of the 34th Review.

² This Agreement was published in OJ L 98, 10.4.1987.

for imports to Spain purchased on the world market of 2 million metric tonnes of maize and 300 000 metric tonnes of sorghum, with these quantities reducing in proportion to the amounts of other substitute cereals imported to Spain during the same year (corn gluten feed, distiller's draff and citrus pulp).¹ The Community also agreed to reduce on an autonomous basis duties on a number of other products up to 1990.

As a result of this Agreement it was possible to halt the implementation of the unilateral compensatory measures already prepared by both parties.

203. Under the Agreement negotiated with the United States in August 1986 on the Mediterranean preferences, citrus fruit and pasta products,² the two parties were to seek a speedy solution to their dispute over Community refunds on exports of pasta products to the United States.

Contacts with the American authorities aimed at finding a mutually acceptable solution, maintained throughout the first six months of 1987, were stepped up in July. Negotiations were concluded on 5 August 1987 with a Settlement which was approved by the Council on 7 August.

This Settlement³ did not affect the fundamental positions of the two parties on the legality, under GATT, of the subsidies or refunds for processed agricultural products. It was to remain a transitional measure pending a solution to this general problem within the framework of the multilateral trade negotiations in progress under GATT (Uruguay Round).

Under this Settlement, which was linked to the abovementioned August 1986 Agreement, the Community undertook to encourage the use of the IPR scheme for the export of pasta products to the United States. Under the scheme, imports of the raw material (durum wheat) were exempted from the import levy, thus ruling out refunds. The Community would make the necessary alterations to the IPR scheme by replacing the identical compensation system with the equivalent compensation system. This improvement would allow exporters of pasta products to the United States easier access to the IPR scheme. The Community agreed to work towards the target of ensuring that 50% of Community pasta exports to the United States were carried out under IPR arrangements. To that end, it was agreed that the level of refunds for pasta exports to the United States carried out otherwise than under the IPR scheme would be reduced by 27.5% and thereafter adapted accordingly under a monitoring system.

¹ This arrangement with the United States for maize and sorghum was extended to include Argentina, with which the Community had also completed negotiations under Article XXIV.6 of GATT, by offering some other concessions for wheat bran, beef and veal and frozen hake fillet.

² OJ L 62, 5.3.1987.

³ See OJ L 275, 29.9.1987.

204. On two other matters which presented a serious threat of confrontation with the United States, it proved possible to establish contacts in order to seek a mutually acceptable solution and avoid the imposition of unilateral measures. Negotiations were to be continued in 1988.

The first concerned the implementation on 1 January 1988 of the 1985 Directive concerning the banning of the use of hormones for fattening cattle and of the sale of meat subjected to hormone treatment. Unlike many other exporting countries which agreed to abide by the provisions of the said Directive in order to be able to continue to export freely to the Community, the United States claimed that the ban in question was not justified on health grounds and constituted an infringement of the GATT code on technical barriers to trade. They therefore called for a technical examination under GATT. For its part, the Community contested the American case on technical grounds and asserted that as regards GATT rules the ban in question would be applied both to meat produced within the Community and to that imported from non-member countries. The Community regulations were thus not discriminatory and in no way infringed GATT rules.

For practical reasons the Council nevertheless considered it appropriate to authorize, for a further 12 months, the sale of meat subjected to hormone treatment before the ban came into force on 1 January 1988. This transitional measure also applied to imports from non-member countries.¹

This step, which prompted the United States to postpone the imposition of the announced retaliatory measures against the Community, would permit the continuation in 1988 of negotiations between the Community and the United States on finding a mutually acceptable solution.

205. The other matter, which at the end of 1987 was still pending and on which negotiations were to continue in 1988, concerned the subsidizing of aircraft construction and aircraft sales. Differences arose on the interpretation of the provisions of the GATT code for civil aircraft as regards pressure brought to bear by governments on airlines in connection with the purchase of aircraft and direct or indirect support by governments to large-capacity civil aircraft programmes.

As the European Airbus company considerably increased its sales in 1987, the American authorities contested the aid granted by European governments to the Airbus programme, considering that this practice was disloyal and infringed the rules of the GATT code. Consequently, the United States Government threatened to adopt retaliatory trade measures. On the European side it was pointed out that it was graduated aid that was required in the face of the monopoly enjoyed by American

¹ See also Chapter VI of this Review.

aircraft manufacturers, which also benefited from indirect, but very considerable, government support in the form of orders and military research programmes.

The initial negotiations conducted with the United States by the Commission and the Member States most directly concerned progressed in a constructive climate and were likely to be continued in 1988.

JAPAN

206. The trade deficit with Japan continued to be a matter of serious concern for the Council, which stated that the situation was under study and that the guidelines adopted in 1986 would be retained. It renewed its full support for the action taken on this basis by the Commission. The Council called upon the Commission to step up its efforts aimed at improving access for European firms to the Japanese market.

With this aim in view it encouraged the Commission to continue with the sectoral approach adopted in 1986. Medical equipment, cars, dairy produce, cosmetics, leathers and shoes were of particular importance to the Council, which also stressed that it was the responsibility of the Japanese Government to ensure that foreign firms and products should be involved in such large projects as Kansai Airport.

207. On the subject of wines and alcoholic beverages, the action taken by the Community against Japan under GATT¹ was actively pursued and the results obtained in November largely supported the case put by the Community. Japan was asked to amend the domestic taxation scheme for wines and alcoholic beverages so that all discriminatory treatment of imported products could be ended. The Community expected Japan to take swift action in order to render the taxation system it applied to the products in question compatible with its obligations under GATT.

208. Still with a view to opening up the Japanese market to European products, the Council felt that the changes to tariff duties in the wake of the enlargement of the Community should not further tilt the balance of trade benefits in Japan's favour.

Although the Japanese Government contested a Community credit under Article XXIV.6 of GATT, the negotiations conducted by the Commission nevertheless led to a unilateral offer by Japan on European exports, in particular those from Spain and Portugal.

209. On the subject of Japanese exports to the Community, the Council requested the Commission to continue monitoring those areas made sensitive by concentrated Japanese exports.

¹ See paragraph 229 of the 34th Review.

The Community was also obliged to protect its interests following an agreement concluded between the United States and Japan in the field of semiconductors. Following the imposition in April 1987 by the United States of 100% duties on certain products imported from Japan¹ — as a retaliatory measure because of Japan's failure to observe the abovementioned agreement on semiconductors — the Community feared that some of the products in question could be deflected towards the Community market. In the event of deflections of this type occurring with actual or potential serious disadvantage for Community producers, the Council asked the Commission to submit proposals for the imposition of 100% duties on imports found to have been deflected.

CANADA

210. One of the problems about which the Council expressed concern in 1986² was the disputed imposition by Canada of countervailing duties on Community exports of pasta products. The matter was successfully resolved when the Canadian Import Tribunal ruled that the Community exports were not causing injury to the domestic industry and the Canadian Government abolished the countervailing duties contested by the Community.

On other bilateral issues — changes in the Canadian tariff classification, the problems with beef and veal, cheese quotas, fisheries and the sale of alcoholic beverages — little real progress was made. The Commission continued to press its case with the Canadian authorities and in some cases it took steps under GATT.

It also still proved impossible to bring the Article XXIV.6 negotiations with Canada to a conclusion.

OTHER COUNTRIES

211. Relations with other industrialized countries such as Australia and New Zealand progressed smoothly in 1987. The high-level talks with Australia, in particular, which were held in October between the Commission and representatives of that country, were evidence of the constructive climate that had arisen in bilateral relations despite the existence of a number of specific problems — car exports, for example — which required careful consideration.

212. The Community was again obliged to express its concern about the trade policy of the Republic of Korea, particularly as regards access to that market. On

¹ Personal computers, electric hand tools and colour television receivers.

² See paragraph 230 of the 34th Review.

several occasions it reminded the Korean authorities that it was not prepared to be treated in a discriminatory way to the advantage of other trading partners.

In July 1987 the Republic of Korea introduced new legislation on intellectual property which, although more liberal, was nevertheless applied in a way which favoured the United States. Faced with such blatant discrimination, which was prejudicial to Community interests, the Community asked to be treated on an equal footing with the United States, failing which it would have no choice but to take appropriate measures.

Confronted with this persistent refusal by the Korean authorities and in order to encourage that country to abandon such discriminatory practices, the Community felt obliged to suspend the generalized tariff preferences for the Republic of Korea for as long as the situation persisted.¹

C — Relations with the State-trading countries

Relations with the CMEA and its European Member States

213. 1987 saw talks expand between the Commission and certain European Member States of the CMEA, and between the Commission and the CMEA Secretariat. The Council closely monitored the development of these talks, the progress of which is one of the signs of the general prospects for improved East-West relations.

CZECHOSLOVAKIA

241. Following the adoption by the Council on 24 November 1986 of negotiating directives for the conclusion of a trade agreement between the EEC and Czechoslovakia, two negotiating sessions were held in Brussels in July and December 1987.

These negotiations were constructive, clarified positions and helped progress to be made with the final wording of the agreement. Work was continued within the Council's subordinate bodies on defining the economic content of the agreement.

¹ Council Regulation of 18 December 1987, OJ L 369, 29.12.87.

HUNGARY

215. On 27 April 1987 the Council adopted a Decision authorizing the Commission to negotiate an agreement on trade and commercial and economic cooperation between the EEC and Hungary.

The negotiating directives took account of the special social, economic and political system in Hungary which, by comparison with the other State-trading countries, made it more closely resemble countries with market economies. The relations that the Community could maintain with Hungary would be determined by the special nature of the situation in that country.

The agreement would contribute to an expansion of trade between the two parties, in particular by the progressive opening-up of the Community market to Hungarian exports and the adoption by Hungary of measures of its own to promote the development of Community exports.

Three negotiating sessions were held in Brussels between the Commission and the Hungarian delegation in June, July and October 1987. The negotiations pinpointed the fundamental problems to be overcome before any agreement could be reached — in particular the gradual elimination, on the basis of a fixed timetable, of the specific quantitative restrictions applied to Hungary.

The Council, which attached particular importance to the negotiation of this agreement, worked actively on the preparation of the next negotiating session with Hungary.

ROMANIA

216. On the basis of the negotiating directives adopted by the Council in December 1986, three sessions of negotiations were held in Brussels in April, July and October 1987 to conclude an agreement on trade and commercial and economic cooperation between the Community and Romania.

In the course of these negotiations it became apparent that the two parties differed in their approach. Romania wanted to make substantial changes to the provisions of the 1980 Agreement on trade in industrial products, whereas the Community's aim was to widen the legal framework governing relations between the two parties by renewing the trade provisions of the earlier Agreement as they stood and adding a clause on cooperation.

The seventh meeting of the EEC-Romania Joint Committee set up under the 1980 Agreement was postponed until January 1988 to make allowance for these negotiations.

217. As a follow-up to the talks at expert level between the two parties held in September 1986, a second meeting of experts took place at Geneva in March 1987 between the representatives of the Commission and those of the CMEA, with a view to continuing the study of the draft joint declaration establishing official relations between the two organizations and defining the framework for the future development of relations.

This meeting, held in a good working climate, resulted in some progress in clarifying and reconciling positions on the provisions of the draft joint declaration.

After the meeting, the two parties stated that another meeting would be required in order to complete the work.

Relations with China

218. The ninth meeting of the Joint Committee set up under the 1985 Trade and Economic Cooperation Agreement between the EEC and China was held in Beijing on 18 and 19 November 1987. The two sides welcomed recent developments which had resulted in a large number of cooperation projects. As regards trade, it was noted that the Chinese trade deficit with the Community had been substantially reduced as a result of economic reforms undertaken by the Chinese authorities.

D — Development cooperation

Development policy in general

219. The Council of Ministers for Development Cooperation held two meetings in 1987, on 21 May and 9 November, when discussion focused on the following topics:

INCREASING PUBLIC AWARENESS OF DEVELOPMENT IN THE COMMUNITY

220. The Council stressed the importance of public support for development aid programmes and highlighted the advisability of greater collaboration at European level in the work of providing information and creating public awareness. This work would focus mainly on an improved understanding of:

- (i) what was at stake in North-South cooperation;
- (ii) the situation in Third World countries and the problems hampering their development;
- (iii) the action and initiatives taken under the heading of national or Community cooperation policy;
- (iv) the global scale of European cooperation work in the Third World.

ROLE OF THE PRIVATE SECTOR IN DEVELOPMENT

221. The Council stressed the vital role of the private sector in balanced and successful general economic development and noted the positive way in which ideas on this subject were taking shape. As a result, it considered that it was appropriate to review the policies pursued and the instruments used with a view to increasing and improving the efficiency of measures implemented and work undertaken. To that end, the Council asked its subordinate bodies, the Member States and the Commission, to consider more deeply the contribution that the private sector could make to development so that it could adopt more detailed conclusions at one of its future meetings.

COMBATING AIDS IN THE DEVELOPING COUNTRIES

222. The Council approved a Commission initiative to set up a programme to fight AIDS in the developing countries. It stressed that AIDS was a major public health problem in every continent, both in developing and developed countries, and that it was essential to ensure close coordination of the programme with the work of other organizations, in particular the WHO and other donors active in this field.

PREPARATION OF UNCTAD VII

223. The Council had wide-ranging discussions on the preparation of Unctad VII, which was held in Geneva in July 1987.¹

PROGRESS WITH LOMÉ III

224. The Council took note of a statement by Mr Natali, Vice-President of the Commission, in which he reported on the aid programme under the Third Lomé Convention, and expressed satisfaction at the progress made.

THE ECONOMIC SITUATION AND PROCESS OF ADJUSTMENT IN COUNTRIES IN SUB-SAHARAN AFRICA

225. The Council discussed the economic situation of sub-Saharan African countries, the process of structural adjustment under way and the support that the Community and its Member States could offer.

¹ See also paragraphs 271 to 274 of this Review.

In view of the importance that it attached to this subject, the Council agreed to continue its discussions in a manner which would allow practical and complete conclusions to be adopted at its next meeting. It nevertheless stressed that coordination between the Commission and the Member States in this field should be improved so that the reforms would be not only effective but also tolerable politically, economically and socially. It also agreed that the Community should use as flexibly as possible the support instruments that it had available so that greater structural impact could be achieved.

SPECIAL COMMUNITY PROGRAMME TO AID CERTAIN HIGHLY INDEBTED LOW-INCOME COUNTRIES IN SUB-SAHARAN AFRICA

226. Following an initiative taken by the Community at the Western Summit in Venice, the Council, on the basis of a proposal from the Commission, adopted a special Community programme to aid certain highly indebted low-income countries in sub-Saharan Africa.¹

To qualify for Community assistance under this programme, countries must be low-income countries (i.e. eligible for financing from the International Development Association), have a debt burden seriously affecting their capacity to import and be prepared to undertake major efforts to carry out economic adjustment.

The Council welcomed the Commission's intention, while implementing the third ACP-EEC Convention and in agreement with each country concerned, to increase the proportion of quick-disbursing aid to eligible countries under the special programme to about 20% of programmable aid.

It was also agreed to devote a further amount of ECU 100 million to implementing the special Community programme, this amount being financed:

- (i) to the extent of ECU 40 million, from balances outstanding from earlier ACP-EEC Conventions; and
- (ii) to the extent of ECU 60 million, by partially recycling interest and capital repayments due to Member States made, or to be made, by ACP States in connection with special loans and risk capital provided by the Community.²

ENVIRONMENT AND DEVELOPMENT

227. The Council, which in the past had repeatedly stressed the need to integrate environmental aspects into the Community's development policy, adopted a resolution setting out a number of appropriate operational measures:

¹ This programme was formally adopted by the Council on 14 December 1987.

² Council Decision of 14 December 1987 (OJ L 356, 18.12.1987).

- (i) support for the efforts of the developing countries to draw up and implement an overall strategy;
- (ii) compatibility of programmes and projects with this overall strategy and with the long-term use of natural resources;
- (iii) drafting of sector-specific guidelines setting out how account should be taken of these objectives in the main areas for aid;
- (iv) setting-up within national administrations in the donor countries of an environmental contact point.

WOMEN IN DEVELOPMENT

228. The Council reaffirmed the importance it attached to the subject of 'Women and development'. It considered that in spite of the attention unrelentingly devoted to this area over the past few years, much work remained to be done with regard to the setting-up of operational procedures to ensure the integration of women at every stage in the execution of programmes and projects.

EVALUATION OF DEVELOPMENT COOPERATION

The Council adopted a set of guidelines for improving evaluation in the Community and greater cooperation in this field between the Commission and the Member States. These guidelines stressed, in particular, that the main problem posed by evaluation was to ensure sufficient feedback of results into operational practice. Evaluation and follow-up should thus expressly and systematically form part of all programmes and projects, from their initial preparation and planning stages up to final completion.

Food aid

COUNCIL REGULATION AMENDING REGULATION (EEC) NO 3972/86 ON FOOD-AID POLICY AND FOOD-AID MANAGEMENT

229. Under the conciliation procedure with Parliament, which led to the adoption by the Council of the new Regulation (EEC) No 3972/86 on 22 December 1986,¹ the latter undertook to re-examine the operation of the Food Aid Committee provided for by Article 8 of the Regulation, 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 new Regulation would apply only until 31 December 1987.

¹ OJ L 370, 30.12.1986; OJ L 42, 12.2.1987.

On 27 October 1987 the Commission submitted a proposal for an amended regulation, followed, on 26 November 1987, by an amended proposal which took account of the opinion delivered in the interim by Parliament. The Council, having decided that it required more time to complete the re-examination on which it had embarked, adopted, with the agreement of Parliament, a regulation extending the period of validity of the framework Regulation for six months, ending on 30 June 1988.

REGULATION LAYING DOWN IMPLEMENTING RULES FOR REGULATION (EEC) NO 3972/86 ON FOOD-AID POLICY AND FOOD-AID MANAGEMENT

230. This implementing Regulation was adopted by the Council on 21 May 1987.¹ It laid down the list of countries and organizations eligible for food-aid operations and the general criteria to be established for the transport of food aid beyond the fob stage.

The new framework Regulation empowered the Commission to decide the list of products and overall quantities which could be mobilized as food aid in 1987 and the procedures for mobilizing the products on the Community markets.

COUNCIL REGULATION ON THE APPORTIONMENT OF THE QUANTITIES OF CEREALS PROVIDED FOR UNDER THE FOOD AID CONVENTION FOR 1986

231. On the basis of a proposal from the Commission the Council adopted the Regulation laying down the apportionment of 1 670 000 tonnes to be contributed by the Community and its Member States.² The apportionment is shown below:

(i) Community operations:	927 700 t (55.5%)
(ii) national operations:	742 300 t (44.5%)
comprising:	
Belgium	41 500 t
Denmark	15 600 t
FR of Germany	193 500 t
Greece	10 000 t
Spain	20 000 t
France	200 000 t
Ireland	4 000 t
Italy	95 400 t
Luxembourg	1 400 t
The Netherlands	50 200 t
Portugal	—
United Kingdom	110 700 t

¹ OJ L 136, 26.5.1987 (Regulation (EEC) No 1420/87, 21.5.1987).

² OJ L 42, 12.2.1987 (Regulation (EEC) No 412/87, 9.2.1987).

UNRWA

232. On 21 May 1987 the Council adopted a Decision on the conclusion of the Convention between the Community and the UNRWA concerning aid to refugees in the countries of the Middle East.¹ This Convention confirmed the Community's commitment to the continuation of its aid to Palestine refugees as part of the programme of aid to the UNRWA and made provision for Community aid totalling ECU 20 million per year. The aid would be in kind or in cash, staggered over three years, and would be used for the UNRWA education and feeding programmes.

INDIA — FLOOD OPERATION

233. On 6 March 1987 the Commission presented to the Council a report on the implementation of the 'Flood II' operation in India financed by the Community under the food-aid programme during the period 1978 to 1985. From the report, the Council was able to assess the success of the operation and consider the Commission's proposal for a multiannual Flood III action programme. The Commission informed the Council of its intentions with regard to this new programme in a report on Community support for the development of the Indian dairy sector. The Council's subordinate bodies examined the report and expressed satisfaction.

REPORT BY THE COMMISSION ON COMMUNITY FOOD-AID POLICY AND FOOD-AID MANAGEMENT IN 1984

234. In November 1986 the Commission forwarded to the Council its report on the implementation of the food-aid programme during the 1984 financial year. The Commission would be required in future to forward such a report annually to the Council and Parliament under the provisions of the framework Regulation.¹

Following a detailed study of the report, the Council's subordinate bodies welcomed its quality and stressed the importance, in future, of having the report available as soon as possible after the end of each year.

PREPARATION OF INTERNATIONAL MEETINGS ON FOOD AID

235. Where appropriate, the Council's subordinate bodies also defined the position to be taken by the Community, jointly with the Member States, in various international bodies: at the meetings of the Food Aid Committee in London in July and

¹ OJ L 136, 26.5.1987.

² See Article 11 of the old framework Regulation (EEC) No 3331/82 of 3.12.1982, OJ L 352, 14.12.1982.

December and the meetings of the Committee on Food Aid Policy and Programmes in Rome in May/June and October.

Generalized scheme of preferences for 1988

236. The Council adopted the regulations for the 1988 GSP for industrial, agricultural and textile products, as well as a Decision on iron and steel products.

By adopting these regulations in November, earlier than usual, the Council intended to give economic operators and the customs authorities in the Member States the time necessary to prepare for the application, with effect from 1 January 1988, of the Harmonized Commodity Description and Coding system and the new Integrated Tariff of the European Communities (Taric) in the GSP sector.

In view of the exceptional situation that prevailed in the year under review due to the introduction of the Harmonized System, the Council agreed to leave arrangements in the industrial and agricultural sectors of the GSP unchanged in 1988, with the exception of a number of special cases. Accordingly, in the industrial sector, some differentiation was made on the basis of product/country and a number of products were transferred from a quota to a ceiling and vice versa. In the agricultural sector some products were to benefit from lower duties as a result of negotiations under Article XXIV-6 of the GATT and a concession was also made for one product (pineapple juice) to assist the least-developed countries.

The Council also carried forward the 1987 arrangements for steel products unchanged for 1988.

237. For textile products under the MFA, the Council adopted a new arrangement which represented a major reform of the earlier one.

The Council amended the method for calculating preferential amounts, which would, in future, be fixed at 0.2% of Community imports in 1985 for the dominant countries or State-trading countries (the Republic of Korea, Macao, Hong Kong, China and Romania) and 1% for the other beneficiaries. The Community thus widened the scope of the preferential treatment available to medium-sized and small exporters.

The Council also decided to introduce, for the textiles sector, greater differentiation in the case of fully competitive suppliers, in line with the approach already adopted for industrial products. It would be applicable to countries which had achieved a certain overall degree of development and accounted for at least 10% of Community imports for a given category on average over the three-year period 1983 to 1985. In 1988 this change would affect a number of categories of textile and clothing products

originating in Brazil, the Republic of Korea, Hong Kong, Macao, Romania and China. However, in the case of China and Macao, the exclusion rules would be relaxed. To soften their impact, these major new changes would be staggered over two years for all the beneficiaries and would not be implemented in full until 1989.

In June 1987 the Council also adopted a regulation allowing for GSP preferences in connection with the 'Partner des Fortschritts' Berlin Fair held in October 1987.

E — Relations with the ACP States and the overseas countries and territories

Third ACP-EEC Convention

238. Relations between the Community and the ACP States were marked by the conclusion, at the ACP-EEC Council of Ministers meeting on 14 and 15 May 1987, of the negotiations on the Protocol of Accession of Spain and Portugal to Lomé III, which thereupon encompassed the whole of the enlarged Community and the 66 ACP States.

On 26 June 1987 the ACP-EEC Council of Ministers also decided to bring forward the implementation of the Protocol, pending completion of the procedures necessary for its entry into force.

This Protocol, negotiated under the terms of Article 284, paragraphs 2 (b) and 3, of Lomé III:

- (i) contained the provision that the Kingdom of Spain and the Portuguese Republic would become Contracting Parties to the Convention and to the Declarations annexed to the Final Act signed at Lomé on 8 December 1984;
- (ii) defined the adjustments to be made to the convention and the transitional measures to be applied to trade between the ACP States and Spain and Portugal to ensure that the accession of Spain and Portugal to Lomé III caused no break in continuity of relations.

The aforesaid measures made provision, in particular, for:

- (i) an improvement of access, as envisaged by Lomé III, for some ACP fruit and vegetable products;
- (ii) the treatment by Spain and Portugal, as a general rule, of imports originating in ACP States to be the same as the treatment applied by these two Member States to the Community of Ten, with a number of justified exceptions to take account of the particularly sensitive nature of the products concerned and in view of the

need to make allowance for the difficulties and constraints facing Spain and Portugal by virtue of their accession to the Community.

In general terms, the overall adoption by Spain and Portugal of the preferential trade arrangements under Lomé III would be achieved by 1 January 1993, but for a number of agricultural products this date would be postponed until 1 January 1996.

239. In the view of the two contracting parties, very satisfactory progress and results were achieved in 1987 in implementing the Third Lomé Convention in the various areas of cooperation, both traditional and new.

Of particular relevance were the following:

- (i) in the field of financial and technical cooperation:
 - (a) greater efficiency in the allocation of programmable resources as part of the new approach to programming: following the finalization by all the ACP States of the guideline programmes, the EDF Committee greatly speeded up its operations so that by the end of 1987 commitments totalled some 37% of available resources;
 - (b) the satisfactory application of Stabex and Sysmin: in the case of Stabex in particular, a funding decision was taken before the end of 1987 on all the eligible requests for the 1986 application year;
 - (c) the progress achieved with the work of the Article 193 Committee, in particular regarding the adoption of general specifications for contracts funded under the EDF;
- (ii) the positive results obtained with the work of the Centre for Industrial Development (CID) and the Technical Centre for Agricultural and Rural Cooperation (TCA), the latter having received the gold medal from the European Agricultural Training Centre, which is awarded to persons or bodies making the most useful contributions to international agricultural cooperation;
- (iii) the stepping-up of ACP-EEC cooperation at international level, in particular as regards trade policy (Uruguay Round) and commodities (Unctad VII, coffee, cocoa, etc.);
- (iv) the launching, by the experts designated by the two contracting parties, of the two studies designed to assist the effective implementation of the 'Investments' chapter was an important innovation of Lomé III; these were the study of a joint ACP-EEC system to ensure and guarantee investments and the study of ways and means to ease and promote the flow of more stable private capital;
- (v) greater consultation of economic and social partners: in addition to the annual meetings of the Joint Assembly, an agreement was reached to convene without delay the first meeting at which the ACP-EEC Council could consult representatives from the economic and social sectors.

Similarly, the application of Decision No 86/283/EEC on the association of overseas countries and territories to the European Economic Community progressed satisfactorily during the period under review.

240. The ACP-EEC Council of Ministers held its 12th meeting in Brussels on 14 and 15 May 1987. The meeting centred on the negotiations for the accession of Spain and Portugal to Lomé III (which were finalized at the meeting: see paragraph 238 above) and on an exchange of views on Southern Africa, various management problems and consultations on activities within other international organizations (Unctad, UN).

This meeting was preceded, on 13 May 1987, by the first meeting at ministerial level of the Article 193 Committee, which finalized a resolution on evaluation which was subsequently adopted by the ACP-EEC Council of Ministers.

The ACP-EEC Committee of Ambassadors held two meetings (the 24th and 25th) on 4 May and 18 December 1987 respectively. These meetings centred on the preparation of the ACP-EEC Council of Ministers to be held on 14 and 15 May 1987 and on a number of other specific management problems.

The Joint Assembly held two meetings, one at Arusha in Tanzania from 2 to 6 February and the second in Lisbon, Portugal, from 28 September to 2 October 1987. A number of resolutions were adopted relating, in particular, to regional cooperation, the indebtedness of the ACP States, women and population in development, rural development and environmental problems, and the situation in South and Southern Africa.

Under the aegis of the Joint Assembly, the 11th annual meeting of the ACP-EEC representatives of the economic and social sectors was held in Brussels on 26 and 27 November 1987, in conjunction with the Economic and Social Committee, to discuss the role of private investment.

The various ACP-EEC subcommittees and working groups, which assist the ACP-EEC Council of Ministers and the ACP-EEC Committee of Ambassadors, held regular meetings throughout the year.

241. The activities and decisions of the EEC Council, either relating to its own responsibilities or to those held jointly with the ACP, included:

- (i) for trade cooperation and customs cooperation:
 - (a) the adoption, in June 1987, of a Regulation opening, allocating and providing for the administration of a Community tariff quota for rum, arrack

¹ Regulation (EEC) No 1823/87 (OJ L 173, 30.6.1987).

and tafia for the period 1 July 1987 to 30 June 1988, implementing Protocol No 5 on rum;¹

- (b) the adoption, in May 1987, of a Council Regulation regarding the application of Decision 1/87 of the ACP-EEC Customs Cooperation Committee derogating from the definition of the concept of 'originating products' to take account of the special situation of Fiji with regard to its production of canned tuna;¹
- (ii) the adoption, in January 1987, of the Regulation on the conclusion of Agreements on the guaranteed prices for cane sugar for the 1986/87 delivery period with the ACP States which were signatories to Protocol No 7 on sugar;²
- (iii) the adoption in May 1987 of the Decision defining the decision-making procedure applicable to Sysmin;
- (iv) for financial and technical cooperation:
 - (a) the discharge given to the Commission in respect of the operations under the third EDF, and the recommendation to the European Parliament to give discharges to the Commission in respect of the operations under the fourth and fifth EDFs for the 1985 financial year;
 - (b) the laying down, by the Decision of 14 December 1987, of the timetable for the collection of contributions from the Member States to the fifth EDF for 1988, and participation in the drafting of the budget of the EEC with regard to expenditure for the EDF;
 - (c) the examination of the sections of the Court of Auditors 1985 report dealing with the European Development Fund; the reports from the European Investment Bank on the execution up to 31 December 1986 of operations financed from the fourth, fifth and sixth EDFs; the Commission report on the results of invitations to tender in 1985;
- (v) for agricultural and rural cooperation, the decisions on the formal nomination of the members of the Centre's Consultative Committee and the setting of the salary scales of the Centre's staff for Lomé III;
- (vi) for industrial cooperation, the adoption of a number of decisions relating to the nomination of auditors for the CDI, the discharge to the Director of the CDI for the implementation of the 1985 budget, the nomination of the members of the CDI's Governing Board, and the adjustment of the salaries and tax scales for the Centre's staff.

¹ Regulation (EEC) No 1421/87 (OJ L 136, 26.5.1987).

² Regulation (EEC) No 1930/87 (OJ L 185, 4.7.1987).

F — Mediterranean — Euro-Arab dialogue — Gulf States

Relations with the Mediterranean countries

MEDITERRANEAN POLICY OF THE ENLARGED COMMUNITY

242. Conscious of the concern that the enlargement of the Community to include Spain and Portugal was causing its Mediterranean partners, and in accordance with earlier undertakings, the Council had set out in a statement dated 30 March 1985 the principles of the enlarged Community's Mediterranean policy and had adopted, at its meetings on 25 November 1985 and 21 October 1986, the negotiating directives for the Commission for use in its talks with its Mediterranean partner countries.¹

These negotiations, which were launched in 1986,² were concluded in 1987 with the drawing-up of the economic Protocols, technical and formal adaptation Protocols and ECSC Protocols (following the accession of Spain and Portugal) to the Cooperation and Association Agreements with the majority of the partner countries concerned.

Since the Council had approved the outcome of the negotiations with the above mentioned countries (with the exception of the negotiations with Morocco, Syria and Malta, which were still in progress at the end of 1987), the Protocols in question were signed in the course of 1987.

At the same time and pending the entry into force of the Protocols of technical adaptation, the Council established, as autonomous measures, the arrangements for trade between Spain and Portugal on the one hand and Algeria, Egypt, Jordan, Lebanon, Tunisia and Turkey on the other.³ Autonomous measures were also established for Yugoslavia. Similar decisions were taken with regard to ECSC products.

A country-by-country account of the signing, conclusion and implementation of the Protocols is given below.

243. The negotiations also covered the renewal of a number of Financial Protocols that had expired. On 30 March 1987 the Council adopted negotiating directives to finalize and implement its directives of 25 November 1985:⁴ the new Financial Protocols (third generation) with the Maghreb and Mashreq countries and with Israel would include, for a period of five years from the date of expiry of the preceding Financial Protocols, in other words up to 31 October 1991, an overall budget of ECU

¹ See 33rd Review, paragraphs 263 to 266.

² See 34th Review, paragraphs 296 to 298.

³ Regulation (EEC) No 2573/87 of 11.8.1987, OJ L 250, 1.9.1987.

⁴ See 34th Review, paragraph 298.

1 618 million, consisting of ECU 1 003 million in EIB loans from the Bank's own resources (with a 2% interest rebate, where appropriate) and ECU 615 million in budgetary funds in the form of grants or, to the extent of ECU 37 million, in the form of contributions for building up risk capital.

The funding agreed by the Community would be used for projects and measures in line with the priorities set for cooperation: reducing food dependence, diversification in agricultural production, developing economic ties by supporting industrial, scientific, technological and commercial cooperation and assisting regional and multilateral cooperation.

These Financial Protocols were negotiated by the Commission on the basis of the abovementioned Council Directives. The Council approved the result of the negotiations on 19 and 20 October 1987 for Algeria, Egypt, Jordan, Tunisia and Israel, and on 1 December 1987 for Lebanon. A second Financial Protocol was concluded with Yugoslavia on 21 December 1987.

The following sections show, country by country, the situation with regard to the signing, conclusion and implementation of the third Financial Protocols.

COOPERATION AGREEMENTS

Algeria

244. The Additional Protocol to the Cooperation Agreement, the Protocol of technical adaptation, and the ECSC Protocol consequent on the accession of Spain and Portugal were signed with the People's Democratic Republic of Algeria on 25 June 1987. The third Financial Protocol, covering an amount of ECU 239 million, was signed on 26 October 1987.

The trade provisions in the Protocol of technical adaptation were implemented as autonomous measures by the Community with effect from 1 September 1987,¹ pending ratification of the Protocol by the Member States and its conclusion by the Community and Algeria.

Since Parliament had already given its assent, the Council adopted the Decision concluding the Additional Protocol by the Community and then that concluding the Financial Protocol so that the texts could come into force as soon as they were concluded by Algeria. This occurred on 1 June and 1 March 1988 respectively.

245. The EEC-Algeria Cooperation Council held its first meeting at ministerial level on 27 April 1987 under the chairmanship of Mr L. Tindemans, Minister for Ex-

¹ Regulation (EEC) No 2573/87 of 11.8.1987, OJ L 250, 1.9.1987.

ternal Relations of the Kingdom of Belgium and President-in-Office of the Council of the European Communities.

The Algerian delegation was headed by Dr Ahmed Taleb-Ibrahimi, Minister for Foreign Affairs of the People's Democratic Republic of Algeria.

The Commission was represented by Mr C. Cheysson and the European Investment Bank by Mr Prate, Vice-President.

The Cooperation Council emphasized the special importance of this first meeting for the intensification of a dialogue which was to ease the way for mutual understanding of problems and the joint search for appropriate solutions at a time when relations between Algeria and the Community had a strategic significance for Algeria's future.

The Cooperation Council took stock of cooperation in the various areas covered by the Agreement. As regards trade relations, the partners stressed the importance of greater stability and improved forecasting, in the interest of both parties, of supplies of basic agri-foodstuffs.

On the subject of financial cooperation, the Cooperation Council welcomed the encouraging increase in contacts, which would allow all the funds budgeted for under the second Financial Protocol to be committed in support of research and training policy.

It was agreed that in future priority would be given to measures to support self-sufficiency in food and the development of the agri-foodstuffs sector. Industrial cooperation would also encourage partnership and the setting up of mixed-economy companies. Energy cooperation would centre on two themes: regular exchanges of views on the market and trade situation and the implementation of specific measures.

Morocco

246. In a letter dated 8 July 1987 H M King Hassan II of Morocco applied for the Kingdom of Morocco to join the European Communities, to which the President-in-Office of the Council, Mr Ellemann-Jensen, replied by letter dated 1 October 1987.

The negotiations on the Additional Protocol to the Cooperation Agreement, the Protocol of technical adaptation and the ECSC Protocol consequent on the accession of Spain and Portugal were continued during the year. At the same time negotiations were conducted with a view to concluding a Fisheries Agreement between the Community and the Kingdom of Morocco. At the end of 1987 these negotiations were still in progress. A third Financial Protocol was also to be negotiated.

Tunisia

247. The Additional Protocol to the Cooperation Agreement, the Protocol of technical adaptation and the ECSC Protocol consequent on the accession of Spain and Portugal, were signed with the Republic of Tunisia on 26 May 1987.

The trade provisions of the Protocol of technical adaptation were implemented as autonomous measures by the Community with effect from 1 September 1987,¹ pending ratification of this Protocol by the Member States and its conclusion by the Community and Tunisia.

Since the European Parliament had already given its assent, the Council adopted the Decision concluding the Additional Protocol by the Community; completion of the procedures by the two parties meant that the Protocol could enter into force on 1 November 1987.

A third Financial Protocol, providing for an overall amount of ECU 224 million (comprising ECU 87 million in grants, ECU 6 million in risk-capital operations and ECU 131 million in EIB loans from the Bank's own resources) was signed on 26 October 1987. Following its conclusion by the Community on 21 December 1987 and since the European Parliament had already given its assent, the Protocol was to enter into force on 1 May 1988 after its conclusion by the Republic of Tunisia.

248. Having been prepared by a meeting of the Cooperation Committee on 5 May 1987, the EEC-Tunisia Cooperation Council held its third meeting at ministerial level on 26 May 1987 under the chairmanship of Mr Hedi Mabrouk, Minister for Foreign Affairs of the Republic of Tunisia.

The Community delegation was headed by Mr L. Tindemans, Minister for Foreign Relations of the Kingdom of Belgium and President-in-Office of the Council of the European Communities.

The Commission was represented by Mr C. Cheysson and the European Investment Bank by Mr Prate, Vice-President.

At this meeting both sides signed the Additional Protocol to the Cooperation Agreement, the Protocol of technical adaptation and the ECSC Protocol consequent on the accession of Spain and Portugal. In response to Tunisian concern about its unfavourable trade balance, and in particular its exports of olive oil, it was stressed that the Additional Protocol provided for measures affording Tunisia the possibility of exporting 46 000 tonnes of olive oil every marketing year up to the end of 1990.

¹ Regulation (EEC) No 2573/87 of 11.8.1987, OJ L 250, 1.9.1987.

On the subject of financial and technical cooperation, it was noted that projects financed under the second Financial Protocol in accordance with the priority objectives of Tunisia's Sixth Economic and Social Development Plan were improving the country's self-sufficiency in food.

The two sides also welcomed the 'Partnership 87' operation undertaken jointly by Tunisia and the Community to promote the harmonization and development of industrial cooperation between Tunisian and European SMEs.

Finally, the Cooperation Council welcomed the bold measures which the Tunisian authorities had taken under the Seventh Development Plan to liberalize the Tunisian economy further through a programme of structural adjustment. The Community stated that its declared objective was to be able to make a significant contribution to the adjustment efforts.

Egypt

249. The Additional Protocol to the Cooperation Agreement, the Protocol of technical adaptation and the ECSC Protocol consequent on the accession of Spain and Portugal were signed with the Arab Republic of Egypt on 25 June 1987.

The third Financial Protocol with Egypt covering an overall amount of ECU 449 million (comprising ECU 189 million in grants, ECU 11 million in risk-capital operations and ECU 249 million in EIB loans from the Bank's own resources) was signed on 26 October 1987.

The trade provisions of the Protocol of technical adaptation were implemented as autonomous measures by the Community with effect from 1 September 1987,¹ pending ratification of the Protocol by the Member States and its conclusion by the Community and Egypt.

Since Parliament's assent had already been given, the Council adopted the decisions concluding the Additional Protocol and then the Financial Protocol so that the texts could enter into force by the date set as soon as Egypt notified completion of its procedures.

Jordan

250. The Additional Protocol to the Cooperation Agreement, the Protocol of technical adaptation and the ECSC Protocol consequent on the accession of Spain and Portugal were signed with the Hashemite Kingdom of Jordan on 9 July 1987.

¹ Regulation (EEC) No 2573/87 of 11.8.1987, OJ L 250, 1.9.1987.

The third Financial Protocol with Jordan covering an overall amount of ECU 100 million (comprising ECU 35 million in grants, ECU 2 million in risk-capital operations and ECU 63 million in EIB loans from the Bank's own resources) was signed on 26 October 1987.

The trade provisions of the Protocol of technical adaptation were implemented as autonomous measures by the Community with effect from 1 September 1987,¹ pending ratification of the Protocol by the Member States and its conclusion by the Community and Jordan.

Since Parliament's assent had already been given, the Council adopted the decisions concluding the Additional Protocol and then the Financial Protocol so that the texts could enter into force as soon as they had been concluded by Jordan on 1 January and 1 February 1988 respectively.

Lebanon

251. On 9 July 1987 the Additional Protocol, the Protocol of technical adaptation and the ECSC Protocol consequent on the accession of Spain and Portugal were also signed with the Republic of Lebanon. The third Financial Protocol with Lebanon covering an amount of ECU 73 million (comprising ECU 19 million in grants, ECU 1 million in risk-capital operations and ECU 53 million in EIB loans from the Bank's own resources) was signed on 2 December 1987.

The trade provisions of the Protocol of technical adaptation were implemented as autonomous measures by the Community with effect from 1 September 1987,¹ pending ratification of the Protocol by the Member States and its conclusion by the Community and Lebanon.

Since Parliament's assent had already been given, the Council adopted the decisions concluding the Additional Protocol and then the Financial Protocol. The latter entered into force on 1 March 1988 after its conclusion by the Republic of Lebanon.

Israel

252. The fourth Additional Protocol to the Agreement with the State of Israel, the Protocol of technical adaptation and the ECSC Protocol consequent on the accession of Spain and Portugal, and the third Financial Protocol were signed on 15

¹ Regulation (EEC) No 2573/87 of 11.8.1987, OJ L 250, 1.9.1987.

December 1987. The fourth Additional Protocol provided for major concessions to Israel, including the scope for exporting to the Community 17 000 tonnes of cut flowers subject to the same customs duties as those applied to Spain and Portugal for the product in question. The Financial Protocol covered an overall amount of ECU 63 million in EIB loans.

Council Regulation (EEC) No 4162/87 of 21 December 1987¹ laid down the arrangements for Spain's and Portugal's trade with Israel and amended Regulations (EEC) Nos 449/86 and 2573/87. A Decision, adopted on the same day, related to ECSC products. The Regulation was not to come into force until the date on which the State of Israel applied in respect of the Community the provisions of the Protocol to the Agreement between the Community and the State of Israel consequent on the accession of the Kingdom of Spain and the Portuguese Republic to the Community and the entry into force of that Protocol. This was to apply also to the ECSC Decision.

253. Relations with Israel were marked by the fifth meeting at ministerial level of the EEC-Israel Cooperation Council on 27 January 1987 under the chairmanship of Mr L. Tindemans, Minister for External Relations of the Kingdom of Belgium and President-in-Office of the Council of the European Communities.

The Israeli delegation was led by Mr S. Peres, Vice-Premier and Minister for Foreign Affairs.

The Commission was represented by Mr C. Cheysson and the European Investment Bank by Mr Pais, Vice-President.

The meeting gave the contracting parties an opportunity to take stock of the situation, including trade developments, and to voice their concerns on such matters as Israel's unfavourable trade balance and steps taken by Israel with regard to Community products.

The two delegations expressed their satisfaction at the implementation of agricultural, industrial and scientific cooperation, the development of joint activities being one of the priorities of future cooperation. The Cooperation Council also noted the importance of the setting-up of the Committee on Economic and Trade Cooperation for improving the operation of the institutional machinery of the Agreement.

254. The Council agreed to the use of the 'emergent industries' clause in the Agreement to cover a number of products requested by Israel (this clause would allow Israel to reintroduce or increase certain customs duties for a limited period).

¹ OJ L 396, 31.12.1987.

The Council's subordinate bodies also considered the problem of 'Tamah', the system used by Israel to levy purchase tax on imported goods. The Commission would ask Israel to amend the system, as it was incompatible with the non-discrimination rule provided for in the Agreement with regard to the treatment of imported products originating in the Community.

Yugoslavia

255. The Additional Protocol, the Protocol of technical adaptation and the ECSC Protocol consequent on the accession of Spain and Portugal, and the second Financial Protocol to the EEC-Yugoslavia Cooperation Agreement were signed on 10 December 1987. The two contracting parties stressed the importance of these Protocols, which represented new milestones in the process of strengthening cooperation and trade between the European Community and Yugoslavia.

The Additional Protocol laying down new trade arrangements concerned improved access to the Community market for Yugoslav exports and greater concessions for a wider range of agricultural products. In the industrial sector, tariff ceilings had been raised for a number of products while the ceilings on some other products had been abolished.

Since the European Parliament had already given its assent, the Council adopted the Decision concluding the Additional Protocol on 21 December 1987 so that it could enter into force on 1 January 1988 as soon as it had also been concluded by Yugoslavia.

Council Regulation (EEC) No 4150/87¹ laid down the arrangements for Spain's and Portugal's trade with Yugoslavia and amended Regulations (EEC) Nos 449/86 and 2573/87. A Decision, adopted on the same day, related to ECSC products.

The second Financial Protocol covered a period of six years (1 July 1985 to 30 June 1991) and provided for EIB loans totalling ECU 550 million. Most of this amount would be used to finance transport infrastructure projects of common interest, in particular the trans-Yugoslav highway, including its feeder roads, and the remainder to finance other development projects.

This Protocol was negotiated by the Commission on the basis of the Council Directives of 25 July 1985 as amended by the Council on 25 May 1987. The Council approved the outcome of these negotiations at its meeting on 19 and 20 October 1987. The Protocol was signed on 10 December 1987. The European Parliament having given its assent, the Protocol was concluded on behalf of the Community by a Coun-

¹ OJ L 389, 31.12.1987.

Decision of 21 December 1987. It entered into force on 1 February 1988 after its conclusion by Yugoslavia.

256. The Cooperation Council held its sixth meeting at ministerial level in Brussels on 14 December 1987 under the chairmanship of Mr Ellemann-Jensen, Minister for Foreign Affairs of the Kingdom of Denmark and President-in-Office of the Council of the European Communities. The Yugoslav delegation was led by Mr Miloš Milosavljević, President of the Federal Executive Council of the Socialist Federal Republic of Yugoslavia, accompanied by Mr Oskar Kovač, member of the Federal Executive Council responsible for relations with the Community. The Commission was represented by Mr Claude Cheysson and the European Investment Bank by Mr Jacques Silvain.

The meeting had been prepared at the EEC-Yugoslavia Cooperation Committee meeting in Brussels on 4 November 1987.

The Cooperation Council took stock of relations between the Community and Yugoslavia, both as regards trade and the other areas of cooperation covered by the Agreement. It adopted Decision No 1/87 on cooperation between the EEC and Yugoslavia, which related in particular to industrial cooperation and cooperation in the fields of energy, science and technology, agriculture, information, tourism and the environment.

The Council also adopted a resolution on future relations between the Community and Yugoslavia. The resolution marked the common will to strengthen, deepen and broaden cooperation between the two contracting parties in their mutual interest. A joint assessment of future cooperation in the light of changes in the Yugoslav economy and current developments in the Community economy would be undertaken, in particular as regards implementation of the Single European Act.

ASSOCIATION AGREEMENTS

Turkey

257. The negotiations on the Protocols of adaptation to the Ankara Agreement consequent on the accession of Greece to the Community have, technically, been concluded by the Commission. However, the decision to sign the Protocols had still not been taken by the Council.

At its meeting on 25 and 26 May the Council agreed to pursue the issue.

The Supplementary Protocol and the Protocol of technical adaptation, consequent on the accession of Spain and Portugal to the Community were signed on 23 July 1987. Since Greece was not party to the Ankara Agreement, it did not sign the Pro-

ocols. The latter were due to enter into force as soon as Parliament had given its assent as required for the Supplementary Protocol and the Protocol of technical adaptation and following ratification by the Member States of the latter Protocol and the ECSC Protocol.

Pending ratification at national level, the trade arrangements of the technical Protocol were put into effect from 1 December 1987 by an autonomous Community Regulation,¹ Turkey having undertaken to afford Spain and Portugal, from the same date, the same trade arrangements as those that it applied to the nine Member States which had signed the Ankara Agreement.

258. The Association bodies held a meeting at expert level on the Community's generalized scheme of preferences in 1987.

As regards financial cooperation with Turkey, the European Investment Bank granted the Turkish national electricity company (TEK) a loan of ECU 10.5 million for the construction of the Yeniköy-Izmir power line in order to improve the Turkish national grid. This loan accounted for the balance available from the contributions of Denmark, Ireland and the United Kingdom under the second Financial Protocol, which were provided for by the Supplementary Protocol signed in 1973.

The Commission forwarded three projects to be financed from the funds shown in the 1987 budget² under the heading of the outstanding balance of the special aid decided in 1980. The projects in question were a malaria control programme in the Eastern Mediterranean coastal area (ECU 1.5 million), a project for exploiting geothermal energy in Western Anatolia (ECU 8 million) and a contribution to the organization of an EEC-Turkey business week in Istanbul (ECU 500 000). Following the adoption of the new Regulation on the implementation of the Mediterranean Financial Protocols (Council Regulation EEC/3973/86) and although the Regulation in question did not apply to Turkey, the Commission considered that the procedure envisaged by the Regulation should be applied by analogy for examining special aid projects in Turkey instead of the *ad hoc* procedure applied until then.² Although this point of view was not shared by a number of delegations, a qualified majority was mustered in favour of the projects, which the Commission then announced it would be signing.

259. On 14 April 1987 Mr Turgut Ozal, Prime Minister of the Republic of Turkey, submitted to Mr Leo Tindemans, President-in-Office of the Council of the European Communities, Turkey's application for membership of the European Communities pursuant to Article 237 of the EEC Treaty, Article 205 of the Euratom Treaty and Article 98 of the ECSC Treaty.

¹ Regulation (EEC) No 2573/87, OJ L 250, 1.9.1987.

² See 34th Review, paragraph 309.

At its meeting on 24 April 1987 in Luxembourg, although one Member State had voted against, the Council decided to implement the procedure provided for by the Treaties in such cases, while bearing in mind the spirit of the amendments agreed upon by the Luxembourg Conference on the Single European Act,¹ and instructed the President to acknowledge accordingly the letters from the Prime Minister of Turkey.

This procedure, which corresponded to that adopted for earlier applications for membership, required the Commission to draft its opinion on Turkey's membership application.

MALTA

260. During the negotiations conducted in Brussels at the beginning of June 1987 between, on the one hand, the Commission and the President of the Council and, on the other, Mr Tabone, Minister for Foreign Affairs of the new Maltese Government elected in May 1987, Mr Tabone stated that his Government wished to tighten further the economic links between Malta and the EEC. Pending consideration of the matter in Valetta, negotiations for the conclusion of a new Protocol with Malta² could not be held and trade relations between Malta and the Community of Ten therefore remained governed by the autonomous provisions implemented by both parties.

EEC-Malta financial cooperation under the second Financial Protocol³ was started with the funding of a project to construct a recycling plant in Malta to transform domestic refuse into compost. This project, which would have a positive impact on the environment, was financed by a special loan of ECU 3 million (over 40 years at an interest rate of 1% per year) granted from the Community's budgetary resources and managed by the European Investment Bank.

No meeting of the Association bodies was held in 1987.

CYPRUS

261. The negotiations between the EEC and Cyprus on the Protocol laying down the conditions and procedures for the implementation of the second stage of the Association Agreement and amending certain provisions of that Agreement and on

¹ Article 8 of the Single European Act amended Article 237 of the EEC Treaty by making immediate provision for the Council to act unanimously on a membership application after receiving the assent, and not merely the opinion, of the European Parliament.

² See 34th Review, paragraph 301.

³ See 33rd Review, paragraph 268.

the Protocol to be concluded consequent on the accession of the Kingdom of Spain and the Portuguese Republic were completed during the summer of 1987.

The first and more important of these Protocols provided for the transition to the second stage of the Agreement, which would gradually lead to the full implementation of a customs union between the EEC and Cyprus after a period of not more than 15 years.

The second stage comprised two phases, the first of which would last 10 years.

The first phase provided that:

- (i) for industrial products, Cyprus would progressively abolish customs duties and quota restrictions on its imports originating in the Community and adopt, progressively, the Community's customs tariff; however, for a series of sensitive industrial products Cyprus would benefit from considerable relaxations of this general rule, in particular for its emergent industries.

The Community, which had already agreed to duty-free imports, would abolish without delay some annual ceilings to which certain textiles were still subject.

- (ii) for agricultural products, the Community would gradually remove its customs duties on the main agricultural products exported from Cyprus; for certain other sensitive products — for example, certain fruits and vegetables, new potatoes and wines — this would nevertheless be carried out within the context of tariff quotas which would be increased annually and, in certain cases, export programmes.

Cyprus would grant tariff concessions for a number of agricultural products of major importance to the Community, but for sensitive products such as cereals, beef and vegetable oils the concessions in question would be accompanied by quantitative restrictions.

The second phase of stage two would enter into force by a decision of the Association Council adopting the various measures necessary to ensure transition to the customs union. These measures would relate primarily to the regime to be applied to the movement of goods, accompanying policies and the free movement of certain agricultural products.

The second Protocol consequent on the accession of Spain would incorporate the necessary amendments to the EEC-Cyprus Association Agreement signed at the end of 1972 to extend the Association to include the two new Member States of the Community.

262. The formal signing of these two Protocols took place in Luxembourg on 19 October 1987. The signatories were, for the Community, Mr Uffe Ellemann-Jensen, Minister for Foreign Affairs of the Kingdom of Denmark and President-in-Office of the Council of the European Communities, and Mr Claude Cheysson, Member of the Commission of the European Communities and, for the Republic of Cyprus, Mr

George Iacovou, Minister for Foreign Affairs. In their addresses the speakers stressed that the new Protocols represented a decisive step forward for the Association which confirmed the solidarity linking Cyprus and the Community and reaffirmed their confidence in the future of the Association. The President of the Council also restated the unchanging position adopted by the Community, which was that the advantages provided for by the Agreements should benefit the whole of the population of the island of Cyprus.

Since the European Parliament had already given its assent to these two Protocols on 16 December 1987, they could enter into force on 1 January 1988.

263. As regards financial cooperation under the second EEC-Cyprus Financial Protocol, the European Investment Bank supported a project connected with a control and improvement scheme for the Cyprus electricity grid. The project related in particular to the construction of six substations, remote-control and telemetering equipment linked to the appropriate interfaces at the island's control centre under construction at Athalassa near Nicosia, and increasing the transformer capacity of a number of substations. The EIB aid was in the form of a loan of ECU 1.5 million from the Bank's own resources with a term of 15 years at an interest rate of 5.45% per year (including an interest-rate subsidy of 2% financed from the budget of the European Community) and a loan of a ECU 1.1 million governed by special conditions over a term of 40 years at an interest rate of 1% from the Community's budgetary resources.

The amounts envisaged for normal EIB loans (ECU 26 million) and special loans (ECU 6 million) in the second Financial Protocol due to expire on 31 December 1988 were thus fully disbursed.

Since activities within the EEC-Cyprus Association were centred on the negotiation and implementation of the Protocol for transition to the second stage of the Agreement, the Association bodies held no meetings during 1987.

ADMINISTRATION OF THE MEDITERRANEAN AGREEMENTS

264. As part of its work of administering the Association and Cooperation Agreements with the Mediterranean countries, the Council adopted in 1987 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.

Measures to assist the Palestinian population of the West Bank of the Jordan and of the Gaza Strip

265. The Council's subordinate bodies, in cooperation with the Commission, adopted a number of provisions to ensure effective implementation of the measures decided on 27 October 1986 by the Council to assist the Palestinian population of the West Bank of the Jordan and of the Gaza Strip involving both financial assistance and trade arrangements.¹

Euro-Arab dialogue

266. The European coordination group for the Euro-Arab dialogue took stock of work with a view to the possible relaunching of the dialogue and of holding a meeting of the Euro-Arab Troika at a political level.

Gulf States

267. A ministerial-level meeting with the Gulf Cooperation Council was held, on the latter's initiative, on 23 June 1987 in Brussels. This meeting, at which the Community was represented by the Troika, was devoted to an exchange of views on the position of the Gulf Cooperation Council regarding the negotiation of an economic and trade agreement with the Community. The two sides confirmed their intention to commence negotiations so that an agreement could be concluded by autumn 1987.

In the wake of a further meeting at ministerial level between the Twelve and their colleagues of the Gulf Cooperation Council, which was held in New York on 24 September 1987, the Council, acting on a proposal from the Commission, set out the directives for the negotiation of a cooperation agreement with the Member States of the Gulf Cooperation Council. These negotiations, which were started on 7 December 1987, were to continue at the beginning of 1988.

G — Latin America — Asia

Financial and technical aid to developing countries in Asia and Latin America

268. Acting on a proposal from the Commission and after consulting Parliament, the Council at its meeting on 26 and 27 April 1987 adopted general guidelines for financial and technical aid to developing countries in Asia and Latin America.

¹ See 34th Review, paragraph 310.

These guidelines provided for the same geographical breakdown as in 1986: 75% to Asia and 25% to Latin America. It should be noted, however, that the flexibility reserve set prior to geographical allocation, which had been 5% in the guidelines adopted for 1986, was increased to 10% in the guidelines for 1987.

The Council's subordinate bodies started work at the end of the year under review on examining the proposal for a Decision on general guidelines for 1988.

Latin America

269. Following on from the conclusions of The Hague European Council of 26 and 27 June 1986 and in accordance with the objectives stated in the Joint Declaration of Intent annexed to the Treaty of Accession of Spain and Portugal, the Council and the representatives of the Governments of the Member States adopted conclusions regarding the implementation of an overall coherent strategy to strengthen relations and cooperation between the Community and its Member States on the one hand and the countries or groups of countries in Latin America on the other. Account would be taken of the differing situations and requirements of the various parts of Latin America. The Commission was invited to submit, as part of these guidelines, appropriate specific proposals for Community action, and greater coordination with the bilateral measures of the Member States was also envisaged.

The third EEC-Central America ministerial conference was held in Guatemala on 9 and 10 February 1987, on the eve of entry into force of the Cooperation Agreement signed in Luxembourg on 12 November 1985. It was an opportunity, in particular, for the two contracting parties to reaffirm their conviction that the avenue of regional economic cooperation represented the best way to promote solidarity and social and political stability in Central America. The Community, which reaffirmed the commitment it had already implemented in advance in 1985 to increase substantially all forms of its overall aid to the region during the initial period of the Cooperation Agreement, decided to target its financial and technical aid on support for the regional integration process.

At the end of the year under review the Council's subordinate bodies began to prepare the fourth EEC-Central America ministerial conference, planned for the beginning of 1988 in the Federal Republic of Germany.

The Cooperation Agreement between the EEC and the Andean Pact member countries (Bolivia, Colombia, Ecuador, Peru and Venezuela), signed on 17 December 1983 at Cartagena, entered into force on 1 February 1987 following completion of all the ratification procedures.

Asia

270. The EEC-India Joint Committee, which met in Brussels on 6 and 7 January 1987, expressed satisfaction at the smooth running of the Community programmes for financial, food and development aid for the dairy industry in India (Operation Flood) and set new targets for bilateral economic cooperation in a number of fields, including industry, science and technology, energy and development of human resources.

The EEC-Asean Joint Committee met in Jakarta on 30 April and 1 and 2 May 1987, while the EEC-Sri Lanka Joint Commission met in Colombo on 18 and 19 November 1987. These meetings offered an opportunity to review overall cooperation relations between the parties concerned.

H — North-South dialogue

North-South dialogue in general

UNCTAD VII

271. The Seventh Unctad Conference was an important step for international economic cooperation and the future of Unctad itself. The 140 countries attending the conference agreed on a common assessment of the main economic trends and their political impact as well as on the political ways and means of solving the problems of indebtedness and development resources, commodities, international trade and the difficulties facing the least-developed countries.

The adoption, by consensus, of the Final Act of Unctad VII clearly attributed joint responsibility for the operation of the world economy, with each country helping to promote its expansion by whatever means it had available.

The Final Act of Unctad VII would serve as a point of reference for revitalizing development and international trade by means of strengthened multilateral cooperation. After years of attempts to relaunch the North-South dialogue, it set the scene for a renewed agreement in a spirit of solidarity and shared responsibility.

The Community and its Member States contributed actively to the achievement of this result. They set out their positions on the various questions raised on the basis of the general guidelines approved by the Council on 22 June. The Final Act of Unctad VII corresponded very largely to the Council's objectives.

The Community's solidarity and cohesion were unfailing throughout the conference. The Community was also able to play a leading role, in particular within Group B,

and to bring a positive and constructive influence to bear on the negotiations. Its efforts, along with those of the other members of Group B, were such that the United States, which had adopted a very low-key stance during the conference, wished to be associated with the position adopted by the other Western countries in the Final Act.

It is worth noting that in Brussels, prior to the conference, and in Geneva, during the conference, various meetings were held between the representative of the Community and its Member States and their partners which broadened mutual understanding of problems and helped to ensure success for the conference.

272. In general terms the main results achieved at the conference on the various items of the agenda can be summarized as follows:

In its chapter on resources for development, the Final Act called for greater mobilization of national resources, in both economic and human terms, as well as an enhancement of international money flows. It confirmed the conclusions of the Venice Summit regarding the increase in capital for the World Bank and the proposal by the managing director of the IMF to triple the resources of the Fund's structural adjustment facility.

On the subject of debt, which was one of the crucial items on the agenda, the Final Act stressed that a solution to the problem of the indebtedness of developing countries should be achieved by continuous dialogue and shared responsibility as part of an integrated strategy characterized by cooperation and geared to growth. This would involve efforts on the part of all the parties concerned and the need to consider the particular situation of each country.

Emphasis was placed, more particularly, on the problem of the indebtedness of the poorest countries, those in sub-Saharan Africa being the hardest hit. Following on from the conclusions set out in the Venice Communiqué, which were based on the proposals put forward by the Community representatives at the meeting, the conference accepted that the burden of debt-servicing for the poorest countries, in particular in sub-Saharan Africa, which were endeavouring to come into line, should be relieved by staggering repayments and granting periods of grace, in particular within the framework of the Paris Club. The possibility of lowering the interest rates for these debts was also to be considered.

The agreement reached at Unctad VII represented a major step in the examination of the problem of debt-servicing within the international bodies concerned.

273. The agreement reached at Unctad VII on international cooperation between commodity producers and consumers was based on past experience and took into consideration the complex conditions affecting the various commodities. The agreement thus set the stage for future work aimed at achieving constructive results in this

field. The conference noted that improved operation of the commodity markets was desirable and that more stable conditions should be established which would allow better forecasting in commodity trade. Excessive price fluctuations should thus be avoided so that long-term solutions to the problems affecting commodities could be found. The need for most of the developing countries to continue their efforts towards a horizontally and vertically diversified economy was also stressed.

After a number of countries, including a Member State of the Community, Portugal, had announced at the conference that they would be participating in the Common Fund, it was likely that the conditions for the latter's implementation would soon be met. All the Member States had already signed and ratified the agreement setting up the Fund.

274. On the subject of trade it was fully agreed that the multilateral trade negotiations (Uruguay Round) were of decisive importance in the international trading system. The Final Act stressed the role to be played by Unctad in this respect, in particular with regard to the provisions concerning technical assistance to developing countries designed to help them to participate effectively in the Uruguay Round.

Lastly, on the subject of the least-developed countries, a new agreement was reached to implement fully and speedily the conclusions of the new substantial action programme adopted in Paris in 1981, in conjunction with the recommendations made during the mid-term reappraisal of this programme.

UNIDO

275. The Community and its Member States played an active part in the second session of the United Nations Conference on industrial development held from 9 to 13 November 1987 in Bangkok. This session was the first opportunity to comment on the achievements and policy approaches of Unido since it became a specialized agency of the United Nations at the end of 1985. On the basis of documents drawn up by the Commission and in the light of preparatory work undertaken by the Council's subordinate bodies, the President of the Council presented a general statement to the Conference in which the Community and the Member States pinpointed the priorities and practical tasks for Unido in its particular field (the part played by companies in the industrialization of the Third World; the importance of industrial restructuring and of a climate favourable to investment; special attention to the particular problems of African countries and of the least-developed countries in general).

As in the case of the Unctad Conference in July 1987, the work of Unido was marked by a spirit of pragmatism in the discussions between the developing countries and the industrialized countries which resulted in the adoption by consensus of a series of realistic guidelines for Unido's work programme.

42ND GENERAL ASSEMBLY OF THE UNITED NATIONS

276. As in the past the General Assembly's work on economic matters was devoted largely to North/South problems. The General Assembly adopted a large number of resolutions and decisions on these problems, notably a resolution on debt and a resolution on the critical economic situation in Africa. The latter makes provision in particular for the 43rd General Assembly to undertake in 1988 a review and an evaluation of the implementation of the United Nations action programme for African recovery and development (1986-90), which was adopted by a Special Session of the General Assembly in June 1986.

The Community played a very active role throughout this session of the General Assembly. Depending on the subject, the Commission or the President acted as spokesman for the Community on the basis of positions agreed in advance.

Commodities

277. Unctad VII took place at an appropriate juncture for an appraisal of international cooperation against a background of falling prices for a whole series of raw materials, bearing in mind the experience gained with traditional methods of international cooperation in this field, namely the international agreements on commodities.

1987 was marked by the entry into force of a new Cocoa Agreement, the conclusion of negotiations and the signing of a new Sugar Agreement, and a new Rubber Agreement.

Further information on these various international commodity agreements is given below.

COCOA

278. The new Agreement, for which negotiations were concluded in July 1986,¹ entered into force on 20 January 1987 following a conference of the signatory countries in London on 19 January.

The Community and 11 Member States (in one country the national formalities were not completed in time) deposited on 16 January 1987 in New York the notification of provisional application of the Agreement on the basis of a Council Decision of the same date. The percentage required for the Agreement to enter into force was

¹ For further information on the content of the Agreement see 34th Review, paragraph 240.

thereby attained. Given the slide in prices in the second half of the year, the subordinate bodies of the Cocoa Council started discussions on how the new provisions of the Agreement could be applied (in particular those relating to price adjustment and the withholding scheme).

Despite the fact that the Cocoa Council, after a number of unsuccessful attempts, agreed at its meeting of December 1987 to a price revision, it subsequently proved impossible to achieve the price revision that the market situation merited. The entry into force of the withholding scheme unfortunately also proved impossible, since a number of producing countries had not paid their levies. This prevented the Agreement from acting as the stabilizer it was designed to be. The Community and the Member States did all in their power to resolve these problems satisfactorily before the entry into force of the Fifth Agreement, whilst taking into account the requests of the ACP cocoa-producing countries.

COFFEE

279. The management of the 1983 Agreement, and in particular the implementation of its economic provisions, raised problems which it nevertheless proved possible to solve at the end of the year. The prices for coffee, which had been on the rise until the second half of 1986, fell sharply from that point onwards and at the end of 1986 were below the lower limit of the range set in the Agreement. This trend continued throughout 1987, raising the question of a possible reintroduction of export quotas. While the principle of a reintroduction of quotas was not contested, major disagreement arose regarding the way in which quotas were to be apportioned.

The possible reintroduction of quotas raised problems both at producer level and between producer countries and consumer countries. At the autumn session of the Coffee Council agreement was reached on this whole series of issues and quotas were reintroduced with effect from 6 October. To manage the implementation of the quota system, on 28 September the Council adopted Regulation (EEC) No 2896/87 on the application of the system of certificates of origin provided for under the 1983 International Coffee Agreement when quotas are in effect.¹ The Community also concluded the 1983 International Coffee Agreement (following a Decision adopted by the Council on 28 September 1987).¹

INTERNATIONAL TROPICAL TIMBER ORGANIZATION (ITTO)

280. The Council and the committees of this Organization, in which the Community and its Member States are represented, met in March and November. The

¹ OJ L 276, 29.9.1987.

March meeting, which gathered together for the first time the members of the Agreement at the Organization's headquarters (Yokohama), took a number of administrative measures marking the start of the Organization's operations. The November meeting centred on the ITTO's work programme. On the basis of these discussions and, *inter alia*, a Community proposal, a project selection procedure was adopted. More specifically, a series of projects and priority studies was selected, including 12 projects eligible for immediate funding by the Organization, whose resources are provided exclusively from voluntary contributions (as is the case with the Jute Agreement).

JUTE

281. On the basis of a Council Decision of 23 November,¹ the Community concluded the 1982 International Agreement on Jute and Jute Products. As regards the future of the Agreement, due to expire in principle in January 1989, the Council's subordinate bodies, using Commission suggestions as a basis, undertook a review of the approach to be adopted (extension or renegotiation of the Agreement). This review is still under way.

282. On the subject of the International Wheat Agreement, the International Wheat Council concentrated on a review of the supply and demand situation for cereals throughout the world and on a study of the latest trends in national policies in the field.

283. As regards the International Sugar Agreement, a series of exploratory talks was held between the main sugar exporters, including the Community, followed by the United Nations Conference on Sugar on 10 and 11 September 1987 in London. The Commission, assisted by the Article 113 Committee, negotiated on behalf of the Community on the basis of the directives adopted by the Council in June 1987. The Conference drew up the text of the 1987 International Agreement on Sugar. At its meeting on 18 December 1987 the Council adopted the new Agreement, which it signed on behalf of the Community on the same day.

284. The new International Agreement on olive oil and table olives concluded in Geneva in June/July 1986 entered into force on 1 January 1987.

The International Olive Oil Council held two full meetings in spring and autumn 1987 and noted, in particular, the satisfactory results of the publicity campaign for olive oil conducted under the aegis of the Council, particularly in the United States.

¹ OJ L 337, 27.11.1987.

TIN

285. At its meeting in April 1987 the Tin Council decided to extend the Sixth Agreement up to 30 June 1989, on condition that the buffer stock scheme remained suspended.¹ The Council's subordinate bodies had earlier agreed that the Community and its Member States² would support such an extension at the London meeting.

NATURAL RUBBER

286. The negotiations on a new agreement, begun in 1985, were completed in March 1987. The Community and its Member States, which had taken part in the conference on the basis of the negotiating directives adopted by the Council in 1985 and adapted by its subordinate bodies as the conference progressed, played a major role in the negotiations and were an essential factor in their successful conclusion. The new agreement was based on the same economic principles as the 1979 Agreement (price range, price adjustment mechanism and buffer stock) but contains a number of improvements on economic and administrative aspects, often introduced at the Community's initiative. The Community and its Member States signed the new agreement in New York on 18 December 1987 (the date envisaged) on the basis of a Decision adopted by the Council on the same day. The entry into force of the new agreement was still pending, since the required percentage of producer and consumer countries having completed their ratification procedures or provisional application procedures had still not been attained.

¹ See 33rd Review, paragraph 220, and 34th Review, paragraph 242.

² Spain and Portugal have not signed the Sixth Tin Agreement.

Chapter V — Common fisheries policy

287. The activities of the Council covered primarily:

- (a) total allowable catches and quotas for the 1988 fisheries year;
- (b) the Regulation on the coordination and promotion of research in the fisheries sector, and the research programmes for the period 1988-92; and
- (c) revision of the common organization of the market.

As regards external affairs, a number of new agreements were concluded with African countries. On the other hand, fishing had to be suspended at the end of the year following the expiry of the bilateral Fisheries Agreement with Canada and of the preliminary fisheries arrangements with Morocco.

A — Community system of resources management

Total allowable catches and quotas

288. The TACs and quotas applicable in 1987¹ were amended during the year by:

- (i) distribution between the Member States of 21 000 tonnes of cod in the Spitzbergen region and the adoption of a Council Decision allocating any catch possibilities in excess of 21 000 tonnes;²
- (ii) an increase in the TAC for the joint cod stock in the North Sea, after consultations with Norway, from 125 000 tonnes to 175 000 tonnes;³
- (iii) an increase in the TAC for cod in the English Channel from 16 000 tonnes to 19 000 tonnes;⁴

¹ Regulation (EEC) No 4034/86, OJ L 376, 31.12.1986.

² Regulation (EEC) No 1365/87, OJ L 129, 19.5.1987; Council Decision No 87/277/EEC, OJ L 135, 23.5.1987.

³ Regulation (EEC) No 1880/87; OJ No L 179, 3.7.1987.

⁴ Regulation (EEC) No 2999/87; OJ No L 285, 8.10.1987.

(iv) an increase in the TAC for plaice in the Bristol Channel / South-East Ireland zone from 1 800 tonnes to 2 000 tonnes.¹

289. The following TACs and quotas for 1988 were laid down by the Council at its meeting on 14, 15 and 16 December 1987.²

Species	Zone	TAC 1988 (tonnes)	Community share 1988 (tonnes)	Page
Herring	III a	138 000	57 100	6
Herring	III b, c, d ¹	38 000	35 150	6
Herring	III a, ² IV a, b	500 000	294 850	7
Herring	II c, VII d	30 000 ²	30 000	7
Herring	V b, ¹ VI a North, VI b	49 800	44 600	7
Herring	IV a South, VII b, c	14 000	14 000	7
Herring	VI a Clyde	3 200	3 200	8
Herring	VII a	10 500	10 500	8
Herring	VII e, f	500 ²	500	8
Herring	VII g, h, j, k	13 000	13 000	8
Sprat	III a	80 000 ²	57 000	9
Sprat	III b, c, d ¹	9 500	9 500	9
Sprat	II a, ² IV ¹	57 000 ²	50 000	9
Sprat	VII d, e	5 000 ²	5 000	9
Anchovy	VIII	32 000	32 000	10
Anchovy	IX, X, CECAF ¹	6 000 ²	6 000	10
Salmon	III b, c, d ¹	870 ²	870	10
Capelin	II b Svalbard		0	10
Cod	II b Svalbard		21 000	11
Cod	III a Skagerrak	21 500	17 740	11
Cod	III a Kattegat	15 000	9 045	11
Cod	III b, c, d	92 100	91 600	11
Cod	II a, ¹ IV	160 000	150 650	12
Cod	V b, ¹ VI, XII, XIV	18 430	18 430	12
Cod	VII b, c, d, e, f, g, h, j, k, VIII, IX, X CECAF ¹	22 000 ²	22 000	12

¹ Community zone.

² Precautionary TAC.

¹ Regulation (EEC) No 3545/87; OJ No L 337, 27.11.1987.

² Regulation (EEC) No 3977/87; OJ No L 375, 31.12.1987.

Species	Zone	TAC 1988 (tonnes)	Community share 1988 (tonnes)	Page
Cod	VII a	15 000	15 000	12
Haddock	III a, III b, c, d ¹	10 000 ²	8 630	13
Haddock	II a, ¹ IV	185 000	164 800	13
Haddock	Vb, ¹ VI, XII, XIV	35 000	35 000	13
Haddock	VII, VIII, IX, X, CECAF ¹	6 000 ²	6 000	13
Saithe	II a, ¹ III a, III b, c, d, ¹ IV	165 000	89 200	14
Saithe	V b, ¹ VI, XII, XIV	35 000	35 000	14
Saithe	VII, VIII, IX, X CECAF ¹	14 000 ²	14 000	14
Pollack	V b, ² VI, XII, XIV	1 100 ²	1 100	14
Pollack	VII	14 000 ²	14 000	15
Pollack	VIII a, b	2 410 ²	2 410	15
Pollack	VIII c	800 ²	800	15
Pollack	VIII d, e	50 ²	50	15
Pollack	IX, X, CECAF ¹	450 ²	450	16
Norway pout	II a, ² III a, IV ¹	200 000 ²	171 000	16
Blue whiting	II a, ¹ IV ¹	90 000	50 000	16
Blue whiting	V b, ¹ VI, VII	524 000	262 000	16
Blue whiting	VIII a, b, c, d	26 500 ²	26 500	17
Blue whiting	VII c, IX, X, CECAF ¹	50 000 ²	50 000	17
Whiting	III a	17 000 ²	15 080	17
Whiting	II a, ¹ IV	120 000	87 980	17
Whiting	V b, ¹ VI, XII, XIV	16 400	16 400	18
Whiting	VII a	18 170	18 170	18
Whiting	VII b, c, d, e, f, g, h, j, k	18 500 ²	18 500	18
Whiting	VIII	5 000 ²	5 000	18
Whiting	IX, X, CECAF ¹	2 640 ²	2 640	18
Hake	III a, III b, c, d ¹	1 300 ²	1 300	19
Hake	II a, ² IV ¹	2 360 ²	2 360	19
Hake	V b, ¹ VI, VII, XII, XIV	37 500 ²	37 500	19
Hake	VIII a, b, d, e	25 000 ²	25 000	20

¹ Community zone.

² Precautionary TAC.

Species	Zone	TAC 1988 (tonnes)	Community share 1988 (tonnes)	Page
Hake	VIII c, IX, X, CECAF ¹	25 000	25 000	20
Horse mackerel	II a, ¹ IV ²	50 000	50 000	20
Horse mackerel	V b, ¹ VI, VII, XII, XIV	135 000 ²	126 750	20
Horse mackerel	VIII a, b, d, e	31 000 ²	31 000	21
Horse mackerel	VIII c	32 000	32 000	21
Horse mackerel	IX, X, CECAF ¹	50 000	50 000	21
Mackerel	II a, ¹ III a, III b, c, d, ¹ IV	55 000	17 700	21
Mackerel	II, V b, ¹ VI, VII, VIII a, b, d, e, XII, XIV	400 000	372 000	22
Mackerel	VIII c, IX, X, CECAF ¹	36 570 ²	36 570	22
Plaice	III a Skagerrak	15 000 ²	14 050	22
Plaice	III a Kattegat	4 750	4 275	22
Plaice	III b, c, d ¹	3 000	3 000	23
Plaice	II a, ¹ IV	175 000	172 700	23
Plaice	V b, ¹ VI, VII, XIV	1 810 ²	1 810	23
Plaice	VII a	5 000	5 000	23
Plaice	VII b, c	200 ²	200	24
Plaice	VII d, e	9 960 ²	9 960	24
Plaice	VII f, g	2 500 ²	2 500	24
Plaice	VII h, j, k	960 ²	960	24
Plaice	VIII, IX, X CECAF ¹	600 ²	600	25
Sole	III a, III b, c, d ¹	950	950	25
Sole	II, IV	14 000	14 000	25
Sole	V b, ¹ VI, XII, XIV	90 ²	90	25
Sole	XII a	1 750	1 750	26
Sole	VII b, c	60 ²	60	26
Sole	VII d	3 850	3 850	26
Sole	VII e	1 300	1 300	26
Sole	VII f, g	1 100	1 100	27
Sole	VII h, j, k	600 ²	600	27

¹ Community zone.

² Precautionary TAC.

Species	Zone	TAC 1988 (tonnes)	Community share 1988 (tonnes)	Page
Sole	VIII a, b	4 000 ²	4 000	27
Sole	VIII c, d, e, IX, X CECAF ¹	1 860 ²	1 860	27
Megrim	V b, ² VI, XII, XIV	4 840 ²	4 840	28
Megrim	VII	15 880 ²	15 880	28
Megrim	VIII a, b, d, e	2 220 ²	2 220	28
Megrim	VIII c, IX, X	13 000 ²	13 000	28
Monkfish (Anglerfish)	V b, ¹ VI, XII, XIV	8 600 ²	8 600	29
Monkfish (Anglerfish)	VII	33 080 ²	33 080	29
Monkfish (Anglerfish)	VIII a, b, d, e	9 910 ²	9 910	29
Monkfish (Anglerfish)	VIII c, IX, X CECAF ¹	12 000 ²	12 000	29
Shrimp	French Guyana	4 680 ²	3 300	30
Norway lobster	V b, ¹ VI	16 000 ²	16 000	30
Norway lobster	VII	24 700 ²	24 700	30
Norway lobster	VIII a, b	7 500 ²	7 500	30
Norway lobster	VIII c	520 ²	520	31
Norway lobster	VIII d, e	50 ²	50	31
Norway lobster	IX, X, CECAF ¹	4 720 ²	4 720	31

¹ Community zone.

² Precautionary TAC.

290. The main changes for the various stocks in relation to the resources management system applicable in 1987 were as follows:

Species	Zones	TAC 1987 (tonnes)	TAC 1988 (Tonnes)	+ or - (tonnes)
Cod	North Sea	175 000	160 000	- 15 000
	Baltic	114 500	92 100	- 22 400
	Western Scotland	22 000	18 430	- 3 570
Herring	North Sea	560 000	500 000	- 60 000
	Celtic Sea	18 000	13 000	- 5 000
	Irish Sea	4 500	10 500	+ 6 000
Sole	Irish Sea	2 100	1 750	- 350
	Celtic Sea	2 200	1 700	- 500
Haddock	North Sea	140 000	165 000	+ 25 000
Saithe	Western Scotland	27 800	35 000	+ 7 200
Horse mackerel	North Sea	30 000	50 000	+ 20 000
	Zone VIII	31 500	63 000	+ 31 500

The Commission announced its willingness to take suitable steps for a possible revision of TACs once new scientific data were available. More specifically, it undertook to propose a revision of TACs for herring stocks in zones VIIg to VIIk (South-East Ireland) as soon as it was able to put forward the necessary associated conservation measures.

291. The Council also fixed under the 1988 'TAC and quotas' Regulation an autonomous TAC of 21 000 tonnes of cod off Spitzbergen (no change from 1987).

However, the Council asked the Commission to create the necessary conditions for this TAC to be raised to 23 000 tonnes in 1988, in order to meet the needs of the specialized cod-fishing fleets of certain Member States following the loss of fishing rights, particularly those in Canadian waters and in the NAFO Regulatory Area.

The Council noted the problems posed by the changes in the migratory patterns of fish stocks, particularly those of the mackerel stock to the west of 4° W, and asked the Commission to examine possible solutions to these problems.

Lastly, in accordance with Articles 164 and 351 of the Act of Accession, the Council fixed for 1988 the number of boats flying the flag of a Member State of the 10-Member Community permitted to fish in Spanish and Portuguese waters.¹

The number of Spanish boats permitted to fish in the waters of the 10-Member Community is laid down in Article 158 of the Act of Accession, while the number of Portuguese boats allowed to fish in certain zones of the 10-Member Community is set out in Regulation (EEC) No 3761/87.²

292. As to fishing conditions in 1988, the Council renewed the conservation measures governing fisheries, i.e. *inter alia*:

- (i) maintaining the protection zone for cod in the Bight of Helgoland from 1 January to 31 March and from 1 October to 31 December 1988, during which periods fishing was to be permitted only with a minimum mesh size of 100 mm (16 mm for eel fishing);
- (ii) extending by a further month (from 1 January to 30 September 1988) the period during which vessels under 25 m would have to use a minimum mesh size of 32 mm when fishing for sprat in the Kattegat and Skagerrak;
- (iii) maintaining the prohibition on herring fishing in the zone from 6 to 12 nautical miles off the east coast of the United Kingdom;
- (iv) maintaining the restrictions on herring fishing in the Irish Sea.

¹ Regulations (EEC) Nos 3762/87 and 3760/87, OJ L 359, 21.12.1987.

² OJ L 359, 21.12.1987.

Technical conservation measures

293. The Council set the annual period for sole fishing in the North Sea from 1 April to 31 December, with a minimum mesh size of 80 mm,¹ and instructed the Committee of Permanent Representatives to continue its examination of a Commission proposal *inter alia* to increase the minimum mesh size for Norway lobster and shrimp fishing in Region 3 (in particular the Bay of Biscay) and to reduce the minimum landing size for Norway lobster in Region 2 (in particular the North Sea and areas to the west of the United Kingdom).

The Council also adopted a number of other technical conservation measures deriving from the obligations contracted by the Community within the framework of international fisheries organizations and agreements:

- (i) fixing the minimum mesh size for pelagic trawls used in fishing for blue whiting in the part of the NEAFC area which extends beyond the zones under the jurisdiction of the Contracting Parties;²
- (ii) fixing certain technical conservation measures for fishery resources in the Baltic, the Belts and the Sound;³
- (iii) fixing certain technical measures for the conservation of fish stocks in the Antarctic.⁴

The Council also adopted a regulation setting minimum mesh sizes as from 1 January 1989 at 90 mm in the Kattegat and Skagerrak (25 mm for shrimps), and 80 mm in the English Channel area.⁵

Lastly, the Council permitted fishing for eel with a mesh size of 16 mm in the cod protection zone in the Bight of Helgoland in 1987.⁶ This derogation is maintained by the 1988 'TAC and quotas' Regulation referred to above.

Control measures

294. The Council adopted measures relating to the Community's financial participation

- (a) in developing the monitoring and supervision facilities necessary for applying the Community arrangements for the conservation of fishery resources;⁷

¹ Regulation (EEC) No 3953/87; OJ L 371, 30.12.1987.

² Regulation (EEC) No 1638/87; OJ L 153, 13.5.1987.

³ Regulation (EEC) No 2244/87; OJ L 207, 29.7.1987.

⁴ Regulation (EEC) No 2243/87; OJ L 207, 29.7.1987.

⁵ Regulation (EEC) No 2968/87; OJ L 280, 3.10.1987.

⁶ Regulation (EEC) No 2999/87; OJ L 285, 8.10.1987.

⁷ Council Decision No 87/278/EEC; OJ L 135, 23.5.1987.

- (b) with regard to the facilities for the monitoring and supervision of fishing activities in waters falling under the sovereignty or within the jurisdiction of Portugal.¹

The Council also adopted a regulation consolidating Regulation No 2057/82 establishing certain control measures for fishing activities and the subsequent amendments to that Regulation.²

B — Common organization of the markets in fishery products

295. At several meetings during 1987 the Council's subordinate bodies examined a proposal forwarded by the Commission on 7 May 1987 aimed at adapting the common organization of the markets in fishery products³ to meet the new situation created in this sector following the enlargement of the Community and meet the changes which had arisen in the conditions for the production and marketing of tuna.

In this connection, the Commission proposed:

- (a) to include in the common organization of the market a specific intervention system ('autonomous withdrawal price/flat-rate compensatory allowance') covering a number of new species of particular economic importance not for the Community as a whole but for an individual Member State or even certain regions within a Member State;
- (b) to re-examine the existing system of aid to private storage for certain deep-frozen fishery products;
- (c) to amend and supplement the support measures for tuna fishing, in particular by means of major revision of the system of compensatory allowances for this product.

296. Considered as a whole, the proposed measures follow the same principles as underly the other mechanisms of the common organization of the market, particularly that of financial compensation, i.e. restricting Community aid to producers' organizations, strengthening the co-responsibility of the producers' organizations by

¹ Council Decision No 87/279/EEC; OJ L 135, 23.5.1987.

² Regulation (EEC) No 2241/87; OJ L 207, 29.7.1987.

³ Regulation (EEC) No 3796/81; OJ L 379, 31.12.1981.

means of specific conditions on the granting of aid and limiting Community aid to a given fraction of annual production.

The Council's subordinate bodies and the Council itself will continue their work on the Commission proposal in 1988.

The Council's subordinate bodies also began examination of two reports forwarded by the Commission, one on the situation of the sardine market in the Community and the other on the situation of the herring market.¹ Work on these will continue, if necessary, in 1988.

Common prices

297. The prices applicable in the fisheries sector during the year from 1 January to 31 December 1988 were set by the Council, on a proposal from the Commission, on 14 December 1987.

The prices for most of the fresh or chilled products listed under A, D and E in Annex I to Regulation (EEC) No 3796/81 were either maintained at their 1987 level or adjusted very slightly.²

However, for the third year in succession, the price for fresh or chilled herring was reduced from the previous year's (- 9%), owing in particular to the difficult market situation for this product in most areas of the Community, while the price for mackerel was reduced by 5% from its 1987 level. The price for anchovies was also changed by more than the average, as a result of the third alignment of the guide price for this species pursuant to Article 169 of the Act of Accession.

It should also be noted that the Council decided to set a separate guide price for Spanish mackerel (*Scomber japonicus*) from the 1988 marketing year.

298. As for deep-frozen products (Annex II to Regulation (EEC) No 3796/81), the Council maintained guide prices at their 1987 level, except for those for sea-bream and the squid species *Loligo patagonica*, which were increased by 2%.³ Finally, because of the trend in market prices for tuna, the producer price of tuna for the canning industry was reduced for the second year in succession; the price of 1278 ecu/tonne for the 1988 marketing year is 4% below the 1987 price.⁴

¹ Documents 8182/87 and 9684/87, respectively.

² Regulation (EEC) No 3763/87; OJ L 355, 17.12.1987.

³ Regulation (EEC) No 3764/87; OJ L 355, 17.12.1987.

⁴ Regulation (EEC) No 3765/87; OJ L 355, 17.12.1987.

The following table shows the price changes decided for each species.

Species (fresh or chilled)	Guide price (ecu/tonne)		Change (%)
	1987	1988	
1. Herring	303	276	- 9
2. Sardines			
(a) Atlantic:			
— Member States other than Spain and Portugal	514	503 ¹	- 2.2
— Spain and Portugal	344	355 ¹	+ 3,4
(b) Mediterranean	464	464	0
3. Dogfish (<i>Squalus acanthias</i>)	861	861	0
4. Dogfish (<i>Scyliorhinus spp.</i>)	798	782	- 2
5. Redfish	871	880	+ 1
6. Cod	1 218	1 230	+ 1
7. Saithe	649	655	+ 1
8. Haddock	868	877	+ 1
9. Whiting	791	799	+ 1
10. Ling	911	920	+ 1
11. Mackerel (<i>Scomber scombrus</i>)	} 283	269	- 5
12. Spanish mackerel (<i>Scomber japonicus</i>)		320	2
13. Anchovies			
— Member States other than Spain	705	769 ³	+ 9
— Spain	1 089	1 025 ⁴	- 6
14. Plaice			
— 1 January to 30 April 1988	766	774	+ 1
— 1 May to 31 December 1988	1 045	1 055	+ 1
15. Hake	2 900	2 929	+ 1
16. Megrin	1 850	1 850	0
17. Ray's bream	1 500	1 500	0
18. Monkfish			
— with head	2 100	2 100	0
— without head	5 040	5 040	0
19. Shrimp (<i>Crangon crangon</i>)	1 545	1 545	0
20. Edible crab	1 500	1 500	0
21. Norway lobster			
— whole	4 400	4 400	0
— tails	10 600	10 600	0

¹ Including the price alignment provided for in Articles 169 and 356 of the Act of Accession.

² First separate guide price for this species.

³ The only price alignment provided for in Article 169 of the Act of Accession.

C — Research policy

299. The Council was at last able to complete the common fisheries policy when it adopted on 19 October 1987 a regulation on the coordination and promotion of research in the fisheries sector,¹ together with a Decision adopting Community research and coordination programmes in the fisheries sector for the period 1988-92.² By adopting these measures, the Council gave effect:

- (i) first, to its Resolution of 25 January 1983,³ which forms an integral part of the political compromise on the common fisheries policy and in which it recognized the 'usefulness of a coordinated development of research in order to achieve the objectives of the common fisheries policy' and committed itself to taking 'appropriate measures';
- (ii) secondly, to its Decision of 28 September 1987⁴ concerning the framework programme for Community activities in the field of research and technological development (1987-91), which provides for Community activities in various fields, including the fisheries sector.

The measure adopted by the Council provides for Community financial participation, estimated at ECU 30 million for Community research and coordination programmes in the following fields, which are of particular importance for the common fisheries policy:

- (a) fisheries management,
- (b) fishing methods,
- (c) aquaculture,
- (d) upgrading of fishery products.

D — Relations between the Community and certain non-member countries with regard to fisheries

300. As every year, the Commission, assisted by representatives of the Member States, held consultations with the competent authorities of Norway, Sweden and the Faeroe Islands on fishing arrangements for 1988. These arrangements relate partly to the establishment of TACs for certain joint stocks, including those in the Skagerrak and Kattegat. The results of these consultations are reflected in the 1988 'TAC and

¹ Regulation (EEC) No 3252/87, OJ L 314, 4.11.1987.

² Decision 87/534/EEC, OJ L 314, 4.11.1987.

³ OJ C 28, 3.2.1983.

⁴ Decision 87/516/Euratom, EEC, OJ L 302, 24.10.1987.

quotas' Regulation, which allocates between the Member States the quotas for joint stocks available to the Community,¹ and in various other regulations adopted by the Council on 14 December 1987.²

Greenland

301. At its meeting on 14 and 15 December 1987 the Council also set the catch quotas granted to the Community under the Protocol annexed to the Fisheries Agreement between the Community on the one hand and the Government of Denmark and the Greenland authorities on the other.³

It should be noted that for biological and climatic reasons the Community had, as in previous years, to forego its quota under the Protocol of 12 000 tonnes of cod in the western zone. In compensation, the Community obtained for 1988 a quota of 4 000 tonnes of 'western' cod and other additional quotas (2 500 tonnes of 'western' redfish and 20 000 tonnes of 'eastern' capelin).

Neither was the Community able in these consultations to obtain the additional compensation of shrimps (650 tonnes in 1987) over and above the quantities granted under the Fisheries Protocol. However, after further consultations between the parties in January 1988, the Greenland authorities granted, exceptionally and without any *quid pro quo*, an additional quota of 300 tonnes of shrimps to be fished in the 'eastern' zone to the north of 67° 30' North.

North-West Atlantic Fisheries Organization (NAFO)

302. The quotas available to the Community in 1987 in the NAFO Regulatory Area, which had been decided unilaterally,⁴ were allocated between the Member States at the Council meeting on 5 May 1987.⁵ At the same time, the Council also adopted a key allocating catch possibilities that the Community might obtain at a future date in NAFO Division 3M.⁶

At the 9th annual meeting of the NAFO Fisheries Commission in September 1987, the catch possibilities which were proposed for 1988 included in particular a zero

¹ Regulation (EEC) No 3977/87, OJ L 375, 31.12.1987.

² Regulations (EEC) Nos 3978/87 and 3979/87 for Norway, OJ L 375, 31.12.1987; Regulations (EEC) Nos 3980/87 and 3981/87 for the Faeroes, OJ L 375, 31.12.1987; Regulations (EEC) Nos 3806/87 and 3807/87 for Sweden, OJ L 357, 19.12.1987.

³ Regulation (EEC) No 3983/87, OJ L 375, 31.12.1987.

⁴ Regulation (EEC) No 500/87, OJ L 51, 20.2.1987.

⁵ Regulation (EEC) No 1392/87, OJ L 133, 22.5.1987.

⁶ Council Decision No 87/277/EEC, OJ L 135, 23.5.1987.

TAC for cod in Division 3M and the suspension of direct fishing for cod outside the 200-mile limit in Division 3L.

As in previous years, the Community tabled its objections to certain of the proposed measures. For the cod TAC in Division 3M, it was made clear that the objection was lodged as a precaution in order not to anticipate the deliberations of the Council, and that it would lapse on 31 December 1987 unless it was confirmed or other measures were submitted in the meantime.

At the meeting of the Council on 14 and 15 December 1987, the Council established autonomous TACs for 1988, including a zero TAC for Division 3M, and allocated these catch possibilities between the Member States in accordance with the criteria adopted in May 1987.¹

Finally, it should be noted that, following the Community's withdrawal as of 1 July 1987 from the scheme of joint international enforcement in the Regulatory Area, the Council adopted a temporary autonomous inspection programme for Community vessels in that area.²

United States

303. The operation of the Fisheries Agreement between the Community and the United States was disrupted by the unilateral decisions of the United States authorities, firstly, not to allocate quotas for direct fishing for squid and, secondly, to increase substantially the fees charged to Community vessels fishing in United States waters.

Japan

304. The Council extended for the period from 1 March to 30 June 1987 an arrangement temporarily maintaining Japanese fishing for bluefin tuna in Portuguese waters after the expiry of the bilateral Fisheries Agreement between Portugal and Japan in 1986.³ This fishing was limited to 25 long-liner vessels, and the total catch to 240 tonnes. In exchange, Japan made a financial contribution totalling ECU 157 000 to a programme of scientific and technical cooperation to benefit local people who are highly dependent on fisheries.

¹ Regulation (EEC) No 3984/87, OJ L 375, 31.12.1987.

² Regulation (EEC) No 3251/87, OJ L 314, 4.4.1987.

³ Regulation (EEC) No 654/87, OJ L 63, 6.3.1987.

E — Countries of Africa and North Africa, the Indian Ocean and the Caribbean

Fishing by certain non-member countries in the waters of the French Department of Guyana

305. 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 Guyana to measures for the conservation and management of fisheries resources.

For 1988, the number of licences which may be granted, in particular for shrimp fishing, to vessels flying the flag of the United States or certain developing countries was laid down by Regulation (EEC) No 3982/87, adopted by the Council on 15 December 1987.¹

Countries of Africa, North Africa, the Indian Ocean and the Caribbean

306. During 1987, the Community continued its efforts to obtain for its fishermen new catch possibilities under Community agreements with non-member countries of the African continent, the Indian Ocean and the Caribbean.

Several years of contacts and negotiations finally bore fruit on 14 December 1987, when the Council, by adopting Regulation (EEC) No 4143/87² formally concluded the Fisheries Agreement between the Community and Mauritania, under which Community fishermen may fish for Norway lobster, shrimp, black hake and tuna. It also proved possible for the first time to negotiate Fisheries Agreements with Angola, the Comoros and Dominica. The agreement with Angola provides for shrimp and tuna fishing while that with the Comoros supplements the agreement on tuna fishing already concluded by the Community with several other countries of the Indian Ocean. The Fisheries Agreement with Angola was formally concluded on 30 November 1987, when the Council adopted Regulation (EEC) No 3620/87,³ while the Council is to take a decision on the agreements with the Comoros and Dominica in the first few months of 1988. In addition negotiations were completed for the renewal of the Community's previous Fisheries Agreement with São Tomé and Príncipe, thus allowing Community vessels to resume their fishing in that country's waters, fishing having been suspended since November 1986; the Council for-

¹ OJ L 375, 31.12.1987.

² OJ L 388, 31.12.1987.

³ OJ L 341, 3.12.1987.

ally concluded this Fisheries Agreement on 23 November 1987 by adopting Regulation (EEC) No 3544/87.¹

307. In 1987 the Council also formally concluded a series of Fisheries Agreements with States of Africa and the Indian Ocean which had been negotiated during 1986 and which it had decided, either in that year or in 1987 itself, to implement provisionally (with the exception of the agreement with The Gambia).² These were the Fisheries Agreements with:

- (i) Senegal: Regulation (EEC) No 559/87³
- (ii) The Gambia: Regulation (EEC) No 1580/87⁴
- (iii) Guinea-Bissau: Regulation (EEC) No 1171/87⁵
- (iv) Equatorial Guinea: Regulation (EEC) No 252/87⁶
- (v) Guinea (Conakry): Regulation (EEC) No 253/87⁶
- (vi) Seychelles: Regulation (EEC) No 1708/87⁷
- (vii) Madagascar: Regulation (EEC) No 1709/87⁷
- (viii) Mozambique: Regulation (EEC) No 2143/87⁸

Finally, on 14 December 1987 the Council, mindful of the desirability of obtaining future fishing rights in the Indian Ocean for the Community's fishermen, authorized the Commission to negotiate Fisheries Agreements with Djibouti and Mauritius.⁹

308. With regard to fisheries relations with Morocco, the results of the negotiations conducted between the Community and that country were disappointing. Although the Community succeeded in obtaining Morocco's assent to a preliminary Fisheries Agreement allowing Spanish vessels fishing under the Hispano-Moroccan bilateral agreement (which expired on 31 July 1987) to continue operating in Moroccan waters until 31 December 1987,¹⁰ despite several rounds of negotiation it was not possible to reach agreement on a longer-term Fisheries Agreement from 1 January 1988, or even on the extension beyond 31 December 1987 of the preliminary arrangements. Accordingly, fishing in Moroccan waters by Spanish and Portuguese vessels (the latter having been able to fish in 1987 under the Portugal/Morocco bilateral fisheries Agreement, which Portugal had been permitted to extend until 3

¹ OJ L 337, 27.11.1987.

² See 34th Review, paragraphs 341 and 342.

³ OJ L 57, 27.2.1987.

⁴ OJ L 146, 6.6.1987.

⁵ OJ L 113, 30.4.1987.

⁶ OJ L 29, 30.1.1987.

⁷ OJ L 160, 20.6.1987.

⁸ OJ L 201, 22.7.1987.

⁹ Doc. 9152/87.

¹⁰ Decision 87/442/EEC of 13.8.1987, OJ L 232, 19.8.1987.

January 1988)¹ stopped on 31 December 1987. It goes without saying that the Community is continuing its efforts to obtain an early resumption of the negotiation for a Fisheries Agreement.

F — International organizations

309. The Community took an active part, either as a member or as 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;
- (c) Convention on multilateral cooperation on fisheries in the North-West Atlantic (NAFO);²
- (d) Convention on multilateral cooperation on fisheries in the North-East Atlantic (NEAFC);
- (e) Convention on the conservation of Antarctic marine living resources;
- (f) International convention on the conservation of Atlantic tuna (Iccat);
- (g) International convention on the conservation of living resources in the South-East Atlantic (Icseaf);
- (h) OECD;
- (i) FAO.

¹ See 34th Review, paragraph 343.

² See paragraph 302 of this Review.

Chapter VI — Common agricultural policy

310. In 1987 the Council continued the work of recent years on restructuring the common agricultural policy, with a view to achieving more balanced agricultural markets and controlling expenditure in this sector, while continuing to support and encourage the necessary adjustments on agricultural holdings.

A — Overall form of the common agricultural policy

Continuing reform of the common agricultural policy

311. On 16 December 1986, after much discussion, the Council had reached a political agreement on measures to reform the sectors of beef and veal and of milk and milk products in order to establish a greater degree of control over these markets.¹ At the beginning of 1987 the Council took steps to formally implement this agreement.

312. The Decisions concerning the *beef and veal* sector were adopted at the Council meeting on 9 and 10 February.² For a transitional period from April 1987 to December 1988, amendments were made to Community regulations in order to limit the scope of intervention, making its use selective and not automatic. The cumulative criteria for intervention by the Commission were made more restrictive, and intervention prices lowered. At the same time the Council counterbalanced these changes by maintaining the current premium systems, the variable premium and the calving premium, and by instituting a special premium system for Member States which do not grant these premiums. The suckler-cow premium was maintained and increased. The common intervention prices were also made applicable to Spain.³

¹ See 34th Review, paragraphs 352 to 361.

² OJ L 48, 17.2.1987.

³ OJ L 63, 6.3.1987.

313. Decisions on measures to improve conditions in the *milk and milk products* sector were adopted on 16 March.¹ In order further to reduce surpluses in this sector, milk quotas will be reduced so as to cut milk production by 9.5% over two years.

Limits were also set on intervention. For skimmed-milk powder, intervention is suspended for half the marketing year, and buying-in may be suspended in the other half of the year if the quantities offered exceed a certain tonnage over a particular period.

With regard to butter, buying-in, which is possible throughout the year, may be suspended by the Commission in all or part of the Community. If necessary the Commission is to take steps to support market prices and avoid a downward spiral.

Farm prices

314. At several meetings between March and June the Council considered in detail the proposals submitted by the Commission on 20 February concerning farm prices and related measures for the 1987/88 marketing year. In May, following lengthy discussions, it was clear that agreement had still not been reached on several major issues: prices and intervention measures in the cereals and oilseed sectors, the question of the system for stabilizing the consumer prices of oils and fats and, lastly, the dismantling of positive and negative monetary compensatory amounts (MCAs) and the future arrangements for MCAs and ways of dismantling them.

At its June meeting, despite various attempts at compromise, the Council failed to reach agreement and had to await the European Council of 29 and 30 June before continuing its discussions on 30 June. Following the European Council's conclusions on the agricultural sector, an agreement was reached which was formally confirmed in the regulations adopted on 2 July.²

315. As regards the prices themselves, the restrictive policy of the past few years was continued. The general effect was to freeze institutional prices in ecus at the level of the previous marketing year. This applied to a large number of sectors: rice, sugar, olive oil, sunflower seed, flax, hemp, cotton, milk, sheepmeat and pigmeat. It was also true in the cereals sector, although the intervention price for durum wheat was cut (by 2.67%), 50% of which was offset by an increase in the subsidy (+7%). For colza, rapeseed and soya, the cut was of the order of 3% and for high-protein plants it was between 10 and 12%. For fruit and vegetables, the changes ranged from 0 to -2.5% and -5%. Wine prices were cut by 2%, and for tobacco the changes in prices and premiums ranged from +5 and +3% to -6 and -4%, depending on the market

¹ OJ L 78, 20.3.1987.

² OJ L 182, 183 and 184, 3.7.1987.

situation and the variety. On average, intervention prices in ecus for the 10-Member Community were down by 0.2% compared with the previous marketing year. However, if the effect on prices of all related measures is taken into account, the total drop in support prices in ecus can be put at approximately 6%.

316. New adjustments to certain common organizations of the market were adopted by the Council under the related measures. In addition to their effect on prices in nominal terms, they will make a significant contribution to improving the situation on the markets and bringing down budgetary costs. The measures taken in the cereals and oilseed sectors are particularly significant in this respect.

317. In the cereals sector, considerable changes were made to the intervention system. The intervention period will remain the same, but buying-in will only be triggered if the average Community market price is below the intervention price. In addition, intervention purchases will from now on be made at 94% of the intervention price. Monthly increases will be maintained only during the intervention period, and their amount has been reduced.

318. In the rice sector, the intervention system was amended in line with the cereals sector, intervention being limited to the period from 1 December to 31 July.

319. Major changes were made in the oilseed sector.

For colza, rapeseed and sunflower seed, the rules on maximum guaranteed quantities were reinforced by increasing from 5 to 10% the maximum reduction of aid applicable when the threshold is exceeded.¹ The intervention period will be from 1 October to 31 May.

The intervention system for colza, rapeseed and sunflower seed, and the number and amount of monthly increases were amended in line with the changes made in the cereals sector.

A system of maximum guaranteed quantities on the same principles was introduced for soya beans. Should the maximum quantity be exceeded, the unit amount of aid will be reduced proportionately, up to a maximum of 10% of the guide price.

320. A system of maximum guaranteed quantities was also introduced for olive oil. At the same time the provisions setting upper limits for olive-growing areas eligible for aid were abolished.

321. In the fruit and vegetables sector, the system of guarantee thresholds for processed tomatoes was strengthened. When the production of tomato-based processed products in a Member State is limited by an inter-trade agreement or by a national

¹ OJ L 200, 21.7.1987.

measure, the scope for exceeding the quantities allowed to the processing companies is reduced from 20% to 10%. In addition, a 2% premium will be granted to processors who conclude contracts with producer groups.

With regard to satsumas and clementines, the Council agreement provides for the introduction of a system of basic and buying-in prices accompanied by provisions for maximum guaranteed quantities. The question of whether similar arrangements should be introduced for mandarines and nectarines will be examined. These decisions in principle were implemented in January 1988.¹

322. In the high-protein plants sector, the flat-rate aid for dried fodder was abolished and variable aid was fixed at 100% of the difference between the guide price and the world market price.

323. In the textile fibres sector, the maximum guaranteed quantity is fixed at 752 000 tonnes of unginned cotton. Should production exceed this quantity, the amount of aid would be reduced by applying to the guide price a coefficient which increases in proportion to the extent to which the ceiling has been exceeded.

324. In the sugar sector, a special elimination levy was introduced to eliminate those financial losses in the 1986/87 marketing year which were not covered by the production levy.

325. In the wine sector, the Commission stressed the need for further structural measures to improve the situation in the wine market and consequently called for further examination of its proposal on restricting replanting rights. The need for the early adoption of general rules for improving monitoring in the wine sector was also recognized.

Agricultural stabilizers

326. Following the work programme adopted on 29 and 30 June by the European Council concerning general guidelines for the implementation of the Commission communication 'Making a success of the Single Act', in August 1987 the Commission sent the Council a communication containing a review of action to be taken to control the agricultural markets. This summary fitted into the reform process of the past few years, in which discussion of the Green Paper had played an important part. In view of the initial results, the Commission considered that in some cases existing stabilizers needed to be strengthened and elsewhere others should be introduced in various sectors where market mechanisms were not sufficient to control production. In its communication on agricultural stabilizers sent to the Council on 30 September,

¹ Regulation (EEC) No 223/88, OJ L 23, 28.1.1988.

the Commission put forward proposals along these lines for a number of sectors: sugar, milk, sheepmeat and goatmeat, cereals, high-protein plants, wine, fruit and vegetables and tobacco. These proposals were similar to those relating to oilseeds already under discussion by the Council. Their aim was to implement more restrictive price policies, to make intervention less permanent and more limited, and to limit support by laying down quotas and binding guarantee thresholds, increasing the co-responsibility of the producers.

327. Between September and November the Council discussed these proposals in detail. After long and difficult negotiations, although a solution was near in certain sectors the Council was unable at the end of November to find an overall solution, as there were still major differences of opinion in the important sectors of cereals, oilseeds and high-protein plants. This situation was reported to the European Council in Copenhagen on 4 and 5 December.

Agri-monetary decisions

328. Following the monetary alignment of 12 January 1987, the Council fixed new conversion rates in the pigmeat sector for the Danish, Greek, Irish, Italian, Spanish and United Kingdom currencies, to be implemented in two stages (from 16 February to the end of the 1986/87 milk year, and from the beginning of the 1987/88 milk year) with the aim of gradually dismantling negative MCAs in this sector (by 0.5 and then by a further 1 point).¹

329. In the eggs and poultry sector, the Council twice extended the suspension of the application of negative MCAs in France and the United Kingdom, no decision on the agri-monetary system as a whole having been taken on 1 April 1987 (a first extension to 31 May² and then, on 30 May, to 30 June³).

330. On 2 July 1987, as part of the fixing of farm prices for the 1987/88 marketing year, the Council laid down new agricultural conversion rates for the marketing year⁴ for the Belgian/Luxembourg franc, the Danish krona, the French franc, the Irish punt, the pound sterling, the peseta, the escudo, the lira, the drachma and the florin and, for the 1988/89 marketing year, the mark and the florin. It therefore dismantled the major part of the positive MCAs in the Netherlands and in the Federal Republic of Germany and the negative MCAs in Denmark and the Belgo-Luxembourg Economic Union, and went some way towards dismantling the negative MCAs in the other Member States.

¹ Regulation (EEC) No 409/87, 9.2.1987, OJ L 44, 13.2.1987.

² Regulation (EEC) No 913/87, 31.3.1987, OJ L 89, 1.4.1987.

³ Regulation (EEC) No 1498/87, 26.5.1987, OJ L 141, 30.5.1987.

⁴ Regulation (EEC) No 1890/87, 2.7.1987, OJ L 182, 3.7.1987.

331. On the same day, the Council amended the rules for calculating agricultural MCAs.¹ The 'switch-over' system established in 1984 (involving transfer to the other currencies by means of a correction factor of the monetary difference resulting from the revaluation of the strongest currency in relation to the ecu) was retained. In addition a system was established for the automatic dismantling in stages both of 'artificial' MCAs (resulting from the transfer or switch-over) and of the so-called natural MCAs (resulting from changes in the other currencies in relation to the ecu). Up to 30% of the 'natural' MCAs are dismantled immediately; the remainder is to be dismantled in two equal stages over the next two marketing years at the time of the monetary realignments. 25% of the 'transferred' MCAs are to be dismantled at the beginning of the marketing year following any monetary realignments, and the remainder by two cuts of 37.5% in each of the two subsequent marketing years.

332. In the first stage of dismantling (25%) under this modified system, the negative MCAs resulting from transfer (switch-over) are cancelled out by a decrease in prices in ecus. Member States in which the price decreases in national currency as a result of this are authorized (under procedures adopted by qualified majority in the Council) to grant national compensatory aid of a socio-structural nature, not linked to production.

This system will be reassessed before 1 July 1988 on the basis of a joint report by the Ministers for Finance and for Agriculture.

In the pigmeat sector, the conversion rate will in future be adjusted by the Commission (under the Management Committee procedure) in order to avoid the creation of new MCAs, provided that this change does not lead to a difference between the MCAs for pigmeat and for cereals of more than 8 points. The MCA is fixed on the basis of a price equivalent to 35% of the basic price.

THE ECU IN THE CAP

333. The Council first extended² the use of the ecu as an accounting unit in the common agricultural policy for a period of six months, and then finally adopted the ecu as the accounting unit for agriculture.³

¹ Regulation (EEC) No 1889/87 of 2.7.1987, OJ L 182, 3.7.1987.

² Regulation (EEC) No 910/87 of 30.3.1987, OJ L 88, 31.3.1987.

³ Regulation (EEC) No 1636/87 of 9.6.1987, OJ L 153, 13.6.1987.

Financial decisions

FINANCING OF AGRICULTURAL EXPENDITURE

334. The Council adopted special rules for the financing of the EAGGF in order to make good the shortfall in the 1987 budget, which was insufficient to cover all agricultural expenditure for the year. Community advances to the Member States are subject to a delay of two months, until final arrangements are adopted for the financing of the Community.¹

REMOVAL FROM STORAGE OF BUTTER

335. The Council allowed for more rapid disposal of public stocks of butter in 1987 and 1988 by modifying the general rules on the financing of interventions by the EAGGF Guarantee Section; this consisted of carrying over losses on the sale of these stocks in 1987 and 1988 to the years 1989, 1990, 1991 and 1992.²

SIMPLIFICATION OF THE PROCEDURE FOR UPDATING THE LIST OF INTERVENTION MEASURES

336. The Council decided that the summary list of intervention measures annexed to Regulation 1883/78 would in future be updated by the Commission, on the opinion of the Management Committee.³

Administrative cooperation

337. The Council extended the scope of action which the Commission and the Member States may take to combat fraud in connection with Community trade with non-Member countries by amending the provisions for mutual assistance between administrative authorities in the Member States, and also for collaboration between these authorities and the Commission to ensure the correct application of agricultural or customs regulations.⁴

¹ Regulation (EEC) No 3183/87 of 19.10.1987, OJ L 304, 19.10.1987.

² Regulation (EEC) No 801/87 of 16.3.1987, OJ L 79, 21.3.1987.

³ Regulation (EEC) No 2095/87 of 13.7.1987, OJ L 196, 17.7.1987.

⁴ Regulation (EEC) No 945/87 of 30.3.1987, OJ L 90, 2.4.1987.

National aid

AID FOR SMALL-SCALE MILK PRODUCERS

338. The Council declared that French national aid to small-scale milk producers in the form of a contribution to their social security contributions, within an overall limit of FF 100 million for the 1986/87 marketing year, was compatible with the common market.¹

NATIONAL AID IN THE FORM OF AN ADVANCE ON THE PREMIUM FOR EWES

339. The Council declared compatible with the common market until the end of 1987 the payment from national funds of an advance to sheep breeders on the final amount of the Community premium for ewes, up to a maximum of 50% of the premium fixed by the Management Committee.

B — Management of the common agricultural policy

340. As in previous years, the Council adopted a large number of measures concerning the management of the markets and the amendment of basic regulations. The main features of the policy followed and the measures adopted are set out below.

Plant products

CEREALS

341. Within the framework of the price agreement of 30 June, the Council fixed the maximum moisture content for intervention at 14.5%. However, the Commission was invited to allow intervention at 15% for the 1987/88 marketing year if the 14.5% limit caused practical difficulties. In exceptional circumstances, the level could be raised to 15.5%.

342. With regard to the co-responsibility levy, within the framework of the price agreement the Commission was authorized for the 1987/88 marketing year, at the request of a Member State, to authorize the collection of the levy in that Member

¹ Decision 87/197 of 16.3.1987, OJ L 78, 20.3.1987.

State when the milk is collected. In addition, those Member States which in the 1986/87 marketing year had made use of the provision allowing a system of direct exemption for small producers were authorized to continue this system for 1987/88. Direct aid to small producers was renewed for the 1987/88 marketing year at the level of the previous year, i.e. ECU 120 million.

343. On 25 June the Council adopted a regulation¹ on special arrangements for imports of maize and sorghum into Spain for the period 1987-90, following the agreement concluded with the United States in January for the import of maize and sorghum at a reduced rate of levy.

On 13 July 1987 the Council amended the standard qualities for durum wheat,² introducing new technological criteria.

To counteract a shortage of fodder in certain regions of Greece because of the cold weather at the beginning of the year, the Council adopted a regulation on 17 November on the transfer to Greece of 150 000 tonnes of barley held by the Spanish intervention agency.

RICE

344. On 18 December³ the Council adopted an amendment to basic Regulation No 1418/76 to introduce a new classification of rice and a regulation on production aid introducing aid for the production of certain varieties of the Indica type.

SUGAR

345. Within the framework of the agreement on prices, the Council recognized the need to take action as soon as possible to resolve the problem of the refining margin for raw cane sugar in the United Kingdom.

The Council also took note of the Commission's intention to make provision, as part of its forthcoming proposals on the system of production quotas, for Community aid measures for the adaptation of the sugarbeet processing industry in the Azores during the transition period provided for in the Accession Treaty.

¹ OJ L 170, 30.6.1987.

² OJ L 196, 17.7.1987.

³ OJ L 365, 24.12.1987.

OILSEEDS AND OLIVE OIL

346. Within the framework of the agreement on prices, the Council decided to introduce production aid for sunflower seed produced and processed in Portugal, ending on 31 December 1990.¹

On 31 July the Council adopted a regulation² containing special measures for certain oil-based products in Spain. This Regulation provides for the reimbursement, on application, to firms based in Spain of the levy paid on the purchase of oils used in the production of mayonnaise and other fine sauces.

In connection with the prices package, the Council declared its intention of introducing consumption aid for olive oil in Spain and Portugal in 1991 at the same level as in the 10-Member Community, adjusted to take account of the difference between the respective intervention prices and of the amount of customs duties on competing oils.

347. As part of the agreement on prices, it was agreed that the Commission's proposal for a price stabilization mechanism for oils and fats would be the subject of a supplementary study and consultations with the Community's main trading partners. On 27 November the Commission forwarded to the Council a report on the conclusions of this study and the consultations with supplier countries. This report was brought to the attention of the European Council in Copenhagen.

348. On 20 October the Council adopted a regulation³ fixing, for the 1987/88 marketing year, the representative market price and the threshold price for olive oil as well as the level of consumption aid.

On 17 November⁴ the Council decided to extend until 31 October 1988 the Community financing of the expenditure of the monitoring agencies for olive oil established in Italy, Greece, Spain and Portugal.

349. Pending the entry into force of the new cooperation agreement with Tunisia, the Council decided unilaterally, on 23 February,⁵ 29 June⁶ and 19 October,⁷ to allow Tunisia exports to the Community of 10 000, 30 000 and 6 000 tonnes respectively of olive oil at preferential rates. After the entry into force of the new coopera-

¹ OJ L 183, 3.7.1987.

² OJ L 197, 18.7.1987.

³ OJ L 304, 27.10.1987.

⁴ OJ L 329, 20.11.1987.

⁵ OJ L 57, 27.2.1987.

⁶ OJ L 159, 3.7.1987.

⁷ OJ L 301, 24.10.1987.

tion arrangements, the Council adopted general rules on 17 November¹ for imports of olive oil from Tunisia.

HIGH-PROTEIN PLANTS

350. The Council adopted on 30 March² an amendment to the system of aid for dried fodder, modifying the method for calculating variable aid.

TEXTILES

351. On 17 November¹ the Council adopted an amendment extending for a period of five years the joint measures in favour of producer groups and their unions in the cotton sector, in the interests of continuing structural modernization in this sector.

WINE

352. On 23 February the Council adopted three regulations³ amending respectively the special provisions relating to quality wines produced in specified regions, the general rules for the description and presentation of wines and grape musts, and the corresponding general rules for sparkling wines and aerated sparkling wines.

On 23 February the Council also adopted an amendment³ to the basic Regulation on the wine sector enabling the Commission, if necessary, to take certain practical measures, of a transitional nature, to ensure that compulsory distillation is carried out.

On 16 March⁴ the Council consolidated the basic Regulation on the wine sector and the Regulation on quality wines produced in specified regions.

On 18 May⁵ the Council amended the abovementioned basic Regulation in order to specify wine-growing areas in Spain. The Council will decide later, on the basis of a report and proposals from the Commission, on new designations for wine-growing areas throughout the Community to be applicable from the 1990/91 marketing year onwards.

¹ OJ L 329, 20.11.1987.

² OJ L 90, 2.4.1987.

³ OJ L 55, 25.2.1987.

⁴ OJ L 84, 27.3.1987.

⁵ OJ L 133, 22.5.1987.

353. On 13 July the Council adopted a decision¹ on the granting of aid in certain Member States for short-term private storage of table wines and grape musts.

On 19 October the Council adopted an amendment² to the basic Regulation extending the aid granted in this sector to the use of grape musts for feedingstuffs.

On 17 November the Council adopted a regulation³ amending Regulation (EEC) No 355/79 laying down general rules for the presentation of wines and grape musts, with the aim of harmonizing Community rules on labelling and improving the information available to consumers.

On 22 December the Council adopted a regulation⁴ extending for one year the Regulation on the arrangements applicable to Luxembourg wines.

On 26 January⁵ and 22 December⁶ the Council extended to 31 December 1987 and 31 December 1988 respectively the Regulation allowing the addition of alcohol to wine-sector products.

FRUIT AND VEGETABLES

354. Following the agreement of 30 June on prices and related measures, the Council adopted on 9 November⁷ a regulation on special measures for the processing of certain varieties of oranges. The aim of this regulation is to make limited quantities of oranges of the 'shamouti', Cadenera, Castellana and Macerata varieties eligible for Community processing aid.

The Commission undertook, as part of the agreement on prices of 30 June, to put before the Council suitable measures for extending to Spain and Portugal the system of production aid for dried grapes in good time for them to be implemented as of the 1988/89 marketing year.

HOPS

355. Following its conclusions of 30 June on prices and related measures, the Council adopted a Regulation on 22 September⁸ laying down the amount of aid to

¹ OJ L 200, 21.7.1987.

² OJ L 300, 23.10.1987.

³ OJ L 330, 21.11.1987.

⁴ OJ L 369, 29.12.1987.

⁵ OJ L 26, 29.1.1987.

⁶ OJ L 382, 31.12.1987.

⁷ OJ L 323, 13.11.1987.

⁸ OJ L 284, 7.10.1987.

producers for the 1986 harvest in the hops sector, and providing for special measures for certain regions of production.

Animal products

DAIRY PRODUCTS

356. On 23 July¹ the Council decided to extend to 31 March 1988 the exclusion of whey from the ban on inward processing traffic in dairy products.

On 17 November² the Council adopted an amendment to Regulation (EEC) No 985/68 re-establishing private storage aid for salted butter.

On 10 September³ the Council adopted a regulation fixing the guideline figure for the 1988/89 milk year for the fat content of whole milk imported into Ireland and the United Kingdom.

357. Within the framework of the agreement on prices it was decided that, in order to promote the restructuring of production, Member States would be authorized to resell to certain categories of producers the quotas bought up as part of a programme for the cessation of dairy production.

Within the framework of the agreement on prices, it was also decided to increase 'delivery' quotas in Spain by 100 000 tonnes, by transfers from the 'direct sales' quota and from the Community reserve.

The Council adopted the proposal on the designations of milk and milk products.⁴

BEEF AND VEAL

358. On 27 January⁵ the Council adopted the estimates for the period 1 January to 31 December 1987 for young male bovine animals (168 000 head) and for beef and veal for the processing industry (15 000 tonnes).

On 2 March⁶ the Council adopted a regulation increasing from 38 000 to 42 600 head the Community tariff quota opened by the Regulation of 26 May 1986 for animals of certain mountain breeds.

¹ OJ L 208, 30.7.1987.

² OJ L 329, 20.11.1987.

³ OJ L 352, 15.12.1987.

⁴ OJ L 182, 3.7.1987.

⁵ OJ L 36, 7.2.1987.

⁶ OJ L 63, 6.3.1987.

On 18 May¹ the Council adopted a special tariff quota of 8 000 tonnes for high-quality beef and veal.

On 25 June² the Council adopted two regulations opening Community tariff quotas of 42 600 head of heifers and cows of certain mountain breeds and of 5 000 head of bulls, cows and heifers of certain Alpine breeds for the period 1 July 1987 to 30 June 1988.

On 23 December the Council adopted a favourable position, pending the opinion of the European Parliament, on the opening in 1988 of tariff quotas of 50 000 tonnes of frozen beef and veal, 29 800 tonnes of high-quality meat and 2 250 tonnes of buffalo meat.

SHEEPMEAT AND GOATMEAT

359. On 16 March³ the Council adopted an amendment to the basic Regulation such that in Region 7 (Portugal and Spain), an additional amount would be paid for each ewe and goat eligible in 1987 and 1988 equal to half the difference between the premium per ewe or goat in Region 7 and that in Region 1 (Italy and Greece).

Other matters

360. As part of the emergency measures to help people most in need in view of the cold spell, the Council adopted a series of regulations on 26 January⁴ for the free distribution of certain products, with flat-rate allowances to cover processing, packaging and transport cost. These measures, valid until 31 March, were extended until 30 April 1987.⁵

On 10 December⁶ the Council adopted a regulation initiating a permanent scheme for the distribution of food from Community stocks to the most deprived persons in the Community. This programme would have an appropriation of ECU 100 million for 1988.

Pursuant to the provisions of the Accession Treaty, the Council adopted measures to guarantee access to Community markets for certain agricultural products from the Canary Islands, subject to annual quotas. Since some of these imports had not reach-

¹ OJ L 133, 22.5.1987.

² OJ L 176, 1.7.1987.

³ OJ L 79, 21.3.1987.

⁴ OJ L 25, 28.1.1987.

⁵ OJ L 91, 3.4.1987.

⁶ OJ L 352, 15.12.1987.

ed the thresholds laid down in the Treaty, it did not prove necessary to impose any quota restrictions.

C — Coordination of the position of the Member States with regard to international matters

International Wine and Vine Office (IWO)

361. The Council paid close attention to the work of the Office, in particular at its Extraordinary Assembly in Paris on 17 January and the international vine and wine conference and the 67th General Assembly held in Rome from 25 to 31 October 1987.

Olive oil and table olives

362. Coordination work in this sector in 1987 was concerned with preparations for the spring and autumn meetings of the International Olive Oil Council in Madrid.

Coordination in the OECD

363. The work of coordinating the positions of the Member States and the Commission with regard to trade in agricultural produce with the other member countries of the OECD continued during 1987, in connection particularly with the development of a system of production subsidy equivalents (PSE) to allow comparisons between levels of agricultural support in the member countries of the OECD.

Codex alimentarius

364. In the year under review the Member States and the Commission took part in various meetings on extra-Community matters. On these occasions they coordinated their positions in order to present a common front on the questions under discussion.

D — Harmonization of laws

Veterinary and animal husbandry

365. On 19 January¹ the Council confirmed the operation for a further period of five years of the Hanover liaison laboratory for classical swine fever.

On 7 April² the Council adopted two Decisions extending for one year the validity of the measures for combating classical swine fever and for their Community financing, and of the rules applicable to trade in live animals and in meat with regard to this epizootic disease.

Having undertaken to act by 1 November on the continuation of supplementary measures for the eradication of classical swine fever, the Council adopted on 22 September³ four Decisions and Directives providing for such measures over a further period of four years.

On 22 September⁴ the Council also adopted amendments to the rules applicable to certain meat products originating in areas of the Community affected by African swine fever.

366. Faced with a proposal which had not obtained a qualified majority in the Standing Veterinary Committee, the Council adopted a Decision on 18 November⁵ on transitional measures concerning the prohibition on administering to farm animals certain substances having a hormonal action. This Decision maintains until 31 December 1988 the rules and arrangements applicable to trade in animals and confirms the prohibition on the administration of hormonal substances for fattening purposes from 1 January 1988.

On 10 December⁶ the Council adopted a Decision recognizing further parts of the territory of the Community as being either officially swine-fever free or swine-fever free. This Decision allows animals and fresh meat from these regions to have access to the markets of Member States or regions which already enjoy this status.

Foodstuffs

367. During the period under review, the work of the Council in the field of harmonization of laws was marked by the entry into force on 1 July of the Single Euro-

¹ OJ L 34, 5.2.1987.

² OJ L 99, 11.4.1987.

³ OJ L 280, 3.10.1987.

⁴ OJ L 279, 2.10.1987.

⁵ OJ L 339, 1.12.1987.

⁶ OJ L 353, 16.12.1987.

pean Act. This introduced a cooperation procedure with the European Parliament, which is henceforth a more active participant in the process of preparing Council decisions.

Under this cooperation procedure, the Council adopted two joint positions in October concerning respectively the proposals for Directives on flavourings for use in foodstuffs and on extraction solvents used in the production of foodstuffs. These joint positions were communicated to the European Parliament for its opinion prior to the Council's final decision.

The Council also continued its work on examining a number of proposals for Directives, especially those related to the 'new approach' (labelling, materials in contact with foodstuffs, additives, dietary foods). In this way, in spite of the difficulties arising from the proposed innovations in the decision-making procedure, the prospects are good for completing this work in the near future.

Plant health

368. The Council's work in this sector led to the adoption of the following:

1. Council Directive 87/298/EEC of 2 March 1987 amending Directive 77/93/EEC on protective measures against the introduction into the Member States of organisms harmful to plants or plant products.¹

The aim of this Directive is the adoption at Community level of the model phytosanitary certificates approved under the International Plant Protection Convention.

2. Council Directive 87/181/EEC of 9 March 1987 amending the Annex to Directive 79/117/EEC prohibiting the placing on the market and use of plant protection products containing certain active substances.²

The aim of this Directive is to prohibit the marketing and use of plant protection products containing the active ingredients nitrofen, 1,2-dibromoethane (EDB) and 1,2-dichloroethane (EDC), which have been found to be harmful to humans.

3. Council Decision 87/306/EEC of 30 March 1987 authorizing certain Member States to waive certain provisions of Directive 77/93/EEC in respect of potatoes for human consumption originating in Cuba.³

By this Decision, Belgium, Luxembourg and the Netherlands were authorized to provide for waivers from certain provisions of the 1976 Directive on protective measures against the introduction of organisms harmful to plants or plant products, in order to enable them to import early potatoes originating in Cuba.

¹ OJ L 151, 11.6.1987.

² OJ L 71, 14.3.1987.

³ OJ L 153, 13.6.1987.

Feedingstuffs

369. In this sector the Council adopted several acts in 1987, namely:

1. Council Directive 87/153/EEC of 16 February 1987 fixing guidelines for the assessment of additives in animal nutrition.

The aim of this Directive is to lay down guidelines for evaluating additives in feedingstuffs and checking that they comply with the health and zootechnical standards set for approved additives.

2. Council Directives 87/316/EEC of 16 June 1987 amending Directive 70/524/EEC concerning additives in feedingstuffs in respect of Carbadox.²
3. Council Directive 87/317/EEC of 16 June 1987 amending Directive 70/524/EEC concerning additives in feedingstuffs in respect of Olaquinox.²

These two Directives allow the use at Community level of Carbadox and Olaquinox as additives in feedingstuffs.

4. Council Directive 87/519/EEC of 19 October 1987 amending Directive 74/63/EEC concerning undesirable substances and products in feedingstuffs.³

This Directive supplements Community legislation on feedingstuffs by fixing maximum levels for pesticide residues in feedingstuffs.

Seeds and seedlings

370. Community legislation in this sector is established and has been functioning normally for several years. However, the experience gained over this time led the Council to adopt, during the period under review, the following acts supplementing and amending this legislation:

1. Council Directive 87/141/EEC of 23 February 1987 amending Decision 81/956/EEC concerning the equivalence of seed potatoes produced in third countries.⁴
2. Council Directive 87/374/EEC of 13 July 1987 amending Directive 66/403/EEC on the marketing of seed potatoes.⁵
3. Council Decision 87/520/EEC of 19 October 1987 amending the seventh Decision, 85/355/EEC, on the equivalence of field inspections carried out in third countries on seed-producing crops.³

¹ OJ L 64, 7.3.1987.

² OJ L 160, 20.6.1987.

³ OJ L 304, 27.10.1987.

⁴ OJ L 57, 27.2.1987.

⁵ OJ L 197, 18.7.1987.

4. Council Decision 87/521/EEC of 19 October 1987 amending the seventh Decision, 85/356/EEC, on the equivalence of seed produced in third countries.¹

E — Policy on agricultural structures

371. In the course of 1987 the Council decided on a number of measures of a horizontal nature, amending and adopting regulations on structural improvement, the marketing and processing of agricultural produce, and the restructuring of the system of agricultural surveys in Italy. It also decided on a number of measures of a regional nature concerning various Member States; these concerned the pigmeat sector in Ireland, the stimulation of agricultural development in certain regions of Greece and Northern Ireland, the integrated development programme for the department of Lozère, agricultural development in the French overseas departments, and two measures concerning a development programme in Portugal and producer groups and their unions in the cotton sector in Greece, Spain and Italy.

The Council also continued its work at a technical level on proposals for the establishment of Community systems of farm income support and a Community scheme to encourage the cessation of farming.

Horizontal measures

372. On 15 June 1987 the Council adopted: Regulation (EEC) No 1760/87² amending Regulations (EEC) No 797/85, (EEC) No 270/79, (EEC) No 1360/78 and (EEC) No 355/77 as regards agricultural structures, the adjustment of agriculture to the new market situation and the preservation of the countryside.

373.

- (a) The amendments to Regulation (EEC) No 797/85 on improving the efficiency of agricultural structures mainly concern:
- (i) aid for conversion to non-surplus products and aid to promote extensification of the production of surplus products;
 - (ii) aid in areas that are sensitive as regards protection of the environment;
 - (iii) certain adjustments to the system of compensatory allowances in mountainous and less-favoured areas.

¹ OJ L 304, 27.10.1987.

² OJ L 167, 26.6.1987.

374.

- (b) The adjustments to Regulation (EEC) No 270/79 concerning the development of agricultural advisory services in Italy.

The implementation of this regulation had met with insurmountable difficulties with regard to the introduction of a new training system for future farm advisers. It was decided to allow the use of the usual training systems already in existence in order to allow this regulation to produce some results.

375.

- (c) The amendments to Regulation (EEC) No 1360/78 on encouraging the creation of producer groups:

- (i) extended the duration of this 10-year scheme;
- (ii) authorized the Member States concerned to concentrate the application of this Regulation on groups whose aim is to concentrate on the supply of products which meet quality standards;
- (iii) increase the requirements imposed on associations of producer groups so that they fulfil their function with regard to the establishment of rules on quality production;
- (iv) introduce a system of launching aid.

376.

- (d) The amendments to Regulation (EEC) No 355/77 on the processing and marketing of agricultural products aim to increase the effectiveness of this instrument, which already facilitates the marketing of produce by creating special conditions for the marketing of certain alternative crops, such as an increase in the rates of aid and finance for projects which are not part of a programme.

Regional measures

377. On 23 February 1987 the Council adopted Regulation (EEC) No 560/87¹ amending Regulation (EEC) No 355/87 on common measures to improve the conditions under which agricultural and fisheries products are processed and marketed (pigmeat sector — Ireland).

By this regulation the Council decided to grant, for a period of three years, a Community financial contribution of 50% to projects in the pigmeat sector submitted by Ireland under Regulation (EEC) No 355/77.

This measure extends the application of this more favourable rate to aids for investment in processing and marketing in the pigmeat sector, in view of the particular structural difficulties faced by this sector in Ireland.

¹ OJ L 57, 27.2.1987.

378. On 13 July 1987 the Council adopted Regulation (EEC) No 2113/87¹ amending Regulation (EEC) No 1938/81 on a common measure to accelerate the improvement of public amenities in certain less-favoured agricultural areas of the Federal Republic of Germany (extension).

The amendment adopted by the Council extends for one year the duration of this common measure in order to allow the completion of the programme, the implementation of which could not be completed in 1986 due to the lack of sufficient funds in the Community budget.

379. On 19 October 1987, the Council adopted the following:

(a) Regulation (EEC) No 3156/87² amending Regulation (EEC) No 1942/81 for the stimulation of agricultural development in the less-favoured areas of Northern Ireland.

The amendment adopted by the Council introduces, in the light of experience, changes to the agricultural development programme implemented by the United Kingdom in the less-favoured areas of Northern Ireland, for which the Commission reimburses 40% of eligible expenditure. The Council agreed:

- (i) to continue the measure for farm roads and land improvement, the latter no longer including the drainage of new land but only the renewal of existing field drainage;
- (ii) to discontinue the measure relating to farm improvement plans, and replace it by a farm investment schedule aimed at smaller farmers, encouraging higher livestock quality by improvement of winter feeding facilities;
- (iii) to protect the environment by improving storage capacity for animal waste in order to reduce the risk of pollution.

Following these changes, the overall budget has risen from ECU 48 to 57 million, i.e. an increase in the estimated total cost of the programme of ECU 9 million.

380.

(b) Regulation (EEC) No 3157/87² amending Regulation (EEC) No 1975/82 on the acceleration of agricultural development in certain areas of Greece.

The amendment adopted by the Council introduces a flexibility clause into Regulation (EEC) No 1975/87 allowing the Commission to alter the various financial limits laid down for this measure, provided there is no increase in overall cost.

381.

(c) Regulation (EEC) No 3158/87² amending Regulation (EEC) No 1940/81 on an integrated development programme for the department of Lozère.

¹ OJ L 197, 18.7.1987.

² OJ L 301, 24.10.1987.

The amendment adopted by the Council:

- (i) extends by two years the duration of the common measure under Regulation (EEC) No 1940/81;
- (ii) reduces the estimated cost of the measure from ECU 12 million to 8 million, in view of the costs of the work and the experience gained.

382.

- (d) Directive 87/522/EEC¹ amending Directive 81/527/EEC on agricultural development in the French overseas departments.

This Directive:

- (i) extends the duration of Directive 81/527/EEC by two years, i.e. until 28 January 1989;
- (ii) provides for an increased technical assistance effort in order to encourage the development of livestock farming and the diversification of crop production;
- (iii) introduces a flexibility clause enabling the Commission to adjust the various financial limits, provided there is no increase in the total cost, so that the measure can be implemented more flexibly;
- (iv) adds ECU 30 million to the budget for this measure, which is raised from ECU 85 million to 115 million.

383. At its meeting on 17 November 1987 the Council adopted the following measures:

- (a) Regulation (EEC) No 3464/87² amending Regulation (EEC) No 3828/85 on a specific programme for the development of Portuguese agriculture.

This measure introduces certain amendments to Regulation 3828/85 which take account of the experience gained in the implementation, since 1 January 1986, of the specific programme for the development of Portuguese agriculture.

The adopted amendments:

- (i) set up a Monitoring Committee to make the regular assessments and ensure effective implementation of the measures provided for in the programme;
- (ii) render more flexible the arrangements for the financing of projects for the marketing and processing of agricultural products;
- (iii) increase from 50 to 70%, from 1 January 1987, the rate of Community financing for forestry measures.

In addition, the Council decided:

- (i) to extend for two years the granting of aid to agricultural advisory services, without incurring additional expenditure from the Community budget;
- (ii) to extend aid for the production and monitoring of quality seed.

¹ OJ L 304, 27.10.1987.

² OJ L 329, 20.11.1987.

384.

(b) Regulation (EEC) No 3465/87¹ amending Regulation (EEC) No 389/82 on producer groups and associations thereof in the cotton sector.

The adopted amendments:

- (i) extend the measures, which expired on 26 January 1987, for a period of five years;
- (ii) allocate sufficient resources to these measures, with a view to pursuing the original objective with regard to Greece and implementing the measures effectively in Spain and Italy; the overall estimated cost to be borne by the EAGGF Guidance Section is set at ECU 40 million, of which ECU 3 million are for launching aid granted to producer groups and their associations, and the rate of Community financing is increased from 40 to 50%;
- (iii) make the system of launching aid for groups more attractive, so as to make it easier to fulfil the conditions for the formation of associations of producer groups;
- (iv) extend the eligibility for investment aid relating to storage, ginning and packaging facilities to include private undertakings, on condition that the producers of the basic product are assured of a share in the economic advantages arising from their investments.

Agricultural statistics

385. On 7 December the Council adopted Decision No 87/570/EEC amending Decision 81/518/EEC on the restructuring of the system for agricultural surveys in Italy.²

This Decision extends for two years, until 1989, the measures provided for in Decision 81/518/EEC without, however, increasing the Community contribution of ECU 15 million which had been decided by the Council. The outstanding balance for 1987 (ECU 4 185 000) will be paid in three instalments (1987-1988-1989) rather than in its entirety in 1987.

Agricultural research

386. On 19 March 1987, the Council adopted Decision No 87/218/EEC³ amending Decision 83/641/EEC adopting joint research programmes and programmes for coordinating agricultural research.

¹ OJ L 329, 20.11.1987.

² OJ L 346, 10.12.1987.

³ OJ L 85, 28.3.1987.

This measure, which provides an additional ECU 20 million to boost the 1984-88 five-year programme is intended to:

- (i) help farmers to adapt to the new conditions resulting from the surpluses combined with a policy of restrictive pricing;
- (ii) adapt production to the qualities required by the markets and the consumers;
- (iii) improve the efficiency of farms, given the need to control production and cut prices;
- (iv) ensure proper protection of the environment and the preservation of the countryside by conservation of soil and water resources;
- (v) ensure the prompt and effective dissemination of information on research to farm counsellors and farmers.

Chapter VII — Budgetary and administrative matters

A — Budgetary matters

1987 budget — Resumption of the budgetary procedure

387. Following the vote by the European Parliament on 11 December 1986, at second reading of the 1987 draft budget, which resulted in the adoption of commitment and payment appropriations in excess of the maximum rate of increase (based on the Council's classification), and after the Council had informed Parliament that there had not been the majority required within the Council to exceed the maximum rate of increase, the President of the Parliament did not declare the budget adopted. As a result, the 1987 budgetary procedure was not completed by the end of the year.

In the face of this situation, the Commission, by a letter from its President dated 17 December 1986, summoned a triilogue of the Presidents of Parliament, the Council and the Commission in accordance with the Joint Declaration of 30 June 1982 in order to continue efforts to complete the budgetary procedure. The triilogue took place on 9 January 1987.

On the same day, in the light of discussions during the triilogue, the Commission forwarded to the budgetary authority a letter of amendment relating to the 1987 draft budget in order to restart the budgetary procedure.

That letter of amendment essentially comprised the following elements:

388. COMPULSORY EXPENDITURE (EAGGF — GUARANTEE SECTION)

- (a) reduction of production surpluses and accumulated stocks: determination of the wording and remarks for the new budget line 293, inserted for that purpose by the Council in its draft budget (at second reading);
- (b) coverage of the deficit forecast in the agricultural sector: the Commission would be called upon to make proposals to cover the deficit; for its part, the Council would undertake to take all necessary measures to cover the deficit in the course of the year.

389. NON-COMPULSORY EXPENDITURE

- (a) new maximum rate of increase of 8.75% for commitment appropriations, comprising the addition of ECU 62.2 million to the figure adopted by the Council at second reading and the inclusion in Chapter 100 of a negative reserve of ECU 123.7 million, i.e. an amount equal to the appropriations adopted by Parliament over and above the new rate of 8.75%;
- (b) maintenance of the maximum rate of increase for payment appropriations by the inclusion in Chapter 100 of a negative reserve equal to the appropriations adopted by Parliament over and above the new rate, namely ECU 88.9 million.

390. CLASSIFICATION OF COMPULSORY/NON-COMPULSORY EXPENDITURE

proposal that the Technical Working Party should resume its work, begun for the trialogue, in order to finalize classification proposals without delay.

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391. The Council (Budget) of 16 and 17 January 1987 did not produce a qualified majority in favour of the letter of amendment.

The Council resumed discussion of the draft budget at its meeting on 12 and 13 February 1987, when it reached an agreement on the basis of the Commission's letter of amendment of 9 January 1987 as follows:

- (a) (i) The Council would act at the earliest opportunity on the Commission's proposals for implementing, at the legislative and budgetary levels, the decisions of the Council (Agriculture) of 8 to 16 December 1986;
- (ii) It also noted that the Commission would make proposals relating to 1987 agricultural expenditure which would aim to make it possible to cover the deficit forecast in the sector. The Council, for its part, would act on the proposals at the earliest opportunity.

392.

(b) The draft budget (second reading) adopted on 26 and 27 November 1986 was amended as follows:

- (i) Compulsory expenditure

The provisions of Article 293 of the draft budget were replaced by the following:

Article 293: 'Measures to be taken following a review, with a view to reducing production surpluses and accumulated stocks, and related measures for compensation.'

marked with 'token entry', together with the following remarks:

Remarks

'This new article is to accommodate, in the course of 1987, any additional appropriations which might be needed for accelerated stock disposal measures and for compensation to producers under plans to improve the situation of some agricultural markets.'

(ii) Non-compulsory expenditure

The amounts from the amendments adopted by Parliament on 11 December 1986 were added.

A negative reserve was included in Chapter 100 as follows:

ECU 181 121 303 in commitment appropriations, and ECU 88 897 871 in payment appropriations.

The initial maximum rate of increase of 8.1% was thus maintained.

(iii) Total:

Appropriations for 1987 amounted to:

	Commitment appropriations	Payment appropriations
	ECU 37 414 887 257	ECU 36 313 424 475
comprising:		
compulsory expenditure	ECU 27 140 218 163	ECU 27 085 908 163
non-compulsory expenditure	ECU 10 274 669 094	ECU 9 227 516 312

393.

(c) The Council agreed that the Technical Working Party (trialogue) should be instructed to resume its work without delay in order to finalize classification proposals.

*
* * *

394. At its 19 February sitting the European Parliament adopted the 1987 budget as amended by the Council on 13 February 1987, and the Parliament President, Lord Plumb, finally adopted it on the same date.

The main elements of the general budget are shown in the following table.

Sector	1			
	1986 Budget			
	Commitments	%	Payments	%
1. AGRICULTURAL MARKET GUARANTEES				
EAGGF Guarantee (Ch. 10 to 29)	22 112 000 000	61.33	22 112 000 000	62.86
Total 1	22 112 000 000	61.33	22 112 000 000	62.86
2. STRUCTURAL POLICIES				
EAGGF Guidance (Ch. 30 to 33)	807 030 721	2.24	736 088 260	2.09
Specific agricultural measures (Ch. 38)	69 397 818	0.19	66 097 818	0.19
Fisheries (Ch. 40 to 47)	240 854 654	0.67	189 624 654	0.54
Regional Fund (Ch. 50 and 51)	3 098 000 000	8.59	2 373 000 000	6.75
Mediterranean programmes (Ch. 55)	260 000 000	0.72	133 000 000	0.38
Miscellaneous - regional (Ch. 54 and 57)	32 176 500	0.09	44 876 500	0.13
Transport policy (Ch. 58)	75 840 000	0.21	26 840 000	0.08
Social Fund (Ch. 60 and 61)	2 290 000 000	6.35	2 533 000 000	7.20
Miscellaneous - social (Ch. 64, 65 and 69)	66 520 463	0.18	63 050 463	0.18
Education and culture (Ch. 63 and 67)	36 454 125	0.10	36 454 125	0.10
Environment and consumers (Ch. 66)	24 450 325	0.07	21 750 325	0.06
Total 2	7 000 724 606	19.42	6 223 782 145	17.69
3. RESEARCH, ENERGY AND INDUSTRY				
Energy policy (Ch. 70 and 71)	160 307 000	0.44	45 920 000	0.13
Research and investment (Ch. 73)	664 374 250	1.84	628 656 250	1.79
Information and innovation (Ch. 75)	17 536 250	0.05	18 786 250	0.05
Industry and internal market (Ch. 76 to 78)	75 051 500	0.21	65 438 500	0.19
Financial engineering (Ch. 79)				
Total 3	917 269 000	2.54	758 801 000	2.16
4. REPAYMENTS AND RESERVES				
Repayments to Member States (Ch. 80)	1 239 920 000	3.44	1 239 920 000	3.53
Other payments (Ch. 86 and 87)	2 059 885 345	5.71	2 059 885 345	5.86
Miscellaneous - guarantees (Ch. 83 and 85)	token entry	0	token entry	0
Reserves (Ch. 100 and 101)	- 145 000 000	- 0.40	5 000 000	0.01
Total 4	3 154 805 345	8.75	3 304 805 345	9.40
5. DEVELOPMENT COOPERATION AND NON-MEMBER COUNTRIES				
EDF (Ch. 90 and 91)	token entry	0	token entry	0
Food aid (Ch. 92)	698 610 000	1.94	553 277 100	1.57
Cooperation with Latin America and Asian developing countries (Ch. 93)	297 930 750	0.83	223 495 250	0.64
Specific and exceptional measures (Ch. 94 and 95)	118 735 050	0.33	89 235 050	0.25
Cooperation with Mediterranean countries (Ch. 96)	81 446 000	0.23	238 035 800	0.68
Miscellaneous - cooperation (Ch. 97, 98 and 99)	67 500 000	0.19	67 500 000	0.19
Total 5	1 264 221 800	3.51	1 171 543 200	3.33
6. STAFF AND ADMINISTRATIVE APPROPRIATIONS				
Section III A	1 047 926 425	2.91	1 047 926 425	2.98
Sections I, II, IV and V	555 266 888	1.54	555 266 888	1.58
Total 6	1 603 193 313	4.45	1 603 193 313	4.56
Grand total	36 052 214 064	100.00	35 174 125 003	100.00

2				3			
1987 Budget				Difference			
Commitments	%	Payments	%	Commitments	%	Payments	%
22 960 800 000	61.37	22 960 800 000	63.23	+ 848 800 000	+ 3.84	+ 848 800 000	+ 3.84
22 960 800 000	61.37	22 960 800 000	63.23	+ 848 800 000	+ 3.84	+ 848 800 000	+ 3.84
1 017 154 161	2.72	940 125 343	2.59	+ 210 123 440	+ 26.04	+ 204 037 083	+ 27.72
59 221 770	0.16	56 074 770	0.15	- 10 176 048	- 14.66	- 10 023 048	- 15.16
258 293 678	0.69	217 293 678	0.60	+ 17 439 024	+ 7.24	+ 27 669 024	+ 14.59
3 341 932 192	8.93	2 497 294 757	6.88	+ 243 932 192	+ 7.87	+ 124 294 757	+ 5.24
189 763 518	0.51	177 628 703	0.49	- 70 236 482	- 27.01	+ 44 628 703	+ 33.56
30 296 642	0.08	36 203 068	0.10	- 1 879 858	- 5.84	- 8 673 432	- 19.33
13 206 160	0.04	27 067 574	0.07	- 62 633 840	- 82.59	+ 227 574	+ 0.85
2 602 489 678	6.96	2 542 255 649	7.00	+ 312 489 678	+ 13.65	+ 9 255 649	+ 0.37
69 874 220	0.19	68 140 540	0.19	+ 3 353 757	+ 5.04	+ 5 090 077	+ 8.07
77 245 632	0.21	77 245 632	0.21	+ 40 791 507	+ 111.90	+ 40 791 507	+ 111.90
32 252 508	0.09	31 857 508	0.09	+ 7 802 183	+ 31.91	+ 10 107 183	+ 46.47
7 691 730 159	20.56	6 671 187 222	18.37	+ 691 005 553	+ 9.87	+ 447 405 077	+ 7.19
121 802 644	0.33	85 647 854	0.24	- 38 504 356	- 24.02	+ 39 727 854	+ 86.52
1 040 216 875	2.78	773 982 673	2.13	+ 375 842 625	+ 56.57	+ 145 326 423	+ 23.12
18 515 196	0.05	20 699 548	0.06	+ 978 946	+ 5.58	+ 1 913 298	+ 10.18
84 490 000	0.23	76 800 000	0.21	+ 9 438 500	+ 12.58	+ 11 361 500	+ 17.36
2 000 000	0.01	500 000	0.00	+ 2 000 000	+ 100.00	+ 500 000	+ 100.00
1 267 024 715	3.39	957 630 075	2.64	+ 349 755 715	+ 38.13	+ 198 829 075	+ 26.20
1 305 860 000	3.49	1 305 860 000	3.60	+ 65 940 000	+ 5.32	+ 65 940 000	+ 5.32
1 510 206 773	4.04	1 510 206 773	4.16	- 549 678 572	- 26.68	- 549 678 572	- 26.68
token entry	0	token entry	0				
- 176 180 158	- 0.47	- 83 964 480	- 0.23	- 31 180 158	+ 21.50	- 88 964 480	- 1 779.29
2 639 886 615	7.06	2 732 102 293	7.52	- 514 918 730	- 16.32	- 572 703 052	- 17.33
token entry	0	token entry	0				
511 500 000	1.37	597 600 000	1.65	- 187 110 000	- 26.78	+ 44 322 900	+ 8.01
219 675 894	0.59	284 020 000	0.78	- 78 254 856	- 26.27	+ 60 524 750	+ 27.08
149 732 237	0.40	124 232 237	0.34	+ 30 997 187	+ 26.11	+ 34 997 187	+ 39.22
143 671 667	0.38	154 986 678	0.43	+ 62 225 667	+ 76.40	- 83 049 122	- 34.89
73 080 789	0.20	73 080 789	0.20	+ 5 580 789	+ 8.27	+ 5 580 789	+ 8.27
1 097 660 587	2.93	1 233 919 704	3.40	- 166 561 213	- 13.17	+ 62 376 504	+ 5.32
1 137 040 597	3.04	1 137 040 597	3.13	+ 89 114 172	+ 8.50	+ 89 114 172	+ 8.50
620 744 584	1.66	620 744 584	1.71	+ 65 477 696	+ 11.79	+ 65 477 696	+ 11.79
1 757 785 181	4.70	1 757 785 181	4.84	+ 154 591 868	+ 9.64	+ 154 591 868	+ 9.64
37 414 887 257	100.00	36 313 424 475	100.00	+ 1 362 673 193	+ 3.78	+ 1 139 299 472	+ 3.24

Supplementary and amending budget for 1987

PRELIMINARY DRAFT SUPPLEMENTARY AND AMENDING BUDGET NO 1/87

395. On 1 June 1987, the Commission forwarded to the Council preliminary draft supplementary and amending budget No 1 for the 1987 financial year.

The budgetary situation at the time of forwarding was as follows:

- (i) the 1986 financial year had ended with a deficit of approximately ECU 820 million;
- (ii) the latest estimates of own resources from customs duties and agricultural levies for 1987 indicated a net loss of revenue in excess of ECU 1 300 million, primarily as a result of the steep drop in the value of the dollar;
- (iii) the 1987 budget had provided for ECU 22 960.8 million for EAGGF (Guarantee Section) expenditure. However, trends in expenditure suggested that this amount would be exceeded by approximately ECU 3 900 million.

396. The Commission proposed that these budgetary difficulties be countered by two measures:

- (a) in the case of the EAGGF (Guarantee Section) deficit, a temporary switch from the system of advance payments to a reimbursement system which could allow the Community not to finance in 1987 expenditure by the Member States after budget appropriations had been exhausted, i.e. approximately the last two months' expenditure;
- (b) in order to finance the 1986 deficit and the reduced revenue in 1987, a supplementary and amending budget drawing on the resources still available in 1987 within the 1.4% VAT ceiling (ECU 627 million) and providing for a special contribution from the Member States to balance the existing deficit (ECU 1 506 million) by means of an intergovernmental agreement.

READING BY THE COUNCIL

397. Before undertaking a first examination of the preliminary draft supplementary and amending budget in Luxembourg on 2 June 1987, the Council met a Parliament delegation which gave its first reactions to the preliminary draft.

At the end of the meeting, the Council President found that a qualified majority could not be reached in the Council for establishing draft supplementary and amending budget No 1/87.

398. On 29 and 30 June 1987, the European Council in Brussels invited, in its conclusions, the 'Budget' Council to establish as a matter of urgency a draft budget based on the Commission's preliminary draft budget.

In this context, the Council stated the following:

'This budget will be funded by using all available own resources up to the 1.4% VAT limit and by reductions in expenditure by means of measures which do not call into question the implementation of Community policies and safeguard the non-compulsory expenditure currently entered in the budget.

In addition, the EAGGF Guarantee appropriation in 1987 will be honoured by means of an adjustment in the system of advance payments on the basis of a Commission proposal. The details of this adjustment will be laid down before the end of the year. It will be re-examined in connection with the whole body of decisions to be taken with regard to the future financing of the Community'.

399. Following the conclusions of the European Council the Council, at its meeting on 2 and 3 July 1987, established draft supplementary and amending budget No 1/87 on the basis of a compromise proposal from the Presidency.

The Council decided:

- (a) to cover the 1986 deficit;
- (b) to draw on the non-used portion of VAT within the 1.4% ceiling;
- (c) since the necessary consensus among the Member States could not be reached in favour of the intergovernmental agreement proposed by the Commission, the revenue shortfall in preliminary draft supplementary and amending budget No 1/87 (ECU 1 506 million) would be covered as follows:

400.

A — Modification of expenditure

In accordance with the European Council's conclusions, and taking into account data supplied by the Commission:

1. Appropriations which could be revised in the light of the latest implementation outlook:

	<i>Payment appropriations (million ECU)</i>
EAGGF (Guidance)	53
Fisheries	20
Food aid	25
Mediterranean Protocols	100

2. Appropriations in the budget for the cost of collection of conventional own resources:

Estimate for the second half-year	400
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	<i>Payment appropriations million ECU</i>
3. Appropriations in the budget for the 1987 tranche of the Intergovernmental Agreement:	257
401.	
<i>B — Provisions to be entered in the revenue statement</i>	
1. Revision of miscellaneous revenue	36
2. Possible savings from technical cancellations	
Chapter 100 (Compulsory expenditure)	100
Other	200
3. Margin of uncertainty regarding the collection of conventional revenue	315

Given the impact of the above decisions on several budget lines, commitment appropriations were increased by ECU 37.9 million in the draft supplementary and amending budget and payment appropriations were reduced by ECU 145 million compared with the initial 1987 budget; commitment appropriations were thus amended to ECU 37 452 818 172 and payment appropriations to ECU 36 168 355 390.

READING BY PARLIAMENT

402. At its sitting on 8 July 1987 the European Parliament adopted a resolution in which it refused to be associated with the procedure for preliminary draft supplementary and amending budget No 1 for the 1987 financial year.

The President of the European Parliament gave final adoption to the budget on 17 July 1987.

1988 Budget

REFERENCE FRAMEWORK FOR THE 1988 FINANCIAL YEAR

403. At its meeting on 15 June 1987 the Council established the following reference framework for the 1988 financial year in accordance with the conclusions of the Council of 4 December 1984:

(million ECU)

	Commitment appropriations	Payment appropriations
1. Maximum net expenditure on agricultural markets	22 757.0	22 757.0
2. Non-compulsory expenditure	11 035.0	9 910.3
3. Other compulsory expenditure	4 029.8	3 972.8
4. Grand total	37 821.8	36 640.1

1988 PRELIMINARY DRAFT BUDGET

404. On 15 June 1987, the Commission officially forwarded to the Council the preliminary draft general budget of the European Communities for the 1988 financial year.

(million ECU)

	Commitment appropriations	Payment appropriations
EAGGF (Guarantee Section)	27 045	27 045
Non-compulsory expenditure	11 098	9 924
Other compulsory expenditure	2 791	2 739
Total	40 933	39 708

The Council discussed the preliminary draft budget at its meetings on 23 July, 17 and 18 September, 1 October and 9 December 1987. Following the discussions, the President of the Council concluded that no agreement could be reached at that stage on the 1988 draft budget.

B — Other budgetary matters

Discharge given to the Commission in respect of the implementation of the 1985 budget

405. At its meeting on 9 March 1987, the Council recommended that the European Parliament give a discharge to the Commission in respect of the implementation of the budget of the European Communities for the 1985 financial year.

¹ The 1988 draft budget was based on the assumption that it would be financed under the new system of own resources proposed by the Commission.

On 19 January 1988, the European Parliament gave a discharge to the Commission in respect of that budget.

Financial Regulations

406. Work continued in the Council's subordinate bodies on the revision of the Financial Regulation of 21 December 1977.

The main questions examined were the new proposals put forward in document COM(87) 400, which were part of the wider framework of Commission proposals on making a success of the Single Act, a Commission proposal aimed at amending the special provisions on 'Research', and a proposal for interim amendment of the Financial Regulation aimed at translating into financial rules the results of the amendments to Regulation 729/70 (financing of the agricultural policy).

C — Staff Regulations

407. In addition to a number of routine decisions, the Council adopted a series of regulations in the following areas:

Salaries of officials and other servants

By Regulation (Euratom, ECSC, EEC) No 2151/87 of 20 July 1987,¹ 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 1986.

On the basis of the proposals presented by the Commission in December 1985 in accordance with point III.2 of the method of adjusting remuneration adopted on 15 December 1981,² the Council, at its meeting of 20 October 1987, adopted Regulation (Euratom, ECSC, EEC) No 3212/87³ adjusting the rate of the special temporary levy provided for in Article 66a of the Staff Regulations of officials of the European Communities. This decision followed the report of a mediator appointed by the Council in accordance with Sections II.3 and III.1 of the conciliation procedure established by the decision adopted by the Council at its 713th meeting on

¹ OJ L 202, 23.7.1987.

² OJ L 386, 31.12.1981.

³ OJ L 307, 29.10.1987.

22 and 23 June 1981. On the basis of the report, the Council set the rate of the special levy at 7.62% for the period 1 July 1987 to 30 June 1991.

On the same date, the Council adopted the draft decision amending the method of adjusting remunerations.¹

In the annual review of remunerations for 1987, the Council adopted at its meeting on 14 December 1987 Regulation (Euratom, ECSC, EEC) No 3784/87² adjusting the remuneration and pension tables at 1 July 1986 and making the annual adjustment to remuneration and pensions at 1 July 1987.

Measures to terminate service

408. Pursuant to Article 2 (1) of Regulation (ECSC, EEC, Euratom) No 3518/85 of 12 December 1985³ 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, at its meeting on 22 December 1987, adopted Decision No 88/13/ECSC, EEC, Euratom⁴ laying down the number of officials to whom such measures would apply in 1988.

At its meeting on 23 July 1987 the Council adopted Regulation (Euratom, ECSC, EEC) No 2274/87⁵ introducing special measures to terminate the service of temporary staff of the European Communities. This regulation comprises measures analogous to those previously adopted to terminate the service of officials;³ its aim is to enable preference to be given to Spanish and Portuguese nationals when filling the posts of temporary staff released in this way.

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

409. At its meeting on 23 February 1987 the Council adopted Regulations (Euratom, ECSC, EEC) No 679/87 and No 680/87⁶ amending the conditions of

¹ OJ L 307, 29.10.1987.

² OJ L 356, 18.12.1987.

³ OJ L 335, 13.12.1985.

⁴ OJ L 6, 9.1.1988.

⁵ OJ L 209, 31.7.1987.

⁶ OJ L 72, 14.3.1987 and Corrigenda in OJ L 103, 15.4.1987.

employment of staff of the European Centre for the Development of Vocational Training (Berlin) and the conditions of employment of staff of the European Foundation for the Improvement of Living and Working Conditions (Dublin). By means of these regulations the Council ensured that the conditions of employment of the staff of these bodies were kept in parallel with those applicable to temporary staff of the European Communities.

Allowances granted to officials called upon to do shiftwork

410. By Regulation (Euratom, ECSC, EEC) No 1307/87 of 11 May 1987¹ the Council amended Regulation No 300/76² determining the categories of officials entitled to allowances for shiftwork, and the rates and conditions thereof, by creating a new type of allowance to be paid to staff employed in the Official Journal dispatch department and regularly required to work at night.

Provisions applicable to officials of the European Communities serving in non-Community countries

411. At its meeting on 5 October 1987 the Council adopted the following two regulations:

- (i) Regulation (Euratom, ECSC, EEC) No 3018/87³ introducing special transitional measures for the recruitment of overseas staff of the European Association for Cooperation as officials of the European Communities;
- (ii) Regulation (Euratom, ECSC, EEC) No 3019/87³ laying down special and exceptional provisions applicable to officials of the European Communities serving in a third country.

The first Regulation permits overseas staff of the European Association for Cooperation (EAC) to be appointed as Community officials.

The second Regulation introduces a new Annex X to the Staff Regulations, which lays down special provisions applicable to officials serving in non-Community countries.

¹ OJ L 124, 13.5.1987.

² OJ L 38, 13.2.1976.

³ OJ L 286, 9.10.1987.

Report on the actuarial review of the pension scheme of officials and other servants of the European Communities at 1 January 1985

412. During the last quarter of 1987, the Council examined the report on the actuarial review of the pension scheme of officials and other servants of the European Communities resulting from the Council's mandate in March 1987. Because of the complexity of the questions raised, the review could not be completed in 1987.

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
1987	123	120½	1 828

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
1987	1	2

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 —

BLEU
Belgo-Luxembourg Economic Union

Brite
Basic research in industrial technologies for
Europe

— C —

CAP
Common agricultural policy

CBR (BCR)
Community Bureau of references

CCT
Common Customs Tariff

CEN
European Committee for Standardization

CFPE
Community financing projects for the
environment

CID
Centre for Industrial Development

cif
Cost, insurance and freight

CIRR
Commerical interest reference rate

CMEA
Council for Mutual Economic Assistance
(Comecon)

Coreper
Permanent Representatives Committee

COST
European cooperation in the field of scientific and
technical research

Crest
Scientific and Technical Research Committee

CSCE
Conference on Security and Cooperation in
Europe

— E —

EAC
European Association for Cooperation

EAEC
European Atomic Energy Community

EAGGF
European Agricultural Guidance and Guarantee
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

EIC
Enterprise and Innovation Centre

EMCF
European Monetary Cooperation Fund

EMS
European Monetary System

Erasmus
European Community action scheme for the mobility of university students

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 Industries

Eurydice
Education information network in the European Community

— F —

FAO
Food and Agriculture Organization

FAST
Forecasting and assessment in the field of science and technology

fob
Free on board

— G —

GATT
General Agreement on Tariffs and Trade

GCC
Gulf Cooperation Council

GDP
Gross domestic product

— H —

Handynet
Community information network on the handicapped

— I —

Iccat
International Commission for the Conservation of Atlantic Tuna

Icseaf
International Commission for South-East Atlantic Fisheries

IDA
International Development Association

IDC
Industrial Development Centre

IEA
International Energy Agency

IFAD
International Fund for Agricultural Development

ILO
International Labour Organization

IMF
International Monetary Fund

IMP
Integrated Mediterranean programmes

IOOC
International Olive Oil Council

ITTO
International Tropical Timber Organization

IWO
International Vine and Wine Office

— J —

JET
Joint European Torus

JRC
Joint Research Centre

— L —

LAES
Latin-American Economic System

LDC
Least-developed country

LEI
Local employment initiative

— M —

MCA
Monetary compensatory amount

MFA
Multifibre Arrangement

MTN
Multilateral trade negotiations

— N —

NAFO
North-West Atlantic Fisheries Organization

NCI
New Community Instrument

NEAFC
North-East Atlantic Fisheries Commission

NGO
Non-governmental organization

— O —

OCTs
Overseas countries and territories

OECD
Organization for Economic Cooperation and
Development

— P —

psr
Produced in specific regions (quality wines)

— R —

R&D
Research and development

RACE
Research and development programme in advanced
communication technologies for Europe

Renaval
Community programme to assist the conversion
of shipbuilding areas

Resider
Community programme to assist the conversion
of steel areas

— S —

SDR
Special drawing rights

SGP
System of generalized preferences

SME
Small and medium-sized enterprises

SRS
Search and rescue services

ST
Scientific and technical

Stabex
Stabilization of export earnings

Sysmin
System of stabilization of export earnings from
mining products

— T —

TAC
Total allowable catch

Taric
Integrated Customs Tariff of the European Com-
munities

TCA
Technical Centre for Agricultural and Rural Aid

TCDD
Tetrachlorodibenzodioxine

Tedis
Trade electronic data interchange system

TIR
International road transport

— U —

Ucits
Undertaking for collective investment in transferable securities

Unctad
United Nations Conference on Trade and Development

UNEP
United Nations Environment Programme

Unido
United Nations Industrial Development Organization

Unrwa
United Nations Relief and Works Agency for Palestine Refugees in the Near East

Usdoe
United States Department of Energy

— V —

VAT
Value-added tax

VSTF
Very short-term financing

— W —

WHO
World Health Organization

WIPO
World Intellectual Property Organization

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