

ECONOMIC AND SOCIAL CONSULTATIVE ASSEMBLY

BULLETIN

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ECONOMIC AND SOCIAL COMMITTEE

The Bulletin reports every month (10 issues yearly) on the activities of the Economic and Social Committee, a Community consultative body. It is edited by the Secretariat-General of the Economic and Social Committee of the European Communities (2 rue Ravenstein, B-1000 Brussels) in the official Community languages.

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Inaugural session

The Economic and Social Committee of the European Communities held the inaugural session of its term on 12, 13 and 14 October 1986. The first part of the meeting, which was chaired by the oldest member present, Mr Manlio Gormozzi, was attended by Mr Davil Elliott, Deputy Permanent Representative of the United Kingdom on behalf of the Council President, and by Mr Carlo Ripa di Meana, member of the European Commission.

Excerpts from the speech by the oldest member, Mr Gormozzi

In his opening address, Mr Manlio Gormozzi said:

'The 12 million unemployed in Europe, the level of EEC exports to non-member countries, the existence of certain sticking points and mental reservations within the Community — these are all major barriers to the completion of European Union.

This, ladies and gentlemen, is where we need to focus our attention, not only in order to continue the everyday administration of the European Community, but also to create a European Nation.

Now only 14 years away from the year 2000 at this critical juncture in our history, we, the representatives of socio-economic forces in the European Community, have the momentous task of helping to build a future for ourselves and for the coming generations. A united Europe is essential. But to fully achieve this goal, to overcome the economic crisis and this, in my view, even more serious crisis of ethical and social values underpinning Western culture to maintain and preserve the peace by joint efforts day in, day out — all this requires an active contribution from all socio-economic forces who must be more and more committed to an overall strategy, in a united common effort that turns us all into actors and protagonists.'

Excerpts from the speech by Mr David Elliott, representing the Council President

Mr David Elliott, speaking for the Council, warmly congratulated the members on their appointments. He read out a message from Sir Geoffrey Howe, Council President, who had been unable to attend. Sir Geoffrey particularly emphasized the ESC's contribution to the building of Europe:

'In your various fields you have unrivalled and proven practical experience. In the Committee you have a forum in which you pool, exchange and enrich this fund of experience. Together you will help to shape the future Community as it takes up new tasks and responds to the challenges of the second half of the 1980s.

The other institutions value and need what you contribute from your experience but your other function is as a channel reaching out to opinion in the Europe of the citizens and making them feel closer to the centres of decision.'

Excerpts from the speech by Mr Ripa di Meana, Commission Member

Finally, Commissioner Carlo Ripa di Meana, emphasized the increasingly close cooperation between the Commission and the Economic and Social Committee. He said:

'In fact, the ESC's timely, worthwhile Opinions have become vital to the activities of the institutions, at a time when the process of building Europe has become increasingly complicated, tricky and difficult. The Commission is trying to improve its performance and has recently been succeeding, not only increasing the number of referrals but also attending plenary sessions and other meetings of the Committee as and when possible.

We are particularly reminded of this at the moment, with the European Community taking the major step of adopting the Single Act, important both for its actual content and for the procedural changes it will entail.

The new ground broken by the Single Act, and its repercussions as regards new Community policies — namely the achievement of the internal market, economic and social cohesion, social policy, environment, technological research and development — mean the Committee will be even more active than in the past. Its status could be enhanced as a result.



The newly-elected Chairman of the Economic and Social Committee, Mr Fons Margot of Belgium.

The Commission is willing to look at ways of working more closely with the Committee. We are aware of the Committee's growing role in publicizing Community affairs and involving important sectors of the population in discussions on long-standing topics such as employment and small business and also on matters which are relatively new in a Community context such as audiovisuals, environment and quality of life.

The greatest proof of the ESC's relevance is its vigorous activity, beyond its strictly institutional work, on wide-ranging social, economic and cultural issues. I refer to the impressive ESC-sponsored conferences on small business and the third industrial revolution.

In this connection, with the aim of more direct contact between people from all walks of life who are interested in the Community institutions, the ESC can in fact play an increasingly important role. We all have the same objective — to build a Europe which firmly binds together all its individual social components.'

Election of the Chairman and Vice-Chairmen

Chairman

Mr Fons Margot (Belgium — Various Interests' Group) was elected Chairman of the European Communities' Economic and Social Committee for a two-year term on 22 October 1986.

Mr Margot is President of Belgium's Central Council for Small Businesses and has been a Committee member since November 1971.

Vice-Chairmen

Mr William Poeton (UK — Employers' Group). President of the Union of Independent Companies, was elected Vice-Chairman.

Mr José María Zufiaur Narvaiza (Spain — Workers' Group). Institutional Affairs Secretary, Executive Committee of the General Workers' Union (UGT).

The Group Chairmen are:

Employer's Group

Alberto Masprone (Italy). Deputy Director-General of the General Confederation of Italian Industry (Confindustria), Coordinator for the activities of the Economic and Social Committee of the European Communities.



A general view of the Committee's new Europe meeting room during its inaugural plenary session in October.

Workers' Group

François Staedelin (France). Economic policy expert, French Democratic Confederation of Labour (CFDT).

Various Interests' Group

Roger Burnel (France). President of the National Union of Family Associations.

The Bureau of the Economic and Social Committee of the European Communities is now:

<i>Chairman</i>	Mr Fons Margot (Belgium)
<i>Vice-Chairmen</i>	Mr William Poeton (United Kingdom) Mr José María Zufiaur Narvaiza (Spain)

Bureau members

	<i>Group I Employers</i>	<i>Group II Workers</i>	<i>Group III Various Interests</i>
B		Houthuys Jozef	
DA	Springborg H.C.	Nielsen Preben	
D	Broicher Paul	Muhr Gerd	Elstner Helga
GR	Bredima Anna		Bazianas Styliano
ES	Aparicio Bravo Elias		Margalef Masia Pere
F	Ceyrac François	Rouzier Jean	Marvier Jean
IR	Pearson Gordon		Roseingrave Tomás
I	Arena Romolo	Vercellino Enrico	Emo Capodilista U.
L		Glesener Marcel	Berns Mathias
N	Noordwal Ph.	van Greunsven J.M.W.	
POR	Neto da Silva A.E.	Gomes Proença J.A.	Bento Gonçalves J.
UK		Jenkins Tom	Storie-Pugh Peter

**Excerpt from the opening speech by the new Chairman,
Mr Margot**

The newly elected Chairman of the Economic and Social Committee of the European Communities, Fons Margot, underlined 'the importance of small and medium-sized enterprises in the fight against unem-

ployment and the promotion of qualitative growth as a feature of tomorrow's economy and tomorrow's society...'.¹

After pointing out that 'agriculture is without a doubt the only domain in which a common policy has superseded national policies', Mr Margot underlined that the renationalization of this policy would solve nothing and that he would endeavour as best he could 'to encourage the dialogue between farming and consumer interests, without neglecting the other sectors affected by these problems'.

He took pleasure in Commissioner Ripa di Meana's declaration that 'the Commission is prepared now more than ever before to work together with the interest groups represented on this Committee to get a new Community policy off the ground'. This policy included the completion of the internal market, the closer coordination of Member States' economic and social policies, a balanced and dynamic regional policy and the active promotion at Community level of scientific research, the judicious and socially responsible application of new technologies and an energy policy which, while paying due regard to the safety of the Community's citizens, maintained and strengthened our independence.

'The Europe we are fighting for and we believe in must... also be open to the problems facing the world and once again play an active role in bridging the gulfs between North and South and East and West.

In this connection we must make use, above all, of our special relationships with the ACP countries in order to promote a development policy which serves the Third World's needs and at the same time creates openings for expanding our trade and creating more jobs at home.

The Committee can and must play an important role in building a prosperous and peace-loving Europe.'

...

'I would like to remind you of the motto on the Palace of the Heren van Gruuthuise in Bruges, the town where I was born: "Plus est en vous"... "Plus est en vous" applies to the whole of Europe, to the People's Europe and not simply to the politicians'...

Finally, Mr Margot recalled that brevity was the essence of eloquence: 'Avoir quelque chose à dire, le dire et puis se taire'.

240th plenary session

The second part of the session was chaired by Mr Margot. Mr Sutherland, Commission member, was present at the debate on the competition Opinion.

OPINIONS ADOPTED

1. COMPETITION POLICY

'XVth report on Commission competition policy'

Gist of the Commission document

As in past years the Commission's Report outlines the main developments in competition policy in 1985 and the measures it is taking to put over the need for a vigorous and effective competition policy.

The Commission's main priority is to reinforce the economic potential of the Community and thus give a decisive boost to its growth and the improvement of its international competitiveness. This objective is indissolubly linked to the consolidation of the internal market by 1992 and the development of a 'technology Community', opening up new prospects and leading in due course to an improvement in its economic situation.

Competition policy is called upon to play a key role in this economic strategy. Dynamic competition based on entrepreneurial ability is the lifeblood of the economy and generates both innovation and imitation.

Innovation must be encouraged, which means that it must be sufficiently profitable. To this end cooperation between firms must be encouraged and the rewards of innovation adequately protected. Only effective competition can prevent innovation from degenerating into monopolistic rigidity and guarantee a dynamic economy and growth. These are the principles which guided the Commission in drawing up its exemption rules for R&D and technology transfer (patent licensing) which came into force in 1985 and its individual exemption decisions under Article 85(3). The Commission intends subsequently to develop

its policy in the fields of intellectual property, know-how, licences and copyright.

The desire to encourage a dynamic and innovative economy continues to guide the Commission in its application of Articles 85 and 86 to the restrictive practices employed by firms. This is why the Commission is actively combating agreements between firms intended to restrict production, especially where their purpose is to partition the Community market. This is why it has pressed for the adoption of the regulation to curb concentration on a Community-wide scale which has been blocked for some years by the Council.

The Commission cannot, however, confine itself to applying the principles of dynamic competition to the anti-competitive behaviour of firms. It is just as important to ensure that the Member States respect these principles. If the role of business is to invent, develop, produce and sell, that of the authorities is to create an environment which encourages these activities. Above all this implies the creation of a common market without internal barriers, a tax system which rewards effort, and the removal of barriers to market access. Accordingly competition policy must play a major role by helping, for instance, to put an end to the fragmentation of national economic activity and the system of appointing privileged local suppliers for public enterprises. 1985 marked the start of this campaign in the post and telecommunications sector. For the first time Article 90(3) was invoked against the 'preference' granted to national insurance companies in a Member State. The structural rigidities in the present air transport market should be phased out progressively, thus introducing a new element of competition.

The Treaty allows the Commission to authorize State aids which meet certain criteria. The Commission considers such aids in the light of the economic context.

The Commission has generally approved R&D grants which seem likely to promote competition.

There are, however, cases which the Commission cannot endorse: for instance, aids which markedly distort competition within the Community or, because of their scale, lead to the industry concerned relying on the State rather than standing on its own feet. The recent Commission rules for R&D aids take account of these factors.

On the regional policy side, the Commission is above all swayed by the need to reduce regional disparities — an aim set out in the Preamble to the Treaty and recently reiterated in the Single Act.

But the fact that the Commission gives sympathetic consideration to regional aids does not mean that they can all be endorsed. An excessively



Mr Margot, ESC Chairman (left), with Mr Peter Sutherland, Member of the Commission, who is addressing the October plenary session on the subject of competition policy.

broad definition of eligible areas, and excessive support in areas which lag slightly behind the Community average, would not be consistent with the Treaty. Because of this, the Commission has been vetting aids more stringently in recent years and has laid down guidelines for combined use of regional aids and other types of intervention.

Since competition is of concern to ordinary people, and not just to individual industries, the Commission has set out its competition rules in various publications catering for a broader public. The Commission has, for instance, published a guide for small firms on competition rules, and a leaflet on the Commission's powers of investigation. All the legal instruments and other basic papers on competition — anti-trust law and law on State aids — will be published in 1986.

The Commission wishes to make the competition rules more accessible to ordinary people by having them increasingly applied by the national courts.

*
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Mr Sutherland, Commissioner, participated in the debate on this Opinion.

Summary of Mr Sutherland's speech

Mr Peter Sutherland underlined the principle that it was now the Commission's most important task to complete the internal market by 1992.

The Commission was calling on the governments of Member States, on industry, on trade unions and on consumers to grasp the opportunities offered by this aim.

It was a challenge to the Community's principles that there were 300 barriers to trade whose removal still remained on the Commission's programme. But even then, there were other threats of distortion to free competition such as the practices of trusts, conglomerates or multinational companies to divide markets and set up price structures in a clandestine manner.

In recent years the Commission has acted much more severely in inflicting sanctions on offenders that reflect the profits gained by illegality in this field. One group of companies was fined 57 million ECU and one single company was fined 10 million ECU, Mr Sutherland said.

Another aspect of distortion was the allocation of uncoordinated State aids. It must be taken into account that if one State is propping up an inefficient industry to avoid redundancies, this action causes workers in the same industry elsewhere to lose their jobs. One role of the Commission must be that of an arbiter. The negative effects of State aids to the steel industry are an example: through aids the European steel industry reached an over-capacity of 50 million tonnes per annum, and, as a result, 250 000 workers lost their jobs in the last five years. The Commission now makes it a practice to force governments to repay State aids illegally allocated.

But the Commission's policy is also positive: it encourages a better environment for industry, for research and development to help public and private enterprise as underlined in the Economic and Social Committee's Opinion and clear guidelines for enterprises. It has also focused on the service sector, particularly banking and insurance whose liberalization should be included at the next multilateral negotiations for GATT.

Gist of the Committee's Opinion¹

In its Opinion, adopted by a large majority with 4 abstentions, the Committee said that an active, realistic competition policy will have to take account of two factors currently of particular importance: the advent of world-wide markets, and innovation.

The changed scale of the markets and the phenomenon of innovation mean that rigid analyses of behaviour are no longer possible. In applying and interpreting the rules, the Commission must find new criteria which are better geared to the changed situation.

The real unit today is the world, even though economic and commercial integration at Community level are the main forces for ensuring the competitiveness of European industry.

Turning to the question of State aid, the Committee notes that the problems of international competitiveness are so serious that they are unlikely to be resolved by firms acting alone.

The Commission has adopted a code for State support, setting out principles, criteria and possible contingencies. The Community's approach is thus known. Because of the multifarious practical instances, and the diversity of national circumstances, the practical applica-

¹ CES 848/86.

tion of this approach is less well known, less identifiable and fraught with difficulty.

It would be wrong to look at State aids in isolation when assessing whether they are compatible with the Treaty. They have to be considered in their overall context, e.g. in terms of the difference between the tax burden of the firm or sector concerned and that of rival firms based in countries with a smaller or differently patterned tax burden.

The Committee expresses concern about the way the issue of air transport remains in a state of deadlock at the Council. The recent ruling by the Court of Justice should have cleared the obstacles impeding the Commission.

This Opinion was drawn up in the light of the paper produced by the Section for Industry, Commerce, Crafts and Services, chaired by Mr de Wit (The Netherlands — Employers). The Rapporteur was Mr Bagliano (Italy — Employers).

2. MOTOR VEHICLE ROADWORTHINESS TEST — 3.5 T.

'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' (COM(86) 214 final)

Gist of the Commission proposal

Since 1 January 1983 all heavy goods vehicles, buses, their trailers, taxis and ambulances undergo an annual test in the Member States as a result of the application of Directive 77/143/EEC. This Directive does not, however, cover all motor vehicles. As a result in some Member States private cars do not have to pass any compulsory tests, whereas in others they are tested annually or every two years after the third or fourth year of registration.

The aim of the present Commission proposal — which is part of the Community's measures to be undertaken in the framework of the Road Safety Year 1986 — is to supplement the provisions of Directive 77/143/EEC by extending roadworthiness tests to other road vehicles, and in particular private cars and light goods vehicles. Moreover, the Commission wants to harmonize as far as practicable frequency of tests and the compulsory items to be tested (Annexes I and III of the proposed Directive).

According to the Commission, the extension of roadworthiness tests to other road vehicles will result in:

- (a) a reduction of road accidents in the Community and therefore fewer deaths and injuries;
- (b) environmental benefits, such as:
 - a reduction of carbon monoxide (CO) and hydrocarbon (HC) emissions, whilst emissions of nitrogen oxides (NO_x) will come down to levels specified by the car makers,
 - reductions in noise, pollution by spilt lubricating oil, and radio interference;
- (c) miscellaneous benefits such as:
 - fuel savings,
 - creation of new jobs,
 - greater vehicle availability,
 - better informed vehicle owners and vehicle makers,
 - opportunity to check that the requisite devices have been retrofitted.

Gist of the Committee's Opinion¹

In its Opinion, adopted unanimously, while accepting the Commission's proposal in principle, the Committee suggests that some aspects should be improved, namely:

- (a) the scope of the Directive, i.e. the categories of vehicle to which it is applicable;
- (b) the type of tests carried out;
- (c) the way tests are carried out;
- (d) checks to ensure that the proposed measures are implemented.

The Committee also points out that it has on several occasions in the past stressed the need for mandatory roadworthiness tests on vehicles travelling on the Community's roads, e.g. in its Opinions on the roadworthiness testing of heavy vehicles and other categories of vehicles, the Directives on the lead content of petrol and motor vehicle emissions and European Road Safety Year.

However, it must not be forgotten that the extension of roadworthiness testing to private cars and vans concerns only one aspect of road safety. Only if measures are taken as soon as possible in other fields — as the

¹ CES 851/86.

Committee has already suggested in its Opinion on European Road Safety Year (1986) — will a considerable improvement in road safety be possible. The Commission's proposals on these matters are eagerly awaited.

This Opinion was drawn up in the light of the paper produced by the Section for Transport and Communications, chaired by Mr Delourme (Belgium — Workers). The Rapporteur was Mr Corell Ayora (Spain — Employers).

241st plenary session

The 241st plenary session of the Economic and Social Committee of the European Communities was held at Committee headquarters, Brussels, on 26 and 27 November 1986 under the chairmanship of the Committee's Chairman, Mr Fons Margot.

The session was attended by Mr Alois Pfeiffer, Commissioner, who took part in the debate on the annual report 1986-87.

Extract from speech by Mr Pfeiffer, Commission Member

'The reduction of unemployment is and will remain the clear priority of the Commission. Taking the Community as a whole, the unemployment rate has now reached the unacceptable figure of almost 12%.

Our aim is to considerably reduce the unemployment rate, steadily bring down the numbers of those out of work year after year. To achieve this we need more vigorous growth (3 to 3.5%) — and growth that will be more effective in creating jobs.

The Community itself must become more the focus of economic policy. Unemployment still remains too high and only by vigorous action in Europe itself can our goal be achieved.

This brings me to a point I should like to dwell on in particular today: How can the Commission help to ensure that a strategy decided on at Community level is also effectively implemented in individual Member States?

The first important step is for the Council to approve the Annual Economic Report this year. Efforts must also be made to ensure that the Council fulfils its task of monitoring the implementation of its own decisions in the Member States. This is the purpose of my suggestion that in the spring the governments should submit reports on the implementation of the strategy in their respective countries.

The EP and the ESC's support is of great importance for the effective implementation of the cooperative growth strategy. There are two main reasons for this:

- First of all it will show the Council and the Member States that the Commission's proposed economic policy can secure consensus-backing in the Community.
- Secondly, economic policies worked out at Community level must directly permeate economic and social groups in individual Member States; in this respect the Economic and Social Committee and its members have an important role to play on behalf of the Community.

OPINIONS ADOPTED

1. ANNUAL ECONOMIC REPORT

**'Commission's Annual Report 1986-87' (COM(86) 530
final)**

Gist of the Commission's report

The 1986-87 Annual Report is entitled 'Reduction of unemployment in a more dynamic European Economy — for an effective implementation of the Community cooperative strategy'. It is a follow-up to the 'Co-operative growth strategy for more employment' adopted by the Council in December 1985.

The principal objective is to increase employment, via greater economic dynamism and improved growth rates. Progress here is however contingent on all concerned playing their part in implementing the various components of the strategy. This applies to both micro- and macro-economic measures and the social dialogue at both national and Community level.

At macro-economic level, wage restraint will have to be continued for some time yet. At the same time, however, there must be an appropriate expansion of demand consistent with stability. This combination will consolidate profitability, investment and employment.

At micro-economic level, steps must be taken to improvise the adaptability of markets for goods services, capital and labour with due consideration for the social aspects. Attention must also be given to the establishment of new firms, vocational training and the implementation of new technologies, in order to facilitate the requisite structural change, generate further economic impetus and boost the competitiveness of the European economy by exploiting the advantages of the large European market.



From left to right: Mr Margot, ESC Chairman, Mr Pfeiffer, Member of the Commission, speaking during the debate on the annual report on the economic situation, Mr Poeton and Mr Zuffiur, Vice-Chairmen of the ESC.

The resultant more dynamic, more employment-creating growth is reflected in the 3.0-3.5% growth rates forecast for the Community for 1986-90. The annual employment growth rate of 1.0-1.5% which this is predicted to generate would trim average Community unemployment rates by just under four percentage points.¹

By July 1987 the Commission intends to send the Council of Ministers for Economic and Financial Affairs an interim report on the implementation of the Community strategy. To assist it in drafting this report the Commission has requested each Member State to submit a summary report by May next year detailing the initiatives and concrete economic policy measures which it has deployed in furtherance of the Community strategy.

Gist of the Committee's Opinion²

The Economic and Social Committee calls upon the governments of the Member States to make a concrete contribution to implementing the cooperative growth strategy adopted in December 1985 and aimed at creating more jobs. The EC Commission should accordingly lay greater emphasis on the contribution which governments themselves can make towards implementing the common strategy.

The ESC believes that there is still a discrepancy between potential growth opportunities and the actual growth rates achieved and this can partly be attributed to the failure to properly implement the cooperative growth strategy.

The Commission should develop machinery for evaluating, and thus promoting, the implementation of the cooperative growth strategy at national level. The Committee therefore believes that the interim report on the implementation of the Community strategy, which is due out in 1987, is an absolute necessity if the governments of the Member States themselves are to be obliged to show greater commitment.

These are some of the recommendations made in the Opinion adopted by 92 votes for, 37 votes against and 11 abstentions.

In principle, the social dialogue should cover all aspects of the cooperative growth strategy. It should take place at both sectoral level and the level of the economy as a whole.

Fiscal policy must play a key role in the cooperative growth strategy since the current trend in private investment is not in keeping with

¹ 1990: EC 10 approximately 7%, EC 12 approximately 8%.

² CES 969/86.

the improvement in supply-side conditions, improved profitability in particular.

Since unemployment is abnormally high in all Member States except Luxembourg, the Committee has no objection to the proposal that the rise in real labour costs and real wages should remain below productivity growth provided that (a) the other components of the cooperative growth strategy are systematically implemented, (b) investment is further increased and (c) extra jobs are created.

In view of the disappointing results in combating unemployment in 1986 and the prospects for 1987, the Committee considers that the cooperative strategy should lay greater emphasis on the reorganization and reduction of working time.

A joint drive for shorter hours, however, cannot solely reflect the aspirations of individual workers, for in this case the jobless would lose out. Employers' interests should be accommodated by ensuring that cuts in working hours do not affect cost levels. This can be achieved by longer production plant runs. Mutually acceptable ways of deploying the workforce must be identified by the two sides of industry negotiating in the framework of their 'social dialogue'.

The ESC endorses the Commission's proposal to devise a policy for removing superfluous or distorting provisions which hinder the creation or expansion of small and medium-sized firms.

This Opinion was drawn up in the light of the paper produced by the Section for Economic and Financial Questions, chaired by Mr Goris (The Netherlands — Various Interests). The Rapporteur was Mr Geuenich (Germany — Workers).

2. FINANCIAL INTEGRATION (Own-initiative Opinion)

Financial integration in the Community

Gist of the Committee's Opinion¹

Allowing the private use of the ECU in commercial transactions; increasing the number of invoices in ECUS for trade between industrialized countries and commodity payments; facilitating the use of the ECU in the internal accounts and invoicing of European multinationals: these are the measures the Economic and Social Committee adopted by a very large majority with 4 abstentions. The Committee also calls for

¹ CES 970/86.

an increase in the use of the ECU in invoicing for services, especially in the tourism sector, and encouragement for the use of ECUS for financing, commercial loans and on loan markets.

In its Opinion the Committee takes the view that the process of monetary and financial integration should be accompanied by a parallel process of fiscal harmonization with a view to the gradual alignment of conditions within a single European market. Indeed, the Committee doubts whether a large European internal market can be created unless there is parallel fiscal harmonization and financial integration.

Noting, however, that Community measures towards financial integration have not developed at the same pace as world monetary and financial relations, the Committee feels that, to ensure that financial integration is satisfactory, it is essential to create the right conditions for effective competition in the field of financial services, whether private or public (e.g. banks, stock exchanges, collective investment funds and insurance companies).

The Committee points out that to create a European financial area it is essential to remove the legal and institutional barriers which exist at the national level at present.

Finally, the Committee requests that the Community take swift decisions to ensure that the gradual but complete liberalization of capital flows in the Community continues. Indeed, the Committee considers that the safeguard clauses granted to some Member States should be only of a transitory and exceptional nature in future.

This Opinion was drawn up in the light of the paper produced by the Section for Economic and Financial Questions, chaired by Mr Goris (The Netherlands — Various Interests). The Rapporteur was Mr Drago (Italy — Workers).

3. DUMPING OF WASTE AT SEA

'Proposal for a Council Directive on the dumping of waste at sea' (COM(85) 373 final)

Gist of the Commission proposal

The proposal concerns the application of common rules on the dumping of waste at sea. It takes account of the findings of the international conference on the protection of the North Sea held in West Germany in 1984.

Its main objective is to provide measures to prevent or reduce marine pollution caused by the deliberate dumping of waste from ships and aircraft.

Gist of the Committee's Opinion¹

In an Opinion adopted by 106 votes for with 4 abstentions, the Committee endorses the Commission's proposal but points out that a certain flexibility must be allowed for in exceptional cases, as follows:

- there may be specific circumstances in which the dumping of certain toxic substances at sea would cause no lasting damage but the burden of proof should rest with those claiming the existence of such circumstances;
- problems may arise because of the inadequacy, or complete lack, of the necessary infrastructure for the environmentally acceptable disposal of waste on land. If so, steps should be taken to alleviate the problem by means of transitional arrangements and, if need be, by waiving the new rules for a prolonged period.

In view of the urgent need to provide reception facilities, a temporary measure for consideration could be to station oil tankers strategically located in ports or offshore to receive oily liquid wastes. The Committee, therefore, urges the Commission to investigate the feasibility of using laid up tankers for the reception of oily liquid wastes.

On the other hand, the Committee considers that the Directive should pay more attention to the following aspects:

- (a) the disposal of waste transferred across frontiers;
- (b) a further reduction in approved waste disposal operations over and above the 50% reduction already specified for the period up to 1995;
- (c) proof of harmlessness should be required in respect of certain substances listed in the annex.

This Opinion was drawn up in the light of the paper produced by the Section for Protection of the Environment, Public Health and Consumer Affairs, chaired by Mr Jaschick (Germany — Various Interests). The Rapporteur was Mr von der Decken (Germany — Various Interests).

4. DIESEL ENGINE POLLUTION

'Proposal for a Council Directive on measures to be taken against the emission of gaseous pollutants from diesel engines (heavy and light commercial vehicles)' (COM(86) 273 final)

¹ CES 964/86.

'Proposal for a Council Directive on particulate emissions from diesel engines (passenger cars and light commercial vehicles)' (COM(86) 261 final)

Gist of the Commission proposal

COM(86) 273 final — Air pollution from diesel engines (heavy and light commercial vehicles)

The proposed directive applies to gaseous pollutants from all motor vehicles equipped with diesel engines with the exception of passenger cars, which are already covered by Directive 70/220/EEC, as amended in 1983 by Directive 83/351/EEC.

The UN Economic Commission for Europe (ECE) in Geneva adopted in 1982 a regulation (R 49) on emissions from commercial vehicles but it is widely accepted that the limit values laid down in this regulation could be considerably improved, in view of technical progress in the field of diesel engines.

The Commission is now proposing a reduction, in relation to the ECE limit values, of 20% for CO and NO_x (to ceilings of 11.2 and 14.4 per kWh respectively) and of 30% for HC (hydrocarbon mass), i.e. a ceiling of 2.4 per kWh, thereby bringing European values down to a level virtually equivalent to those currently in force in the United States for the same vehicles.

These limit values are to be introduced for new engines as soon as the requisite administrative procedures for introduction of the directive into national legislation permit, i.e. 18 months after the Council adopts the proposed directive. A date is already specified (Article 6): 1 April 1988. The Commission also provides for a period of adjustment to the new rules in the case of types of engine already on the market when the directive comes into force, namely a deadline of 1 October 1990.

The Commission proposal does not include a cost/benefit assessment but points out that the proposed rules for heavy commercial vehicles — an area in which pollutant emissions have so far not been subject to regulation — is merely a first stage. The next stage will be to define an overall approach to the problem of diesel-engine emissions, involving a study of (a) the effect of these emissions on public health and the environment and (b) the technical options for their reduction and their economic and energy impact, taking account of the likely developments in the quality of diesel fuel.

COM(86) 261 — Particulate emissions from diesel engines (passenger cars and light commercial vehicles)

The proposed directive broadens the scope of Council Directive 70/220/EEC in fixing common standards for the emission of gaseous pollutants from motor vehicles that encompass particulate emissions of diesel engines (passenger cars and light commercial vehicles).

At present no European country has implemented regulations to deal with particulate emissions. The Commission proposal therefore aims to tackle a situation where discrepancies in laws in this field could impede free trade.

In 1984 diesel-engined cars accounted for 14% of all cars in the Community (26% in Belgium and Italy). It is therefore necessary for the Commission to consider what limits should be imposed and the potential repercussions on the position of diesel-engined cars on the European market.

The limit values proposed for particulate emissions correspond to the highest technical standard for diesel engines so far attainable within the Community. However, in framing its proposal, the Commission states that the available data do not make it possible to specify what proportion of current production already uses this technology, and as a consequence, what proportion will have to undergo the required technical modifications.

It is suggested that the test procedure laid down in Directive 70/220/EEC be supplemented by certain features of US provisions in this field.

To assist the car industry with technical adjustment of production and to streamline administrative procedures for issuing type-approval of motor vehicles that have been appropriately modified, the Commission suggests that the date fixed for the entry into force of the new Community provisions on gas emissions adopted by the Council in November 1985 should also be adopted for particulate emissions.

Gist of the Committee's Opinion¹

By a very large majority with 1 abstention the Committee adopted its Opinion approving the Commission's proposals as one element of the EEC's programme of introducing rapid and more effective measures to tackle air pollution.

¹ CES 965/86.

As tests carried out with a limited number of vehicles indicate that a significant percentage of new types of diesel cars will be able to meet the proposed limit value of 1.3 g/test (EEC test cycle) for particle emissions, the Committee is of the Opinion that this limit value should be lowered as soon as possible in line with technical progress.

The Committee supports the proposed implementation dates for reasons of economy and industrial planning, but encourages the Commission to explore the feasibility of advancing the implementation dates for cars below 2 000 cc.

As far as gaseous emissions from commercial vehicles are concerned the limit values proposed by the Commission for CO, HC and NO_x for type approvals are acceptable to the Committee.

It insists, however, that any further step in emission control regulation for commercial vehicles should be carefully prepared in a global approach which takes into account environmental and health protection requirements, future fuel qualities, technological developments and economic implications.

The Committee accepts in principle the test methods proposed by the Commission as being the most economic way of measuring emissions from diesel engines used in heavy vehicles taking into account European driving conditions.

This Opinion was drawn up in the light of the paper produced by the Section for Industry, Commerce, Crafts and Services, chaired by Mr Kazazis (Greece — Employers) and the Section for Protection of the Environment, Public Health and Consumer Affairs, chaired by Mr Jaschick (Germany — Various Interests). The Rapporteur was Mr Poeton (United Kingdom — Employers).

5. UCITS INVESTMENT POLICY

'Proposal for a Council Directive amending Directive 85/611/EEC on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS) as far as concerns the investment policy of certain UCITS' (COM(86) 315 final)

Gist of the Commission proposal

The provisions relating to the investment policies of UCITS contained in Directive 85/611/EEC of 20 December 1985 on the coordination of laws, regulations and administrative provisions relating to undertakings

for collective investment in transferable securities (UCITS) considerably limit the discretionary powers of managers as regards the services which they may offer unit holders and the decisions which they may take as regards investment or borrowing on behalf of UCITS.

An examination of the situations in Denmark and the United Kingdom has shown that, because of those limitations, certain UCITS in those countries will be unable to continue to pursue particular investment policies (investment of more than 10% of their assets in mortgage credit bonds issued by the same institution or investment in units issued by UCITS managed by the same management company) if they wish to fall within the scope of the Directive and to benefit from its provisions, in particular from freedom to market their units within the Community. It does not seem appropriate to require those UCITS to terminate such practices or, if they fail to do so, to exclude them from the Directive's field of application and therefore from its benefits.

However, instead of providing for derogation measures to enable Denmark and the United Kingdom to continue the practices referred to and at the same time to benefit from Directive 85/611/EEC, it seemed preferable to give each Member State the option of authorizing their UCITS to engage in such practices, provided that certain rules and conditions were observed in all authorized cases and investors were therefore guaranteed equivalent protection.

Gist of the Committee's Opinion¹

In its Opinion, adopted unanimously, the Committee endorses the objectives of the Directive, namely that the practices which some Member States authorize their UCITS to engage in should be permissible throughout the Community. Certain rules and conditions must, however, be observed to ensure that the guarantees provided by mortgage credit bonds are comparable to those offered by government bonds, the aim being to guarantee investors equivalent protection.

Normally this Directive would enter into force on 1 October 1989. On no account may its entry into force be deferred.

This Opinion was drawn up in the light of the paper produced by the Section for Industry, Commerce, Crafts and Services, chaired by Mr Kazazis (Greece — Employers). The Rapporteur was Mr Spijkers (The Netherlands — Workers).

¹ CES 962/86.

6. JRC PROGRAMME — 1987

‘Proposal for a Council Decision revising a research programme to be implemented by the Joint Research Centre for the European Atomic Energy Community and for the European Economic Community’ (1984-87) (COM(86) 416 final)

Background and gist of the Commission document

In March 1986 the Commission produced a discussion document on the future developments for the Joint Research Centre as part of the Community’s overall technological research and development strategy (COM(86) 145 final of 14 March 1986).

In it, the Commission stated its intention of proposing a new multi-annual programme of activities for the JRC, to coincide with the five-year period covered by the next technological research and development framework programme (1987-91). Priority was to be given to those JRC activities which contributed to the realization of the foremost objectives of the new framework programme, especially the competitiveness of industry and services.

It became apparent from the discussions of the ‘Research’ Council at its meeting on 8 April 1986 that a more detailed re-examination of the future role and objectives of the JRC in respect of the new Community research strategy and guidelines was needed.

The Commission therefore set up a high-level group of experts with the task of studying the ways in which the JRC could meet the Community’s industrial and other requirements. The group is expected to publish its findings in November 1986.

The Commission is also proposing to revise the last year of the 1984-87 multiannual JRC programme, to take account of the results of the mid-term evaluation, carried out by the JRC Science Council, and eight sectoral evaluation groups composed of independent experts, and the outcome of Council discussions on the new Community research and development strategy.

The 1984-87 JRC programme of activities was decided on by the Council in December 1983 (OJ L 3 of 5 January 1984). The Committee delivered its Opinion on the Commission proposals on 28 September 1983 (CES 845/83 — OJ C 341 of 19 December 1983). The programme was built around two main themes: safety and protection of the environment and standardization, which were applied to five research

activity programmes: industrial technology, fusion, fission, non-nuclear energy sources and environment.

The present proposal to revise the JRC programme of activities for 1987 maintains the structure of the multiannual programme and the five research action programmes decided on in 1983. The Commission nevertheless intends to concentrate on pre-normative research, nuclear and non-nuclear safety and environmental protection.

The more substantial changes envisaged by the Commission reflect the twin aim of stepping up efforts to improve the competitiveness of industry and services and the quality of life, and of restructuring research on energy management. These changes consist of:

- (a) formulating a programme on materials and structures, with special weight attached to reliability and standards;
- (b) redefining research priorities in the field of nuclear fission, with research centring on serious accidents and ways of limiting their consequences and on the reliability of components and systems;
- (c) increasing the work of collecting and collating information on reactor incidents;
- (d) reducing activities in the field of new and renewable sources of energy;
- (e) concentrating environmental research on the present activities for protection of the environment, industrial hazards and the use of remote sensing data for environmental protection, management of resources, agriculture and desertification.

The Commission also proposes a new programme on radiation evaluation and monitoring as a one-year exploratory exercise.

The revised 1987 research programme to be executed by the JRC will increase operational credits by 33 Mio ECU. The expenditure commitment estimated as necessary for the execution of the 1984-87 programme as a whole will therefore be increased to 334 Mio ECU for expenditures other than those on staff, which are estimated at 464 Mio ECU.

The Commission will, when presenting its proposals for a new multiannual programme of JRC activities to take effect from 1 January 1988, pay special attention to the findings of the high-level group of experts set up.

Gist of the Committee's Opinion¹

In its Opinion adopted unanimously, the Committee endorses the Commission's positive assessment of the role of the JRC in implementing EEC research policy and in carrying out the various tasks assigned to it.

The Committee approves the Commission's approach in so far as it paves the way for an initial and immediate reorientation of JRC activities — a reorientation made even more necessary by the Chernobyl nuclear accident of 26 April 1986 which created a 'state of urgency' in the field of nuclear safety where the JRC carries out a large part of its activities. The Committee is consequently favourably disposed to the adjustments which the Commission intends to make to the activities of the JRC in the following areas: the safety of nuclear installations, protection of the population and protection of the environment. However, the Committee also considers that the time has now come to set up within the JRC a section responsible for questions of health protection against radiation.

By contrast, the Committee disapproves of the reduction of research activities in the field of new and renewable energy sources. It also criticizes the vagueness which surrounds some of the Commission proposals, particularly those concerning the programme on materials and structures.

The Committee considers that the main difficulties which have to be overcome by the JRC in carrying out its activities are: uncertainty and delay in Community decision-making; the insufficient level of independence and responsibility enjoyed by the JRC; rigid staff management; inadequate or inappropriate use of staff; inadequate funds and resources.

The Committee considers that the Commission proposals provide only a partial answer to the question of how to use the JRC rationally and effectively, and how to make better and more widespread use of JRC findings. The Committee itself puts forward a number of suggestions, including:

- (a) the need for greater cooperation between the JRC, industry and national research institutes;
- (b) the need to encourage researchers to show greater initiative and to widen their responsibilities through the creation of a more flexible structure geared more closely to the various research activities undertaken at the JRC;

¹ CES 972/86.

- (c) the need for greater mobility of research staff;
- (d) the need to develop, through the JRC, a policy of scientific cooperation with countries from other geographical areas.

Generally speaking, the Committee considers that criticism of the action and operations of the JRC must not be used as a pretext for reducing direct research activities in favour of other methods of carrying out Community research. The Committee notes that credit restrictions and limits on recruitment are incompatible with the tendency to not only expand the JRC's traditional activities but also assign it additional tasks.

This approach, which becomes clear from some of the Commission's proposals, is considered to be at odds with Community commitments to revitalize European research.

This Opinion was drawn up in the light of the paper produced by the Section for Energy and Nuclear Questions, chaired by Mr Romoli (Italy — Employers). The Rapporteur was Mr Vercellino (Italy — Workers).

7. FRAMEWORK PROGRAMME II

'Proposal for a Council Regulation concerning the framework programme of Community activities in the field of research and technological development (1987-91)'
(COM(86) 430 final)

Background to and gist of the Commission document

On 5 March 1986 the Commission adopted a Communication to the Council on guidelines for a new Community framework programme of technological research and development 1987-91 (COM(86) 129 final of 17 March 1986).

These guidelines were the subject of two lengthy debates at the Research Council meetings on 8 April and 10 June 1986; there was a fairly broad consensus on the main priorities of Community research activity, but also deep disagreement on the volume of funds to be allocated to the framework programme.

Following these discussions the Commission drew up and adopted on 24 July 1986 its formal proposal for a new framework programme 1987-91 containing the following eight Community research and technological development activities:

Quality of life: health and environment;

Information technologies: microelectronics and peripheral technologies, data-processing systems, etc.;

Advanced telecommunications and resultant new services: accelerated introduction of broadband networks, integration of telecommunications, information and broadcasting technologies in new services (education, health), transport;

Application of the new technologies and the modernization of traditional industrial sectors: advanced design and manufacturing techniques, advanced materials, techniques for exploiting raw materials, technical standards;

Energy: continuation and updating of activities in the fields of fission, fusion, non-nuclear energy and the rational use of energy;

Biotechnology: management of agricultural resources, agro-industrial technologies, science and technology in the service of development;

Exploitation of the seabed and use of marine resources;

Acceleration and implementation of a Europe for research workers.

Taking into account both the essential financing needed to implement the eight selected activities and the Community's budgetary difficulties, the Commission considers that 7 735 million ECU must be allocated to the framework programme, 60% of which should be devoted to the activities aimed at improving the competitiveness of European industry.

On top of this 7 735 million ECU there would be a reserve of 15% intended to cover any increase in expenditure incurred as a result of the need to adapt, and in particular to expand, any of the projects. Accordingly, the Commission proposes a mid-term review of the framework programme so that it can be adapted to R&D requirements and to changes in the financial situation of the Community.

The proposals still represent a drop in the total funding to be allocated to the framework programme compared with the more than 10 000 million ECU proposed in the March 1985 guidelines.

In addition to financing via the Community budget, the Commission is keen to implement new financing formulae whereby private resources in particular could be mobilized.

Implementation of the framework programme will basically be the subject of specific programmes developed within each selected line of activity, in accordance with the procedures laid down in the Single Act. The Commission also provides for supplementary programmes in which only the Member States concerned participate and provide the finance.

These specific or supplementary programmes may provide for Community participation, thus enabling the Community to become involved in projects or programmes undertaken by individual Member States or by other European or international organizations.

The Community has at its disposal the following three procedures for the implementation of its research policy:

- direct action financed in full from the Community budget and executed under the auspices of the Joint Research Centre;
- shared-cost activities jointly financed by the Community and the scientific and industrial partners themselves;
- concerted action involving coordination by the Commission of certain national research activities.

The Commission's proposals also stress two specific aspects:

- (a) The complementarity between Community and Eureka research activities, an initiative in which the Community is prepared to cooperate, e.g. in the form of supplementary research programmes.

The Commission likewise emphasizes that the Community must further cement its relations with the other parties actively involved on the European technological scene, e.g. the European Space Agency, CERN, the European Science Foundation and the Council of Europe; but it must also step up its international cooperation both with its industrialized partners — particularly those within EFTA — and with the developing countries.

- (b) The need to involve SMEs more closely in Community scientific and technical activities: the Commission wishes to involve SMEs more closely in the preparation of programmes so as to ensure that their special needs are taken into account. It also intends to promote the development of information networks and adopt appropriate tendering procedures.

In addition the Commission intends to improve — in conjunction with its overall programme for the development of small and medium-sized enterprises — facilities for the dissemination of information among SMEs and the commercial exploitation by the latter of the research programme results.

The Commission's proposals will be the subject of preliminary discussions at the Research Council scheduled for October. The final adoption of the new framework programme of Community activities in the field of research and technological development 1987-91 should take place at the Research Council to be held in December 1986.

Gist of the Committee's Opinion¹

In a unanimous Opinion, the Committee considers that the proposed framework programme is an important contribution to the establishment of a real European science and technology Community, which the Member States have called for on a number of occasions and which has been given a legal and political basis by the Single European Act adopted in December 1985.

The Committee approves the basic objectives of the Community R&TD strategy (to whose achievement the framework programme is to contribute), namely the strengthening of the scientific and technological base of European industry and the development of its international competitiveness, the strengthening of the economic and social cohesion of the Community and a general improvement in the quality of life.

The Committee considers, however, that the Commission's proposals lack a true social dimension and do not really take into account the social impact of technological change and the social potential of the new technologies.

The Committee calls for the development of a Europe that will be a better place for its citizens and stresses the need to pay more attention to cultural and human factors in the planning and implementation of R&TD and in the exploitation of results.

While approving the fields of activity chosen by the Commission, the Committee calls for a more comprehensive approach to R&TD connected with the quality of life, since certain fundamental problems of life in the Community are neglected, such as those concerning dependent persons (particularly the long-term unemployed and the elderly), the deterioration in living conditions in inner cities and the emerging patterns of usage of non-working time due to technological development.

The Committee also considers that the development of information technologies should not be geared exclusively to enabling European industry to recover its international competitiveness but should also make it possible to meet social and individual needs.

On the financial front, the Committee regrets that the Commission has found it necessary to reduce the overall budget for the framework programme put forward in its initial proposals of March 1986.

¹ CES 971/86.

The Committee considers that a further reduction by the Council in this budget would be bound to affect the viability of certain R&TD activities proposed by the Commission and even cause them to be abandoned, thereby jeopardizing the establishment of the European science and technology Community called for by the Member States.

This Opinion was drawn up in the light of the paper produced by the Section for Energy and Nuclear Questions, chaired by Mr Romoli (Italy — Workers). The Rapporteur was Mr Roseingrave (Ireland — Various Interests).

8. AIR TRANSPORT COMPETITION

'Proposed amendments to Council Regulation (EEC) No 2821/71 of 20 December 1971 on application of Article 85(3) of the Treaty to categories of agreements, decisions and concerted practices' (COM(86) 328 final)

Gist of the Commission proposal

Certain categories of commercial agreements enable airlines to operate more efficiently. These agreements, which may be authorized under the Treaty's competition rules, cover in particular:

- arrangements as to the common purchase, operation of or access to computer systems relating to timetabling, reservations and ticketing;
- arrangements in respect of technical and operational ground handling at airports such as push-back, refuelling, cleaning and security;
- arrangements in respect of passenger, mail and baggage handling at airports;
- arrangements in respect of airlines catering services at airports.

The authorization of these agreements is subject to certain conditions which should, in particular, ensure that they do not discriminate against any airline which uses or wishes to use the computer systems in question and that they are concluded on a normal commercial basis.

According to the Commission these agreements are not directly linked to the provision of air transport services; as such they do not fall within the scope of the specific transport Regulation No 141/62¹ but are

¹ Council Regulation No 141 exempting transport from the application of Council Regulation No 17; OJ 124 of 28 November 1962, p. 2751.

covered by the general Regulation No 17/62¹. Therefore, the proposed measures take the form of an amendment to Regulation No 2821/71² on the implementation of Regulation No 17/62.

The Commission also proposes that the competition rules should not apply to (a) certain technical agreements between airlines which will not prevent, restrict or distort competition within the common market and (b) slot allocation at airports and airport scheduling arrangements. However, these proposals are not covered by the present referral.

Gist of the Committee Opinion³

By a large majority, with 4 abstentions, the Committee adopted this Opinion. While the Committee generally endorses the Commission proposal, it has reservations about detailed points in it, and chiefly:

- (a) the classification of agreements into technical and commercial; the Section regards it as impossible to distinguish clearly between the two categories of agreement;
- (b) the lack of clarity in the definition of the conditions under which some agreements between airlines may be exempted from the prohibition on concluding agreements.

The Committee also expresses its regret that it has not been formally consulted on the Commission proposals on the possibility of exempting from the rules of competition certain technical agreements and slot allocation agreements, since all these agreements belong together with the commercial agreements. Moreover, the Section deplores the failure to consult the Committee on the various proposals put forward recently by the Commission on Community air transport policy, and in particular on the 'Civil Aviation' Communication of 20 June 1986.

This Opinion was drawn up in the light of the paper produced by the Section for Transport and Communications, chaired by Mr Delourme (Belgium — Workers). The Rapporteur was Mr Velasco Mancebo (Spain — Workers).

¹ Council Regulation No 17: First Regulation implementing Articles 85 and 86 of the Treaty; OJ 13 of 21 February 1962, p. 204.

² OJ L 285 of 29 December 1971, p. 46.

³ CES 968/86.

9. GSP 1987

'Proposal for a Council Regulation (EEC) applying generalized tariff preferences for 1987 in respect of certain industrial products originating in developing countries'

'Proposal for a Council Regulation (EEC) applying generalized tariff preferences for 1987 to textile products originating in developing countries'

'Proposal for a Council Regulation (EEC) applying generalized tariff preferences for 1987 in respect of certain agricultural products originating in developing countries'

'Draft Decision of the Representatives of the Governments of the Member States of the European Coal and Steel Community, meeting within the Council, applying for 1987 the generalized tariff preferences for certain steel products originating in developing countries'

(COM(86) 437 final)

Gist of the Commission proposal

Overall, the Commission's proposals for 1987 offer a 5% increase in duty-free imports in the industrial sector from developing countries.

In the agricultural sector (where the EEC offers reductions in customs duties, rather than duty-free entry), preferences are scheduled for 400 products.

The Commission proposes to increase the advantages in favour of the poorest countries. It feels that in many sectors some GSP beneficiaries are already quite competitive enough and account for too large a share of preferences. The Commission suggests two criteria for assessing whether, for a given product, a country no longer needs preferences:

- (a) if the country in question provides the EEC with more than 20% of its imports of the product;
- (b) if the country in question exports considerable quantities over the duty-free ceiling, i.e. paying normal customs duty.

A total of 29 product/country cases are covered by this rule.

In addition, the Commission proposes:

- For industrial products in general: the removal of six products from the 'sensitive' list; the elimination of 24 individual quotas; an increase of 20% or more in the duty-free ceilings for 15 products, and from 10 to 15% for 30 products.

- For textiles: the preliminary allocation of duty-free quotas between Member States would be abolished for 26 product categories.
- For agricultural products: inclusion of carnations and coffee (for coffee the duty would be reduced to 3% within individual ceilings of 5 000 tonnes); improved preferential margins for 16 products; re-establishment of a real preferential margin for Virginia 'flue-cured' tobacco; duty-free entry for frozen strawberries, grape juice and pineapple juice from the least-developed countries.
- For management: the Commission proposes simplifications and rationalizations.

Gist of the Committee's Opinion¹

The Committee adopted its Opinion by a large majority with one abstention.

It particularly welcomes the new proposals aimed at making the scheme more effective in terms of development:

- by maintaining cross-selectivity: exclusion of certain products from certain countries; and
- by benefiting the poorest countries in certain respects.

But the Committee stresses the need to introduce as soon as possible a system of selecting beneficiaries whereby those countries satisfying the criteria listed in previous ESC Opinions would be excluded.

The Committee approves the proposal to stop, as far as possible, dividing quotas into national shares in the textiles sector, and welcomes the impact which the new Multifibre Arrangement should have on the GSP.

The Committee is pleased that the Commission is continuing to increase the preferential margins on the basis of the most recent statistics on actual imports of the products concerned, but is opposed to the introduction into the GSP of a clause enabling the Commission to assess straightaway whether a quota should be opened in the petrochemicals sector.

This Opinion was drawn up in the light of the paper produced by the Section for External Relations, chaired by Mr Kenna (Ireland — Workers). The Rapporteur was Mr Cavazzuti (Italy — Workers).

¹ CES 963/86.

10. COMMUNITY ROAD HAULAGE QUOTA 1987

'Proposal for a Council Regulation on access to the market for the carriage of goods by road between Member States (Article 2)' (COM(86) 595 final)

Gist of Article 2 of the Draft Regulation

In pursuance of the Council Decisions of 14 November 1985 and 30 June 1986 the Commission is seeking to achieve the objectives fixed by the White Paper on the completion of the internal market; in the final phase there is to be access to the transport market without any quantitative restrictions.

The Commission proposal provides for a progressive 40% increase in the Community quota over a period of four years from 1988. For 1987 the total number of Community authorizations should be 11 475 in the Commission's view.

Gist of the Committee's Opinion¹

By 87 votes for, 19 votes against and 14 abstentions the Committee adopted its Opinion.

It considers that the impact of the increase in the Community's quota cannot be assessed until the Commission's proposals on harmonization are available. The Committee also takes the view that a definitive, well-considered Opinion on this subject cannot be issued unless it is in possession of the entire Commission document.

This Opinion was drawn up in the light of the paper produced by the Section for Transport and Communications, chaired by Mr Delourme (Belgium — Workers). The Rapporteur was Mr L.J. Smith (United Kingdom — Workers).

11. FISHERIES AND AQUACULTURE

'Proposal for a Council Regulation (EEC) on Community measures to improve and adapt structures in the fisheries and aquaculture sectors' (COM(86) 446 final)

Gist of the Commission proposal

Taking account of the views expressed and the information gathered when the Council examined Communication (COM(86) 302 final of

¹ CES 966/86.

12 June 1986, the Commission is now proposing a series of measures to improve structural policy in the fisheries sector. These measures will be part-financed by the EAGGF Guidance Fund (subsidies, loans, interest-rate subsidies, etc.). The new structural policy is to cover a period of 10 years and 850 million ECU are to be allocated for the first five years (1987-91). The Community is to contribute between 15% and 50% of the cost of each project, depending on the action and region concerned.

The projects are to form part of multiannual guidance programmes designed to:

- (a) establish a viable fishing fleet geared to the economic and social needs of the regions concerned and the foreseeable medium-term catch potential;
- (b) adjust fishing activities to changes in demand;
- (c) take account of the socio-economic consequences of certain measures to adjust capacity;
- (d) develop technically viable and profitable facilities for the farming of fish, crustaceans or molluscs.

EAGGF Guidance funding may be granted for the following:

- restructuring, renewal and modernization of the fishing fleet;
- development of aquaculture, and better management of inshore fishing grounds;
- exploratory fishing voyages;
- temporary joint ventures;
- adjustment of fishing capacity;
- provision of facilities at ports;
- search for new outlets;
- specific measures.

Gist of the Committee's Opinion¹

This Opinion was adopted by a large majority with 9 abstentions.

The Committee welcomes the Commission's move to bring together in a single regulation its measures to adapt structures in the fisheries and aquaculture sectors to the new requirements, within multiannual guidance programmes covering a 10-year period.

¹ CES 967/86.

The Committee regrets that the proposal is completely lacking in social measures. It cannot be understood why, as marked progress has been made in combining all the common fisheries measures into a single regulation, the Commission should have neglected the measures aimed at social progress.

Lastly, the Committee makes a number of comments on the various titles of the proposals, reserving the right to draw up more detailed comments at a later date if necessary.

The Rapporteur-General for this Opinion was Mr Muniz Guardado (Spain — Various Interests).

External relations

Chairman's activities

The Committee's Chairman, Mr Margot, accompanied by the Vice-Chairman, Mr Poeton, and the Secretary-General, Mr Louet, met Mr Haetherly, Deputy Administrator, and Mr Cadwell, Legal Adviser with the US Small Business Administration, at a dinner held at the Committee on 23 October 1986. Mr Mayhew, Director of the small and medium-sized enterprises task force at the EC Commission, Mr Prat, Chef de Cabinet of Commissioner Matutes and Mr McLaughlin, a Committee Director also attended the dinner.

The Committee Chairman also attended the Conference on Rural Development, held by the Rural, Environment and Development Association, at Trier, Germany, on 30 October.

Mr Margot received the Coreper Chairman, Sir David Hannay, KMCG, in Brussels on 3 November.

A delegation comprising Mr Margot, the two Vice-Chairmen, Mr Poeton and Mr Zufiaur Narvaiza, Mr Louet, Mr Van Melckenbeke, the Chairman's Chef de Cabinet and Mr McLaughlin made an official visit to London from 9-11 November.

During this visit meetings took place with Mrs Lynda Chalker, Minister of State at the Foreign Office, Mr Michael Howard, QC, MP, Under-Secretary of State at the Department of Trade and Industry, Mr Ian Stewart, MP, Secretary at the Treasury and Mr J. Lee, MP, Under-Secretary of State at the Department of Employment.

Contacts were also made with British union representatives, the CBI (Confederation of British Industry), and NEDO (National Economic Development Council).

Mr Margot took part in a meeting held in connection with the symposium on 'A Hundred Years of Labour Law in Belgium' organized by the Belgian Ministry for Social Affairs on 12 November.

Mr Margot attended celebrations to mark Confartigianato's 40th anniversary in Rome on 13 November.



From right to left: Mr Margot, ESC Chairman, Mrs Lynda Chalker, British Minister of State at the Foreign and Commonwealth Office and current Chairman of the Council of Ministers, and the Committee's two Vice-Chairmen, Mr Poeton and Mr Zuffiur.

Mr Margot attended a ceremony to inaugurate the European Institute of Public Administration's new premises in Maastricht, the Netherlands, on 18 November 1986.

Other activities

Mr Brassier, a Committee member, attended the Conference on Rheumatic Diseases organized by the Institut des Sciences de la santé and held in Paris on 3-4 October 1986, and the Second National Kinesitherapists Congress, organized by the French Federation of Masseurs, Kinesitherapists and Occupational Therapists and held in Paris on 18-19 October 1986.

Mr Graziosi, a Committee Director, attended the Conference on the Cooperative Movement in the History of Europe, held in Florence on 30-31 October 1986.

Mrs Williams, a Committee member, attended the Conference on Home Safety Research and Accident Prevention organized by the Consumers in the European Community Group and held in London on 5 November 1986.

The Dutch Broadcasting Foundation received the Sub-Committee on Broadcasting at Hilversum, the Netherlands, on 6 November.

Mr Nierhaus, a Committee member, held a press conference on the New Technologies Opinion in Bonn on 13 November.

Mr de Normann, a Committee member, attended the Conference on Chambers of Commerce for Innovation in Europe organized by the Association of Chambers of Trade and Industry. Mr McLaughlin, Director, also attended.

Mr Poeton took part in celebrations to mark the 10th anniversary of the University Institute in Florence on 21 November.

Mr McLaughlin, attended a Conference organized by Tepsa (the trans-European studies association) in Brussels on 20-22 November.

Mr Beretta, a Committee member, attended a European Seminar on the Internal Market, Product Safety and Consumer Safety, organized by the European Trades Union Confederation, in Venice on 20-22 November.

European Conference on cooperative, mutual and non-profit associations

Some 400 participants attended, on 20 and 21 November 1986, the European Conference entitled 'The Cooperative, Mutual and Non-Profit Sector', organized jointly by the Economic and Social Committee of the European Communities and the Coordinating Committee of EC Cooperative Associations (CCACC).

The Conference was opened at ESC headquarters by Mr Lloyd Wilkinson, President of the CCACC, and by the Chairman of the Economic and Social Committee of the European Communities, Mr Fons Margot. The following topics were discussed on 20 November:

- (a) definition and socio-economic importance of the cooperative, mutual and non-profit sector in Europe;
- (b) the cooperative, mutual and non-profit sector from the point of view of the European institutions;
- (c) economic and social challenges in building Europe.

In the afternoon of 20 November 1986 the Conference divided up into three working parties. The working parties analysed the respective contributions of the cooperative, mutual and non-profit sector to:

- job creation and maintenance, and the improvement of regional balance (Group A);
- economic growth, social equilibrium, environmental protection and improvement of the quality of life (Group B);
- completion of the internal market and the strengthening of the Community's external relations (Group C).

The Conference was closed by Mr Lloyd Wilkinson of the CCACC, and by Mr Margot, Chairman of the ESC, who drew the conclusions of the two working days. Before that there was a round-table discussion entitled 'What future for the cooperative, mutual and non-profit sector in Europe?'

New consultations

Since the July plenary session the Economic and Social Committee has been consulted on the following questions:

- 'Proposal for a Council Directive on the obligations of branches established in a Member State by credit institutions and financial institutions having their head offices outside that Member State regarding the publication of annual accounting documents'** (COM(86) 396 final)
- 'Proposal for a Council Regulation (EEC) amending Regulation No 950/68 on the Common Customs Tariff and Regulation (EEC) No 918/83 setting up a Community system of reliefs from customs duty'** (COM(86) 466 final)
- 'Council 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'** (COM(86) 491 final)
- 'Proposal for a Council Directive on the own funds of credit institutions'** (COM(86) 169 final/2)
- 'Draft Resolution of the Council concerning the action programme for SMEs'** (COM(86) 445 final)
- 'Proposal for a Sixth Council Directive on aid to shipbuilding'** (COM(86) 531 final)
- 'Proposed Amendments to Council Regulation (EEC) No 2821/71 of 20 December 1971 on application of Article 85(3) of the Treaty to categories of agreements, decisions and concerted practices'** (COM(86) 328 final)
- 'Proposal for a Council Directive amending Council Directive 83/416/EEC concerning the authorization of scheduled interregional air services for the transport of passengers, mail and cargo between Member States'** (COM(86) 424 final)
- 'Proposal for a Council Regulation (EEC) on the abolition of exit formalities at internal Community frontiers — introduction of common border posts'** (COM(86) 524 final)

'Proposal for a Council Decision on a plan for the transnational development of the supporting infrastructure for innovation and technology transfer (Sprint programme)' (COM(86) 483 final)

'Proposal for a Council Regulation relating to a programme of research and development in the field of science and technology for development (1987-90)' (COM(86) 550 final)

'Proposal for a Council Regulation relating to a research and development coordination programme of the EEC in the field of medical and health research (1987-89)' (COM(86) 549 final)

'Proposal for a Council Regulation on a Community action in the field of telecommunications technologies (RACE) (R&D in advanced communication technologies in Europe)' (COM(86) 547 final)

'Proposal for a Council Regulation on access to the market for goods transport by road between Member States' (COM(86) 595 final)

'Proposal for a Council Regulation (EEC) amending Regulation (EEC) on the common organization of the market in wine' (COM(86) 460 final)

'Proposal for a Council Decision introducing a supplementary Community measure for the eradication of brucellosis, tuberculosis and leukosis in cattle' (COM(86) 557 final)

'Proposal for a Council Regulation (EEC) amending Regulation (EEC) on the common organization of the market in wine' (COM(86) 577 final)

'Proposal for a Council Directive laying down the health rules for fresh meat and the level of the fees to be charged in respect of such meat pursuant to Directive 83/73/EEC' (COM(86) 576 final)

'Proposal for a Council Decision introducing supplementary Community financial measures for the eradication of classical swine fever'

Three proposals for Council Directives:

amending Directive 80/1095/EEC laying down conditions designed to render and keep the territory of the Community free from classical swine fever;

amending Directive 80/217/EEC introducing Community measures for the control of classical swine fever;

amending Directives 64/432/EEC and 72/461/EEC as regards certain measures relating to swine fever

(COM(86) 555 final)

'Proposal for a Council Directive on the approximation of the laws of the Member States concerning the safety of toys' (COM(86) 541 final)

'Draft Council Regulation on financial support for transport infrastructure projects' (COM(86) 674 final)

'Eleventh Annual Report (1985) to the Council by the Commission on the European Regional Development Fund' (COM(86) 545 final)

Provisional future work programme

December 1986 plenary session

Proposals referred to the Committee

- Antioxidants
- Shipbuilding aid
- Fresh meat
- Eradication of brucellosis
- Wine
- Swine fever
- Transport infrastructure
- Public supply contract

Own-initiative Opinion

- Local employment initiatives
- Financial integration in the Community

Subsequent plenary sessions

Proposals referred to the Committee

- Sprint programme
- Sound power level of tower cranes
- Non-resident road haulage carriers
- Euratom health and safety protection
- VAT/SMEs
- Protection of workers
- Dangerous products
- Fourth environment programme
- Misleading products
- Toy safety
- Action programme for SMEs

Introduction of common border posts
Disclosure requirements — company branches
Publication of company branches' accounts
Credit institutions' own funds
RACE
Interregional air transport
Community quotas
Broadcasting activities

Own-initiative Opinion

Consequences of the Chernobyl nuclear accident

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