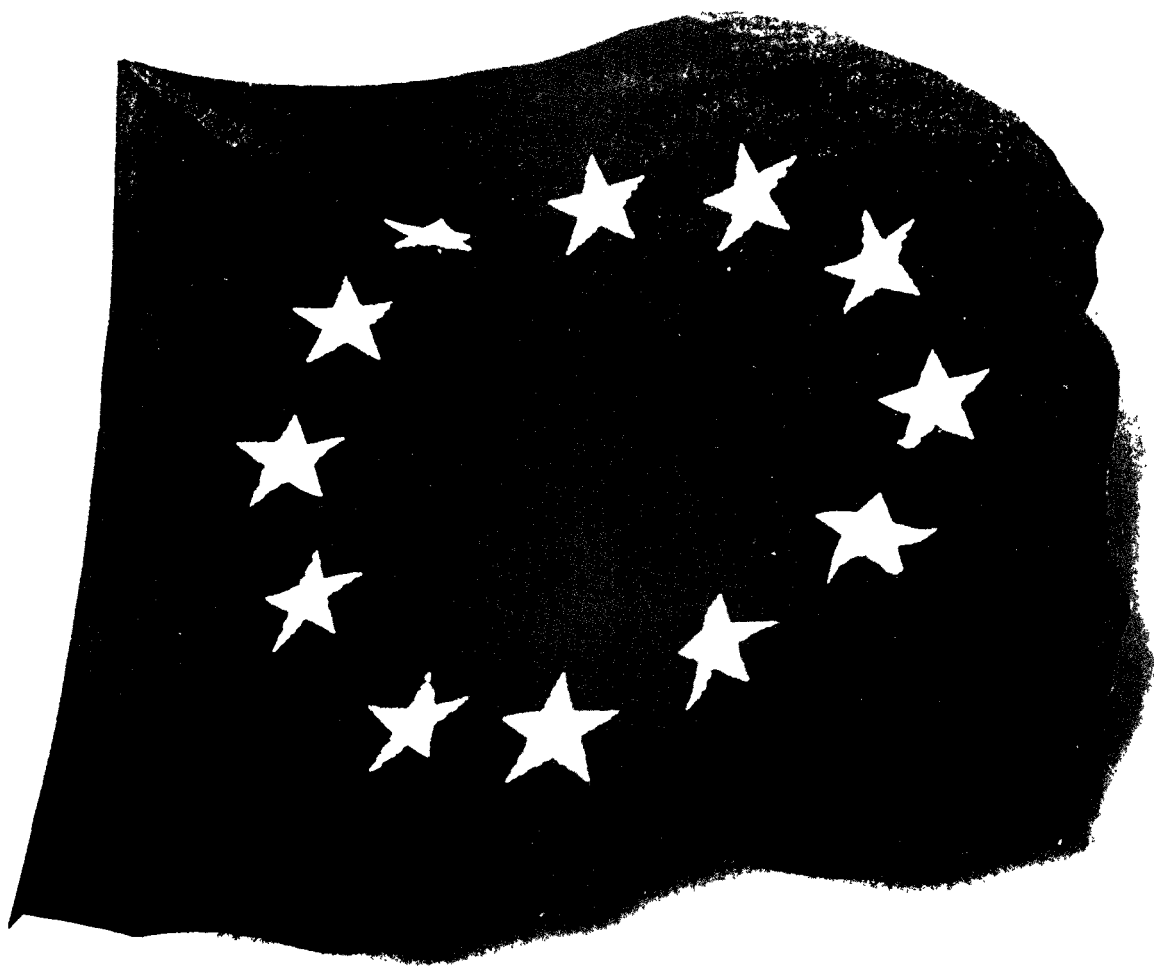


Bulletin of the European Communities

Commission



No 3 1987 Volume 20

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Commission

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References in text and footnotes

References to other parts of the same issue of the Bulletin are given in parentheses in text, thus (→ point 2.1.53).

References to other issues of the Bulletin, to a Bulletin Supplement, to an Official Journal etc. are given in footnotes.

Standardized abbreviations for the designation of certain monetary units in the different languages of the Community

ECU	=	European currency unit
BFR	=	Belgische frank / Franc belge
DKR	=	Dansk krone
DM	=	Deutsche Mark
DR	=	Greek drachma
ESC	=	Escudo
FF	=	Franc français
HFL	=	Nederlandse gulden (Hollandse florijn)
IRL	=	Irish pound / punt
LFR	=	Franc luxembourgeois
LIT	=	Lira italiana
PTA	=	Peseta
UKL	=	Pound sterling
USD	=	United States dollar

1. Thirtieth anniversary of the signing of the Treaties of Rome

1.1.1. 25 March was the 30th anniversary of the signing of the Treaties of Rome establishing the European Economic Community and the European Atomic Energy Community. To coincide with the official celebrations in the Italian capital,¹ the Commission organized a Conference in Florence in collaboration with the European University Institute (EUI) and the City of Florence entitled 'The changing Community: the cultural challenge — culture, technology and the economy'. At the same time, a Symposium entitled 'The revitalization of Europe and the Treaties of Rome' was held in Rome, organized by the Community Liaison Group of Professors of Contemporary History with Commission support.

Florence Conference on culture and its relations with technology and the economy

1.1.2. The Conference, attended by President Delors, Mr Ripa di Meana, Member of the Commission with special responsibility for cultural affairs and information and communications policy, and a number of leading figures from the world of culture, politics, economics and science, was held from 25 to 28 March in the Villa Schifanoia, made available for the purpose by the EUI. This provided an opportunity for the presentation of three studies, focusing primarily on the economics of culture and the impact of the new technologies on the cultural sector, which the Commission had helped prepare in collaboration with a number of specialized European research institutes such as the Battelle Research Centre, Geneva, the Bureau d'informations et de prévisions économiques (BIPE) in Paris and the Centre for Cultural Research in Bonn.

1.1.3. The Conference was opened by Mr Carlo Ripa di Meana, Mr Massimo Bogiankino, Mayor of Florence, and Professor Werner Maihofer, Principal of the EUI. The three days of discussion culminated in the

unanimous recognition of culture as an essential factor in development and of the need for closer cooperation at European level to enable Europe to meet the formidable technological and socio-cultural challenges facing it in the future. The Conference was based on a dual approach:

(i) the first approach consisted in studying the links between the economy and culture on the one hand and technology and culture on the other. The Conference then went on to examine the need for cultural measures at Community level by discussing the issues at stake in increased interaction between these three areas;

(ii) the second approach consisted in identifying the major issues and priority measures to be taken at Community level in a number of fields (in particular financing, the new media, daily practice, copyright, etc.).

As regards the links between the economy and culture, two main points emerged, the first of which concerned the growing economic importance of cultural activities (increase in spending on leisure and culture in household budgets, volume of public and private expenditure devoted to these activities, importance in terms of job creation and the balance of trade). With particular reference to the last point, it emerged from the Conference that cultural activities employ almost 4 million people in Europe and represent between 3 and 6% of the GDP of the Member States. Moreover these figures are rising steadily and the increase in household expenditure on leisure and culture is second only to that on health. In addition, besides their direct economic impact, cultural activities also have an essential knock-on effect on related activities, such as tourism, and, more generally, on economic, industrial and agricultural activity as a whole through, for instance, the audiovisual, advertising and design sectors.

¹ Supplement 2/87 — Bull. EC.

The second point which emerged was that culture should not be seen in isolation from the rest of the economy but rather as a common denominator in all areas of economic activity. In this respect, the Conference reached the following conclusion: the fact that cultural activities are growing in economic importance means that investment in culture will also become an increasingly important factor in economic performance and that, as a result, Europe will be unable to compete without an increase in cultural output and the dissemination of culture. In other words, in order for technological Europe to become reality, investment in the new technologies (hardware) must be accompanied by an equivalent contribution in relation to content, i.e. cultural programmes and measures, particularly in the television and cinema sectors (software). As for what is at stake, several speakers emphasized the scale of the challenge facing Europe in the form of competition from the United States and Japan. They all reaffirmed the need to strengthen European cooperation, in particular by means of greater concentration of R&D activities, the establishment of European technical standards, the pooling of knowhow and ultimately through the completion of the internal market. However, most of the speakers warned the Community of the dangers of seeing technology as a remedy for all ills and pointed out that if exclusive attention were paid to hardware (distribution channels, for instance) Europe would be forced into increasing dependence on others for programmes. Its underdevelopment in terms of cultural output (audiovisual programmes, software, etc.) was, therefore, a serious threat to the establishment of a genuine European cultural identity and to the Community's trade balance. The challenge must be met daily, a fact demonstrated by those speakers who emphasized the important role played by television in the daily life of Europeans and thus deemed it essential to make the establishment of a genuinely European television network one of the main priorities.

The Commission's role was also emphasized: according to a number of speakers, it

should act as a catalyst for certain measures and initiatives, as it has already done in the case of the European Cinema and Television Year (1988), the Youth Orchestra, the planned Travelling Theatre Festival and the plan for a European cinema prize. A few speakers, however, wished to see the Commission limit its ambitions in the cultural sector.

In his speech Mr Ripa di Meana recalled the Commission's commitment to the other activities which it felt to be particularly important, such as the Erasmus programme¹ on student exchanges, the development of the teaching of modern languages as a basic instrument of communication and the introduction of a European dimension in education programmes. He also took pains to assure the experts who feared that the Commission was being too ambitious in the cultural sector that 'fears of cultural affairs being dictated by Brussels are quite without foundation and, for my part, I hope it is sufficiently clear that nothing could be further from our minds', after having recalled that a mere 0.05% of the Community budget was devoted to culture.

1.1.4. At the press conference held following these discussions, Mr Ripa di Meana announced that the Commission would study the results of the Conference and draw up a draft basic statement on the Community's cultural policy which it would put before the June European Council. He further added that the Commission intended to submit a preliminary draft to the Cultural Affairs Council preceding the European Council, in which it would take account of all the suggestions made, in particular concerning exchanges between artists and economists, intellectual property, and the conclusions reached concerning Community financing for certain measures.

¹ OJ C 73, 2.4.1986; Bull. EC 1-1986, point 2.1.63; Bull. EC 11-1986, point 2.1.106.

Historians Symposium

1.1.5. The spotlight was on history in Rome during the week of 25 March and the Italian authorities took care to emphasize the fact by including the Historians Symposium from 25 to 28 March in the official events marking the anniversary.

The Rome Symposium, organized by the Commission and the Liaison Group of Professors of Contemporary History in the Community brought together over 50 university professors from Community countries and some 15 'witnesses', mostly political figures from the period in question — including the four surviving signatories of the Treaties — to go over the events between the failure of the European Defence Community (EDC) and the Messina Conference and Val Duchesse negotiations.

The Symposium was held in the Capital, where the Treaties had been signed 30 years previously. Mr Andreotti's opening speech recalled the original objectives and the gradual erosion of political will.¹ He also mentioned the scope and limits of the Single European Act,² the latest amendment to the Treaties of Rome.

President Delors in his turn considered the factors which may have accelerated the course of history, including the influence of outside constraints, the growing awareness of the need for Europe and the role of public opinion.

Finally, Professor Duroselle, analysing the various 'revivals' in historical terms, felt that there was no correlation between the 'fear' factor (fear of war or invasion, etc.) and the various revivals, but that a political dimension was needed for a revival. The present revival, due to culminate in 1992, needed a political dimension, as the economic dimension was not sufficient as a mobilizing factor. 'There is still scope for invention' he said in conclusion.

The debates held over the next few days lent the Symposium its full historical meaning. Two round-table discussions based on the

lead-up to and proceedings of the Messina Conference on the one hand and the Spaak Committee and the Val Duchesse negotiations leading to the signing of the Treaties on the other gave historians and witnesses an opportunity to reread, if not rewrite, the facts as they perceived them on the basis of the archives or their own personal experience. The multilateral discussion proved extremely rewarding and the surprising degree of consistency in the recollections of the politicians confirmed the feeling that the events were perceived as being of extraordinary political significance. Mr Christian Pineau, Mr Luns, Count Snoy et d'Oppuers, Mr Maurice Faure, Mr Hans von der Groeben, Mr Taviani, Mr Guazzugli-Marini, Mr Pierre Uri, Mr Spierenburg, Baron Rothschild, Mr Rutten, Mr Calmes and numerous others reconstructed the events of that era together with the historians. The official picture conveyed by the archives took on a new and more real dimension, revealing the underlying intentions and motivations. The witnesses contrived to give an air of topicality to the round-table sessions and the historical discussion.

Professors R. Poidevin (author of a very recent biography of Robert Schuman), Hans-Peter Schwarz, Enrico Serra (organizer of the Rome Symposium), Trausch, W. Loth, René Girault, Milward, Griffith, di Nolfo, Guillen and many others introduced topics relating to the attitudes of the Member States *vis-à-vis* the Treaties, Euratom and defence issues and public opinion (with the participation of Mr Gazzo and Mr Rabier), and the positions of the political parties and pressure groups in the aftermath of Messina and Val Duchesse.

As President Delors said in his opening speech, it is only natural to reason by analogy when historians and political figures are attempting to pinpoint the role of intan-

¹ Extracts from the speeches given by Mr Andreotti and Mr Delors are contained in Supplement 2/87 — Bull. EC.

² Supplement 2/86 — Bull. EC.

gible factors which cannot be quantified. One of the factors in the first European revival, as the Symposium clearly demonstrated, was the determination of responsible men who acted together on the basis of certain rules, notably mutual trust and solidarity. In the present climate of revival

it is reasonable to try and learn by analogy from a history reconstructed in such an honest fashion. Europe also has need of the historian's analysis and interpretation.¹

¹ The symposium documents will be published by the Bruylant, Giuffrè, Nomos Verlag and LGDS-Paris consortium.

2. Opening up public procurement to free competition within the Community

1.2.1. On 18 March the Commission determined its strategy for the achievement of effective intra-Community competition in respect of public contracts, taking due account of a number of important factors in this field, notably the linkage between industrial policy and opening up public contracts, the advisability of including those sectors not covered by the Community rules on the award of public contracts and the need to coordinate the laws, regulations and administrative provisions governing application of the Community rules as regards the procedures for the award of public supply and works contracts; a proposal for a Directive will be sent to the Council as soon as the Single European Act enters into force. The Commission took two important initiatives in 1986¹ aimed at making the two existing Community Directives much more stringent. In the case of public supply contracts, the Council gave its agreement in principle in December 1986.² The Directive will be adopted once Parliament delivers its Opinion. In the case of public works contracts, the Commission proposal³ is currently under consideration by the Council.

The current situation

1.2.2. At present, procurement by the public authorities of the Member States of the

Community gives rise to expenditure of the order of 200 000 million ECU. If the various contracts concluded by public sector undertakings (transport, posts and telecommunications, etc.) are added to this, the total figure is roughly 400 000 million ECU.

However, these huge sales figures are being achieved without any genuine European-scale competition being brought into play. The situation is very worrying. Less than 2% of Community public contracts are in fact awarded to undertakings established in other Member States. Although the 1971⁴ and 1977⁵ Directives secured some degree of public notification of invitations to tender for public supply and works contracts, whole fields of economic activity fall outside their scope. The fields in question — telecommunications, energy, transport and water supply — are, moreover, precisely those in which the most lucrative public contracts are awarded.

In this context, the Commission Decisions taken in the context of implementing the White Paper on completing the internal

¹ Bull. EC 6-1986, point 1.2.1 *et seq.*

² Bull. EC 12-1986, point 2.1.36.

³ Bull. EC 12-1986, point 2.1.35.

⁴ OJ L 185, 16.8.1971.

⁵ OJ L 13, 15.1.1977; OJ L 215, 18.8.1980.

market¹ have focused, basically, on two main aspects — strengthening the control mechanisms concerning the implementation of existing Community rules and including those areas which do not come within the scope of the Community rules on the award of public contracts.

Strengthening the control mechanisms concerning the implementation of existing Community rules

1.2.3. The proposal for a Directive adopted by the Commission aims, firstly, to confer on contractors and suppliers the right, at any stage of the public contract award procedure, to bring effective and rapid judicial and/or administrative proceedings so as to ensure that any unlawful decisions taken by a contract-awarding authority may be censured and any loss or damage suffered may be made good. Secondly, the proposal would allow the Commission, in certain serious and urgent cases, to secure the suspension of a contract-awarding procedure in progress for a period not exceeding three months. This would enable action to be taken in relation to the contract-awarding authority in order to prevent any loss or damage being sustained as a result of the unlawful award of a given contract.

Inclusion of the sectors not so far covered

1.2.4. The Commission considers that completion of the internal market entails the opening-up to competitive tendering of public contracts in the fields of telecommunications, transport, energy and water supply. It therefore envisages laying down by the end of 1987 a general framework for opening up these sectors to intra-Community competition.

It should be noted that with regard to telecommunications the Council adopted a Recommendation on 12 November 1984²

concerning the gradual opening-up of government procurement to Community competition. It is clear that because of their special economic, technical and also historic features, the four sectors that are excluded require a flexible and gradual approach, sector by sector, particularly in the case of the sectors with an oligopolistic structure. The flexible arrangements to be adopted should involve three fundamental components — opening up lists of approved suppliers, opening up contracts for the design of buildings and works and opening up access to sub-contract work, notably in the case of turn-key projects. Some or all of these factors apply to a greater or lesser extent depending on the circumstances obtaining in each sector as regards, in particular, the structure of public demand and potential tenderers.

The general framework for these arrangements could be laid down in one or more Directives (under Article 100A) stipulating certain essential requirements for the organization and monitoring of Europe-wide competitive tendering. Those Directives would, where appropriate, be accompanied either by Recommendations on the lines of the 1984 Recommendation on telecommunications² or by more binding measures which the Commission could itself adopt under Article 90 of the Treaty, which enables it to require public undertakings and undertakings which enjoy special rights to comply with the competition rules. In certain cases, the general framework for these arrangements could likewise be laid down in a Directive based on Article 90 of the Treaty.

Lastly, in these four sectors of economic activity, the Commission will pursue a policy of stimulating and encouraging the liberalization of public contracts, the implementation of which must be devised in conjunction with the reform of the Community's structural Funds.

¹ Bull. EC 6-1985, point 1.3.1 *et seq.*

² OJ L 298, 16.11.1984; Bull. EC 11-1984, point 2.1.22; Bull. EC 10-1984, points 1.3.1 and 1.3.2.

3. Opening of the European Year of the Environment

1.3.1. The European Year of the Environment¹ was officially opened in Brussels on Thursday, 19 March.

After starting a productive Council meeting, the Ministers of the Environment unveiled a sculpture symbolizing the interaction between the environment and industry and between nature and the economy at Rond-Point Schuman in Brussels. The ceremony continued with a walk in the Forêt de Soignes and finished at the Palais d'Egmont, with the official opening of the Year, attended by representatives of Community and international organizations, all circles of economic and social activity and environmental protection associations.

In her opening speech, Mrs Smet, President of the Council, recalled the reasons and objectives behind the decision to organize EYE—in essence, to make the environment an integral part of other policies.

She emphasized that EYE must mark the turning-point between two distinct stages of environmental policy: between the early faltering steps and a more decisive phase bringing the breakthrough into other policies. Mrs Smet said that the importance of this policy lay in the fact that it would not only make it possible to minimize costs but also in the process boost economic growth and help create jobs.

On the delicate subject of funding, Mrs Smet mentioned that the Community's structural Funds would have a key role to play.

Mr Stanley Clinton Davis, the Member of the Commission with special responsibility for environment policy, called environmental protection one of the major preoccupations of our times, and said that there was a vital and urgent need to coordinate

the concern felt and to translate it into action.

Having defined what was at stake, he spoke of the urgent need for a new awareness at every level that environment policy must be made an integral part of other policies.

Without disguising the magnitude of the challenge, Mr Clinton Davis welcomed the enthusiasm and energy which had been put into preparing EYE.

Finally, he hoped that 'at the end of this Year we must be able not only to look back at 12 months of activity and campaigning in favour of the environment and environmental awareness, we must be able to look forward to new approaches, new priorities and a genuine long-term commitment to environmental protection and improvement for the benefit of the peoples of the world and the generations to come'.

The European Year of the Environment is the first public awareness campaign undertaken on any Community policy on such a large scale. The chief objective is to alert local authorities and firms, however large or small, to the need to take account of the environment in every sphere of economic activity.

The action programme drawn up by the Commission, with the help of an advisory steering committee, includes competitions (for the 'better environment awards', 'clean technology awards', etc.), joint campaigns to draw attention to environmental issues (e.g. 'Birdwatch Europe', from 18 to 24 May, the 'Blue Flag' campaign for clean beaches and ports, etc.), pilot projects setting an example and information campaigns complete with films and brochures.

¹ OJ C 63, 18.3.1986.

**ACTIVITIES
IN MARCH 1987**

1. Building the Community

Economic and monetary policy

Council

2.1.1. At its economic and financial affairs meeting on 9 March, the Council carried out its first quarterly review of the economic situation in the Community (→ point 2.1.2) and, following a concertation meeting with Parliament, adopted the Decision extending measures under the new Community instrument (NCI IV) (→ point 2.1.3). It also endorsed the proposal for a Regulation on mutual assistance to ensure application of the law on customs and agricultural matters (→ point 2.1.62) and adopted the Recommendation on the discharge to be given to the Commission in respect of implementation of the 1985 budget, which was to be forwarded to Parliament (→ point 2.3.3). Finally, it examined the financial impact on Spain and Portugal of the Regulation laying down the arrangements for a programme to dispose of butter stocks (→ point 2.1.182).

Economic situation

2.1.2. On 9 March the Council, acting on the basis of a Commission Communication¹ sent to it on 2 March and in accordance with Article 2 of its Decision of 18 February 1974 relating to convergence,² carried out the first quarterly review of the economic situation in the Community. After discussion, it agreed with the Commission that there was no need at present to amend the economic policy guidelines contained in the 1986/87 annual report, adopted by the Council in December 1986.³

Community borrowings

New Community instrument (NCI IV)

2.1.3. On 9 March the Council, following a conciliation meeting with Parliament on the measures that had been the subject of a common position approved in December 1986,⁴ adopted the Decision extending

activities under the New Community Instrument (NCI IV).⁵

In addition, the European Investment Bank informed the Council that it was willing to play a part in implementing the decisions envisaged on 8 December 1986,⁴ i.e. the granting of 750 million ECU from its own resources for SMEs outside assisted areas, and the granting of a further 750 million ECU in the form of loans within the framework of the Decision relating to NCI IV.

Monetary Committee

2.1.4. The Monetary Committee held its 332nd meeting in Brussels on 24 March, with Mr Tietmeyer in the Chair. In preparation for the forthcoming informal meeting of Finance Ministers, it focused attention on different points arising in connection with the strengthening of the EMS. It also prepared its position for the forthcoming meeting of the IMF Interim Committee.

Economic Policy Committee

2.1.5. The Economic Policy Committee held its 177th meeting on 18 March, with Mr Milleron in the Chair. It resumed its discussions on agricultural problems and on the economic situation and short-term outlook. It also held an initial exchange of views on the matter of tax reform.

Internal market and industrial affairs

Completing the internal market

Implementing the White Paper

2.1.6. The Commission adopted a large package of measures to promote the open-

¹ Bull. EC 2-1987, point 2.1.2.

² OJ L 63, 5.3.1974.

³ OJ L 385, 31.12.1985; Bull. EC 10-1986, point 1.1.1 *et seq.*

⁴ Bull. EC 12-1986, point 2.1.4.

⁵ OJ L 71, 14.3.1987.

ing-up of public procurement contracts to Community competition (→ point 1.2.1 *et seq.*).

2.1.7. On 13 March the Commission sent the Council a Communication entitled 'A new strategy in the field of plant health', which seeks to spell out the overall strategy to be followed for the final stage of the programme set out in the White Paper.

Free movement of persons and freedom to provide services

Mutual recognition of diplomas and access to occupations

Veterinary surgeons

2.1.8. The Advisory Committee on Veterinary Training held the first meeting of its new term of office on 10 and 11 February.¹ It elected its new chairmen and decided upon its future work programme. It discussed the progress of the pilot programme of study visits to veterinary schools in Member States, continuing education for veterinary surgeons and specialist training in veterinary medicine. The Committee also heard a report on veterinary training in Portugal.

2.1.9. On 12 and 13 February¹ the *ad hoc* group of senior officials responsible for the free movement of veterinary surgeons continued its exchange of information on the situation with regard to the application of the veterinary surgeons Directives² in the enlarged Community and on related problems and discussed other problems of a legal nature such as the recognition of diplomas which are not covered by the veterinary surgeons Directives and the difficulties which arise in respect of the provision of services particularly when veterinary medicinal products are imported and used.

It also adopted the two tables shown overleaf on the migration of veterinary surgeons in 1984 and 1985.³

Free movement of goods

Removal of technical and administrative barriers to trade

Foodstuffs

2.1.10. On 10 March Parliament delivered an Opinion⁴ on a Communication from the Commission, sent to the Council on 18 November 1985, concerning Community legislation on foodstuffs.⁵ In welcoming the Commission's Communication, Parliament stressed that in the food sector it is of the utmost importance to establish the highest possible safety standards in order to ensure that consumers receive foods that are wholesome, pure and of good quality. It nevertheless considered that this document did not cover all aspects of the problem. It felt, for example, that the widest possible scope should be accorded to mutual recognition of national regulations and standards and that Community harmonization measures should concentrate on additives, labelling, etc. rather than on specific foodstuffs.

¹ Bull. EC 2-1986, point 2.1.7.

² OJ L 326, 23.12.1978.

³ The tables containing statistics on movements in 1984 and 1985 of doctors, nurses responsible for general care, dental practitioners and midwives were published in Bull. EC 12-1985, point 2.1.12 and Bull. EC 12-1986, point 2.1.14 respectively.

⁴ OJ C 99, 13.4.1987.

⁵ Bull. EC 11-1985, point 2.1.18.

Table 1 — *Number of veterinary surgeons who are Community nationals and obtained authorization in 1984, under the veterinary surgeons Directives, to practise in one of the Member States listed at the head of the columns below, after obtaining their basic qualification in another¹*

		D	F	I	NL	B	L ²	UK	IRL	DK	GR
Total	133	9	91	1	6	2	2	7	5	1	9
Nationals of:	Germany	1	3			2		1		1	
	France	2						1			
	Italy	1						1	1		
	Netherlands	2	2	1	3			2			
	Belgium	1	82		2		2	1			
	Luxembourg										
	United Kingdom		2		1				4		
	Ireland										
	Denmark										
	Greece	2	2					1			9
Who qualified in:	Germany		1		1	2		1		1	
	France	3						1			
	Italy	1						1	1		9
	Netherlands	2	1	1				2			
	Belgium	1	86		4		2	1			
	Luxembourg										
	United Kingdom		2		1				4		
	Ireland										
	Denmark										
	Greece	2	1					1			

¹ The table, as the heading suggests, does not include Community nationals who acquired their qualification in a Member State whose nationality they do not possess and in which they were authorized to practise (These are effectively migrant students rather than migrant veterinary surgeons.) It does include all migrant veterinary surgeons provided they have received authorization to practise in that State

² All Luxembourg veterinary students have to obtain their training abroad; those who subsequently become established in their home country have therefore not been included in the table.

Table 2 — *Number of veterinary surgeons who are Community nationals and obtained authorization in 1985 under the veterinary surgeons Directives, to practise in one of the Member States listed at the head of the columns below, after obtaining their basic qualification in another*¹

		D	F	I	NL	B	L ²	UK	IRL	DK	GR
Total	132	6	77	2	9	4	3	13	15	3	0
Nationals of:	Germany	1		1		2		3	1	1	
	France							3			
	Italy		2					1	1		
	Netherlands	1	1		6	1		3	1	1	
	Belgium	1	72		3		3	2		1	
	Luxembourg										
	United Kingdom	1		1					11		
	Ireland										
	Denmark								1		
	Greece	2	2			1		1			
Who qualified in:	Germany			1	1	2		3	1	1	
	France	1						3			
	Italy		1					1	1		
	Netherlands	1	1			1		3	1	1	
	Belgium	1	73		8		3	2		1	
	Luxembourg										
	United Kingdom	1		1					11		
	Ireland										
	Denmark								1		
	Greece	2	2			1		1			

¹ The table, as the heading suggests, does not include Community nationals who acquired their qualification in a Member State whose nationality they do not possess and in which they were authorized to practise. (These are effectively migrant students rather than migrant veterinary surgeons.) It does include all migrant veterinary surgeons provided they have received authorization to practise in that State.

² All Luxembourg veterinary students have to obtain their training abroad; those who subsequently become established in their home country have therefore not been included in the table.

2.1.11. On 11 March Parliament approved¹ the proposal for a Council Directive amending for the eighth time the Directive of 23 October 1962² on the approximation of the rules of the Member States concerning the colouring matters authorized for use in foodstuffs intended for human consumption.³

2.1.12. On 10 March Parliament delivered its Opinion¹ on the four proposals for Directives⁴ which the Commission sent to the Council on 17 April 1986 concerning Community legislation on foodstuffs. It adopted a number of amendments, some of which were accepted by the Commission.

As regards (a) materials and articles intended to come into contact with foodstuffs and (b) foodstuffs for particular nutritional uses, Parliament was of the opinion that the provisions of the two proposals for framework Directives should be redrafted so as to meet tough health protection and safety standards and take account of economic interests.

2.1.13. Regarding the proposal on labeling, Parliament insisted that the markings should be clear, complete, easily understandable and informative to consumers, and that the information provided should be standardized at European level wherever possible.

2.1.14. As regards the proposal on additives, Parliament approved the principle of having a list of additives but rejected the system suggested by the Commission, whereby the authorized additives would be classified according to their technological function, on the grounds that under such a system, both theoretically and in practice, an additive would undoubtedly have to be mentioned in several specific Directives. Instead, it invited the Commission to put forward, when the toxicological evaluation is available, a proposal for a general Directive listing all the additives according to their nature, permitted quantity and technical use, though this would not rule out their classification in categories in this general Directive.

2.1.15. Parliament also adopted two Resolutions concerning, respectively, the irradiation of foodstuffs and the transport of foodstuffs by container truck and road tanker (→ point 2.4.9).¹

2.1.16. The Scientific Committee for Food published a report on irradiated foodstuffs.⁵

Distributive trades

2.1.17. At recent meetings of the Committee on Commerce and Distribution and the Working Party of Government Experts on Commerce and Distribution,⁶ common themes for discussion were agreed, which their respective subcommittees will explore:

- (i) operational impact of new technologies on commercial activity;
- (ii) the setting of criteria for measuring concentration in the distributive trades;
- (iii) itinerant trading: structure and prospects;
- (iv) effects of consumer habits on commercial activity.

Industry

Council

2.1.18. At a meeting on 19 March devoted mainly to steel the Industry Ministers adopted conclusions on the organization of the steel market for 1987 (→ points 2.1.20 to 2.1.24). A consensus was also reached as regards the amount considered necessary for the execution of the revised Sprint programme (→ point 2.1.55).

¹ OJ C 99, 13.4.1987.

² OJ L 115, 11.11.1962.

³ OJ C 278, 30.10.1985; Bull. EC 9-1985, point 2.1.10.

⁴ OJ C 124, 23.5.1986; Bull. EC 4-1986, point 2.1.10; OJ C 116, 16.5.1986; Bull. EC 4-1986, point 2.1.10.

⁵ EUR 10840, ISBN 92-825-6983-7.

⁶ Bull. EC 1-1987, point 2.1.10.

Businesses

Improving the business environment

Public procurement

2.1.19. On 18 March the Commission adopted a series of guidelines and a proposal for a Directive to open public procurement contracts to competitors from all over the Community, in the context of the single market.

The latest Commission proposals aim at stricter enforcement of the Community rules to open up public procurement contracts and at extending free Community-wide competition to a number of areas excluded hitherto — telecommunications, transport and energy and water supply (→ point 1.2.1 *et seq.*).

Steel

The Community steel industry

Market management

Crisis measures

Organization of the steel market in 1987

2.1.20. The Council meeting (Industry) on 19 March followed on from the policy debate¹ on 18 November 1986 and came to the following conclusions:

Restructuring

2.1.20a. The Council took note of the Commission's report on the initiative by Eurofer undertakings and of the progress made in the intended closures concerning reversing-mill plate, wire rod and merchant steels. It considered, however, that overall

the proposed closures and reductions remain substantially below the excess capacity.

The Council appreciated the efforts made by Eurofer to improve the market situation, but contended that the reduction in capacity should come down to a level where the objectives for the current transitional period are met. The Council therefore asked the Commission to clarify as soon as possible the questions which the Eurofer consultant's report has left open and, in particular, to seek with Eurofer and the undertakings further capacity reductions for flat products and heavy sections. The Commission will take account in its consultations of the level of profitability and financial viability of the undertakings.

Where necessary, the Commission will contact the governments particularly concerned and discuss any problems arising out of the proposed closures so as to ensure that factors not related to the future viability of the undertakings do not impede the process of rationalization.

Aid code

2.1.21. The Council formally confirmed its full support for the rules of the aid code currently in force,² which is a *sine qua non* for the pursuit of a rationalization policy.

Social aspects

2.1.22. On 19 March the Industry Ministers stated that they were aware of the serious social problems which could result from the proposed capacity reductions in the Community's steel industry. Recognizing the need for social protection for workers whose jobs in the steel industry are under threat, they called upon the Commission to submit proposals for implementing and financing a programme of social measures to supplement the normal redeployment

¹ Bull. EC 11-1986, point 2.1.24.

² Bull. EC 10-1985, point 1.2.3.

aid, following on from the social measures financed until 1984.¹

Article 58 arrangements

2.1.23. The Council took note of the ever-greater difficulties in implementing the current quota system, and of the Commission's intention to propose a new system of quotas drawn up on the basis of studies carried out in conjunction with undertakings and associations of undertakings. After consulting the ECSC Consultative Committee, the Commission will seek the Council's assent to the system for 1 June 1987 provided that it is convinced that the capacity reduction put forward by the undertakings is sufficient.

The Council agreed to resume its examination of this matter at its meeting on 1 June 1987 on the basis of a Commission report. In the meantime its subordinate bodies will continue to examine developments in the situation in order to assure the Commission and the undertakings concerned of the Council's desire to continue with the necessary rationalization of the sector.

2.1.24. In a declaration the Commission drew the Council's attention to the fact that it does not intend to prolong the quota system beyond 1987 for products in Categories IV and VI, i.e. wire rod and merchant bars.

Mr Narjes, Vice-President of the Commission with special responsibility for industrial policy, observed in particular that the conclusions on the social aspects were only a strict minimum. He deplored the lack of any Council decision on the Commission's long-standing proposal for transfers from the EEC budget to finance certain measures.² He also hoped that, following the planned new quota system, the undertakings would all withdraw the 35 actions they had so far brought before the Court of Justice, since the quota system does not *per se* confer rights which undertakings can have legally substantiated.

Minimum prices — penalties

2.1.25. Application of the Decision on minimum prices,³ led the Commission to undertake certain checks and to impose fines for failure to observe these prices, in particular in sales to the automobile industry.⁴ On 20 March it adopted two new penalty decisions for the same reason.⁵

Market situation

2.1.26. In February crude-steel production in the Community (excluding Greece) amounted to 9.9 million tonnes, representing a seasonally-adjusted increase of 1.3% over January and a 5% reduction compared with February 1986.

According to the Eurostat rapid reports Community production (excluding Greece) in March should, at 11.14 million tonnes of crude-steel equivalent, be practically the same as in March 1986 when it totalled 11.22 million tonnes, a marked improvement on February 1987 when production was only 9.9 million tonnes. With slight fluctuations the trends in the Member States are similar.

Crude-steel production in the Community as a whole should amount to some 31 million tonnes in the first quarter of 1987, i.e. 2 million tonnes (5.7%) less than in the first quarter of 1986. The trends already observed are being maintained and total Community production is in line with the forward programme (→ points 2.1.27 to 2.1.31).

Forward programme

2.1.27. On 16 March the Commission approved the forward programme for steel for the second quarter of 1987 with a view to transmitting it to the ECSC Consultative

¹ Bull. EC 12-1986, point 2.1.52.

² Bull. EC 4-1983, point 2.3.7; Bull. 10-1983, point 2.3.4.

³ OJ L 373, 31.12.1983; Bull. EC 12-1983, point 2.1.13.

⁴ Bull. EC 1-1987, point 2.1.15.

⁵ OJ C 94, 7.4.1987.

Committee for its Opinion.¹ The economic analysis shows that in the short term the main risk centres on exports, whereas the prospects for internal demand remain good. Private consumption should increase from 3 to 3.5% since a moderate recovery in investments in the building sector is expected. Economic growth in the Community should continue at the rate of 2 to 2.5% in the months to come.

2.1.28. As regards the steel market, the second quarter of 1987, with crude steel

production put at 28.3 million tonnes for the Community of Ten, should be slightly better than the first when it stood at 28 million tonnes, but less than the second quarter of 1986 when production reached 28.96 million tonnes. Growth in industrial activities should continue in 1987 but probably at a slightly slower rate than in 1986.

Supply and demand estimates are shown in Table 3.

¹ OJ C 101, 14.4.1987.

Table 3 — *Estimates of steel supply and demand*

	<i>million tonnes</i>				
	Outturn		Forward programme estimates		Forecast
	II/86	III/86	IV/86	I/87	II/87
Real consumption	26.80	23.07	26.51	26.55	26.75
Stock changes	-0.50	+0.20	-0.50	-0.30	-0.70
Imports	2.82	2.26	2.70	2.75	2.75
Exports	5.47	5.32	4.50	4.50	5.00
Production: EUR 10	28.96	26.33	27.85 ¹	28.00	28.30
EUR 12	32.32	29.05	31.06	31.00	31.30

¹ Statistical corrections for December 1986 may be needed.

The main factors are the probable improvement in demand for consumer durables and the continuing growth in private consumption and the building trade. Production forecasts for all sectors are set out in Table 4. They are indexed

to the level of activity in the various steel-consuming sectors and show trends quarter by quarter. They were produced by weighting the national figures supplied by the trade associations of the chief steel-consuming industries.

Table 4 — *Activity indicators by sector (not seasonally-adjusted)*

Sector	II/86	IV/86	I/87	II/87
Metal construction	100.0	102.4	98.5	101.8
Mechanical engineering	100.0	104.2	96.5	100.0
Electrical engineering	100.0	109.4	104.1	106.1
Automobile construction	100.0	99.3	100.4	103.3
Other means of transport	100.0	100.3	96.7	97.3
Building and civil engineering	100.0	—	—	1

¹ Lack of national data means that reliable indices are not available

Table 5 shows apparent steel consumption trends by Member State.

The development of production and production quotas by category of products is shown in Table 6.

Table 5 — *Apparent steel consumption trends by Member State*

<i>million tonnes</i>							
	II/85	III/85	IV/85	Total 85	I/86	II/86	III/86
Belgium	1.50	1.50	1.20	5.40	1.20	1.10	1.20
Denmark	0.40	0.40	0.50	1.80	0.40	0.40	0.40
Germany	9.40	9.10	8.30	35.50	9.30	9.20	8.60
Greece	0.40	0.40	0.60	1.80	0.50	0.40	0.20
France	4.10	3.60	3.90	15.70	4.10	4.00	3.20
Ireland	0.05	0.08	0.06	0.26	0.07	0.07	0.05
Italy	6.20	5.30	6.30	23.70	6.90	6.50	5.40
Netherlands	0.80	1.00	0.90	3.50	1.10	0.80	0.80
United Kingdom	3.80	3.40	3.70	14.30	3.80	3.30	2.90
EUR 10	26.65	24.78	25.46	101.96	27.37	25.77	23.30
Spain					2.60	2.60	2.10
Portugal					0.30	0.30	0.30
EUR 12					30.00	28.60	25.20

Table 6 — *Development of production and production quotas by category of products*

<i>1 000 tonnes</i>								
Product	Production (rolled finished products)			Production quotas				
	I/86	II/86	III/86	II/86 ¹	III/86 ²	IV/86 ²	I/87 ²	II/87 ³
Ia Hot-rolled wide strip	5 843	5 516	4 946	5 275	3 854	3 577	3 530	3 456
Ib Cold-rolled sheet	3 606	3 514	3 137	3 595	2 870	2 943	3 050	3 167
Ic Galvanized sheet	919	956	756	965	803	816	—	—
Id Other coated sheet	967	1 054	857	—	—	—	—	—
II Reversing-mill plate	1 309	1 237	1 014	1 419	1 140	1 293	1 206	1 162
III Heavy sections	1 258	1 169	993	1 299	980	937	937	1 024
IV Wire rod	2 789	2 825	2 533	2 930	2 214	2 188	2 262	2 262
V Concrete reinforcing bars	1 867	1 910	1 795	—	—	—	—	—
VI Merchant steels	2 235	2 109	1 698	2 328	2 176	2 091	2 064	2 027

¹ Excluding the supplements referred to in Article 11(3)(d) and 11(3)(e)

² Basic quotas without supplements or other adjustments.

³ Theoretical quotas without supplements or other adjustments.

2.1.29. The price fall of 1986 continued in the early part of this year. This is true of export markets and at Community level, since the dollar has maintained its downward trend. None the less, Community prices are still higher than those on world markets. Prices have stabilized for products going to sectors such as the automobile industry where activity is relatively well sustained. Price falls due to the price of scrap have been marked in the case of long products, as for heavy sections and reversing-mill plate.

2.1.30. With regard to exports of steel products to non-member countries, world

demand remains stagnant and a new drop in apparent consumption can be expected in most industrialized countries, especially the United States and the Scandinavian countries. Demand from Eastern Europe and Africa remains low; an increase in orders from Latin American countries is expected.

2.1.31. Should there be fresh reductions in capacity, job losses could increase in 1987, possibly in the second half of the year and maybe even during the second quarter. Table 7 shows employment trends from January 1984 to January 1987.

Table 7 — *Employment in the steel industry from January 1984 to January 1987*

	January 1984		January 1985		January 1986		January 1987
	Employees	% change	Employees	% change	Employees	% change	Employees
Belgium	39 188	- 7.00	36 443	- 7.83	35 589	- 8.43	30 757
Denmark	1 592	- 6.16	1 494	+ 14.86	1 716	+ 1.17	1 736
Germany	152 440	- 6.82	142 050	- 0.95	140 694	- 5.88	132 424
France	90 104	- 6.84	83 943	- 10.54	75 093	- 9.16	68 217
Italy	87 188	- 14.02	74 966	- 5.69	70 701	- 7.45	65 433
Ireland	645	- 0.93	639	- 18.31	522	+ 7.85	563
Luxembourg	12 362	- 3.19	11 968	+ 3.34	12 368	- 3.33	11 956
Netherlands	18 933	- 1.28	18 690	+ 0.49	18 781	+ 0.67	18 907
United Kingdom	61 831	- 2.94	60 016	- 4.35	57 407	- 5.41	54 300
EUR 9	464 283		430 209		410 871		384 293
Average annual rate		- 7.34		- 4.50		- 6.47	

Competition

2.1.32. On 24 March, in accordance with Protocol No 10 to the Act of Accession, the Commission authorized the granting of aid totalling PTA 223 322 million to four Spanish steel firms, mainly for the purposes of financial restructuring (→ point 2.1.82).

Research

Technical research

2.1.33. With a view to transmission to the ECSC Consultative Committee for consul-

tation and to the Council for assent, the Commission approved on 17 March a Decision on the granting of financial aid to technical research projects in the steel sector. For 1987 a total of 85 projects were selected, amounting to 22 million ECU. They meet the Commission's objectives of promoting technical research and financing it from the ECSC levy. These objectives are geared mainly to improving cost-competitiveness in the production and processing of steel along with the enhancement of quality and stimulating steel consumption by the

development of steel grades and new uses for technologically and economically advanced products. They received a favourable Opinion from the ECSC Consultative Committee on 24 March (→ point 2.4.1).

Social research

2.1.34. On 30 March, pursuant to Article 55 of the ECSC Treaty, the Commission granted financial aid totalling 1 288 000 ECU to eight research projects under the fifth ergonomics programme.¹

Trade with non-member countries

Imports

External aspects of the crisis measures

Arrangements with non-member countries

2.1.35. Negotiations with all the countries with which a voluntary restraint arrangement is envisaged have now been completed; the texts of the arrangements have been approved by the Council and will be signed in due course. So far the arrangements with Sweden, Austria and Venezuela have been signed.

Autonomous measures

2.1.36. The Representatives of the Governments of the ECSC Member States, meeting within the Council, adopted Decisions concerning the opening of a zero-duty tariff quota for chromium-plated sheet and plate and laser-irradiated, grain-oriented electrical sheet and plate.

2.1.37. The Commission extended to ferro-silicon originating in the Soviet Union the anti-dumping proceeding it had initiated in September 1986 with regard to the same product originating in Brazil.² Substantiating evidence was provided with regard to dumping practices as was proof of injury

caused by the marked increase in imports of ferro-silicon from the Soviet Union during the first half of 1986.

2.1.38. On 11 March the Commission authorized the UK Government under Article 71(3) of the ECSC Treaty to refuse, up to 31 December 1987, all imports of cold-rolled sheet falling within subheading 73.13 B II of the CCT and hot-rolled sheet falling within subheading 73.13 B I a of the CCT originating in the German Democratic Republic and released for free circulation in other Member States for all tonnages exceeding that undoubtedly consigned before this decision was taken.

Research and technology

Community R&D policy

Council

2.1.39. In Brussels on 24 March, discussions were resumed on the Commission's proposal for a framework programme of Community activities in the field of research and technological development (1987-91),³ after being suspended at the end of the meeting of 24 February.⁴ The proposal had already been examined on 21 October⁵ and 9 December 1986.⁶ At the close of the discussions the President submitted a final compromise proposal which 10 delegations were willing to accept, provided that there was unanimity; two delegations upheld reservations and were asked to make known the final positions of their governments by 3 April.

The final compromise sets the allocations for the framework programme for research

¹ OJ C 270, 22.10.1985; Bull. EC 5-1985, point 2.1.117.

² OJ C 231, 12.9.1986; Bull. EC 9-1986, point 2.1.29.

³ OJ C 275, 31.10.1986; Bull. EC 7/8-1986, point 1.2.1 *et seq.*

⁴ Bull. EC 2-1987, point 2.1.30.

⁵ Bull. EC 10-1986, point 2.1.33.

⁶ Bull. EC 12-1986, point 2.1.65.

and technological development (1987-91) at 5 396 million ECU.

Framework programme

Future role of the JRC

2.1.40. On 24 March the Commission sent the Council a document on the future role of the Joint Research Centre (JRC). It thus amplified the initial discussions on the subject that took place at the Council meeting on 9 December 1986,¹ notably in the light of the report on the future of the JRC drafted, at the Commission's request, by a panel of experts.²

In this document, the Commission outlines its conception of the JRC's future role, presents the broad guidelines adopted for its future scientific and technological activities, and indicates what changes should be made in the structure and management of the Centre to improve its operation. The JRC's role and its guidelines should, in its view, be established in parallel with the new framework programme. To this end, the Commission plans to lay a formal proposal on the future role of the JRC before the Council by the summer.

Coordination of national policy

2.1.41. At its meeting in Brussels on 12 and 13 March the Scientific and Technical Research Committee (Crest) held an in-depth discussion of a report by Irdac (Industrial R&D Advisory Committee) on the financing of Community research. In this report, Irdac stresses that Community financing of R&D represents only a very small part of total R&D expenditure in the Community. As things stand, therefore, it can have only a marginal impact on the industrial competitiveness of Europe in relation to the United States and Japan. On the other hand, it can have some effect if it is used to stimulate R&D in strategic areas at the precompetitive stage and to promote European cooperation for the development and application of new technologies.

The discussions focused on the concept of precompetitive R&D, which according to Irdac should be interpreted fairly broadly and on the Community contribution which, again according to Irdac, should remain at about 50%, as well as on the need for a coordinated Community approach in strategic areas. The Committee recommended that Irdac should extend its survey to all Community countries and, in particular, to more small and medium-sized businesses.

Crest also held a discussion, on the basis of information provided by the Commission, on the future role of the JRC, the results of the first phase of Esprit,³ the Sprint programme (Strategic programme for innovation and technology transfer⁴ — definition phase) and the Comett programme.⁵

International cooperation

Framework agreements

EFTA countries

2.1.42. On 9 March the Commission definitively concluded,⁶ on behalf of Euratom, the framework agreements for scientific and technological cooperation with Switzerland, Sweden, Norway, Finland and Austria.⁷

2.1.43. The Joint Committee set up under the Framework Agreement for scientific and technological cooperation between the Communities and Finland⁸ held its second meeting, in Helsinki, on 4 March.⁹ It continued its discussion of a draft Agreement for the participation of Finland in the stimulation plan¹⁰ and Euram.¹¹ The Finnish Del-

¹ Bull. EC 12-1986, point 2.1.64.

² Bull. EC 7/8-1986, point 2.1.36.

³ Bull. EC 12-1986, point 2.1.74.

⁴ OJ C 335, 30.12.1986; Bull. EC 10-1986, point 2.1.53.

⁵ OJ L 222, 8.8.1986; Bull. EC 7/8-1986, point 2.1.95.

⁶ OJ L 71, 14.3.1987.

⁷ Bull. EC 2-1987, point 2.1.32.

⁸ OJ L 78, 24.3.1986; Bull. EC 4-1986, point 2.2.18.

⁹ Bull. EC 9-1986, point 2.1.32.

¹⁰ OJ L 83, 25.3.1985; Bull. EC 12-1984, points 1.7.1 and 1.7.2.

¹¹ European research on advanced materials; Bull. EC 6-1986, point 2.1.65.

egation reiterated its interest in cooperating in several fields covered by certain Community programmes, such as Esprit,¹ RACE,² Brite,³ FAST³ and Comett,⁴ and in research programmes on biotechnology,³ environment,⁵ medicine,⁶ non-nuclear energy³ and radioactive-waste management.³

China

2.1.44. On 19 March Mr Song Jian, China's Minister with special responsibility for science and technology, had a working meeting in Brussels with the Commission. At the meeting, an agreement was signed between the Community and China with a view to the establishment of a Centre in Peking for the coordination of biotechnology research for applications in agriculture and medicine. The principal tasks of the Centre will be to coordinate research projects carried out jointly by Chinese and European Laboratories, arrange visits by Community experts to China and select Chinese scientists for stays in the Community, organize symposia and seminars, and disseminate information.

The Community is already cooperating with China in various fields (agriculture, medical research, environment, energy, etc.), mainly as part of the research programme on science and technology for development.⁷ During discussions with the Commission, Mr Song Jian expressed China's desire for stronger and broader-based cooperation.

COST

2.1.45. On 24 March Ireland and Austria signed the Memorandum of Understanding (MOU) on COST Project 73 (European weather radar networking).

2.1.46. On 30 March Italy signed the two MOUs on COST Project 217 (Optical measurement techniques for advanced optical fibre devices and systems) and COST Project 218 (Material science and reliability of optical fibres and cables).

Sectoral R&D

Energy

Nuclear energy

2.1.47. On 15 and 16 March delegations from the Community, the United States, Japan and the Soviet Union met in Vienna under the auspices of the International Atomic Energy Agency (IAEA) to examine the prospects for international cooperation in the field of research on fusion for peaceful purposes. The four parties declared their readiness to engage in joint studies and research in preparation for the building of an international experimental fusion reactor.

Community research on controlled thermonuclear fusion (consisting primarily in the work carried out under the JET project in the United Kingdom) has earned Europe a leading place in the world in this field. Under the present Community fusion research programme (1985-90),³ the Community recently signed a trilateral Agreement with Japan and the United States⁸ and bilateral Agreements with Canada⁹ and the United States.¹⁰

Non-nuclear energy

2.1.48. On 7 March the Commission published another call for proposals¹¹ for the research and development programme in the field of non-nuclear energy,³ notably the pilot project 'Building 2000'.

¹ OJ L 67, 9.3.1984; Bull. EC 2-1984, point 1.3.1 *et seq.*

² OJ C 304, 28.11.1986; Bull. EC 10-1986, point 2.1.44.

³ OJ L 83, 25.3.1985; Bull. EC 12-1984, points 1.7.1 and 1.7.2.

⁴ OJ L 222, 8.8.1986; Bull. EC 7/8-1986, point 2.1.95.

⁵ OJ L 159, 14.6.1986; Bull. EC 6-1986, point 2.1.67.

⁶ OJ C 50, 26.2.1987; Bull. EC 10-1986, point 2.1.49.

⁷ OJ L 352, 14.12.1982; Bull. EC 12-1982, point 2.1.186.

⁸ Bull. EC 1-1986, point 2.1.31.

⁹ Bull. EC 3-1986, point 2.1.41.

¹⁰ OJ L 46, 14.2.1987; Bull. EC 12-1986, point 2.1.71.

¹¹ OJ C 59, 7.3.1987; OJ S 47, 7.3.1987.

Industry

New technologies

Biotechnology

2.1.49. From 23 to 26 March the Commission held a symposium in Louvain-la-Neuve, Belgium, on genetic and cellular engineering of plants and micro-organisms important to agriculture, as part of the biotechnology research action programme (BAP) (1985-89).¹ It regularly organizes such meetings between contractors working in the same area of this research programme. The meeting in Louvain-la-Neuve gave scientists from the 63 laboratories in the Community which — under the BAP — study cultivated plants and their associated micro-organisms the opportunity to compare their results and problems and to exchange any information that could be of use in their further research.

This meeting was therefore in line with the Commission's efforts to set up, in the various major fields of biotechnology research, truly European 'laboratories without walls' which bring together skills otherwise scattered around the Community. Also taking part in the meeting were representatives of 32 companies engaged in industrial development of the discoveries made and processes devised in the biotechnology research laboratories.

Traditional industries²

Technical coal research

2.1.50. In accordance with Article 55 of the ECSC Treaty, on 19 March the Commission sent to the ECSC Consultative Committee — which delivered a favourable Opinion on 24 March (→ point 2.4.16) — and to the Council, for assent, a proposal for a new coal research programme comprising 57 technical coal research projects involving a total of 22 million ECU, broken down into 14.2 million ECU for mining technology (firedamp prediction, use of roadway driving machines, and under-

ground transport of men and materials) and 7.7 million ECU for coal upgrading (new coking, liquefaction and gasification techniques for coal).

Agriculture and fisheries

2.1.51. On 4 March the Council decided,³ on a proposal from the Commission,⁴ to amend the decision of 12 December 1983⁵ adopting joint research programmes and programmes for coordinating agricultural research, by increasing the appropriation required for their implementation over the period 1987-88 from 30 million ECU to 50 million ECU.

Health and safety

Radiation protection

2.1.52. In the context of the radiation protection programme (1985-89),¹ a meeting of the Eulep Group⁶ was held in Brussels from 9 to 13 March. This Group, set up by the Commission, is composed of scientists representing the various European laboratories which are working together, under the programme, on research into the long-term effects of ionizing radiation. During the meeting, the various activities in progress were reviewed and a number of additional ones launched: their aim, for example, is to improve knowledge of the transfer of radionuclides to the foetus and to develop new substances that can fix radioactive plutonium and thus enable it to be eliminated from the human body.

2.1.53. From 23 to 25 March, likewise in the context of this research programme,¹ the Commission, jointly with the Dutch public health authorities, held an inter-

¹ OJ L 83, 25.3.1985; Bull. EC 12-1984, points 1.7.1 and 1.7.2.

² For technical and social research (steel), see the 'Steel' section.

³ OJ L 85, 28.3.1987.

⁴ OJ C 273, 29.10.1986; Bull. EC 4-1986, point 1.3.7.

⁵ OJ L 358, 22.12.1983; Bull. EC 12-1983, point 2.1.159.

⁶ European late effect project.

national seminar in Amsterdam on 'Human exposure to ultraviolet radiation: risks and regulations'.

This seminar enabled the European and American scientists present to discuss the most recently acquired knowledge on the benefits and risks of exposure to ultraviolet radiation (UV). The harmful consequences of UV exposure for the skin and eyes are now well-established: they are principally skin cancer, conjunctivitis and cataracts. The stimulation of vitamin D production is sometimes presented as a benefit; this vitamin is produced rapidly after sunbathing for 10 minutes, but is not necessary if it is contained in the diet. The disadvantages associated with UV exposure are not only cancers but also ageing of the skin. Exposure to the long-wavelength UV emitted by sunbeds (UVA) seems to present a lower risk in these two respects than exposure to the UV of shorter wavelength (UVB) in solar radiation.

The seminar came to the following conclusions: normal use of sunbeds, especially those emitting pure UVA radiation, did not involve any particular risk, nor did the regulations on UV exposure at the workplace pose any difficulties; it was not feasible to introduce regulations on voluntary exposure (sunbathing and sunbeds) but efforts to inform and educate the general public were highly desirable.

Telecommunications, information industries and innovation

Telecommunications

2.1.54. Delegations from the European Community and the United States met in Brussels for an exchange of information on telecommunications. The meeting was chaired by Ambassador Michael B. Smith, Deputy US Trade Representative and Mr Michel Carpentier, Director-General of the Directorate for Telecommunications, Information Industries and Innovation.

The agenda covered major items of mutual interest in telecommunications: standardization, testing and type approval, technology and the regulatory environment.

These consultations follow a European fact-finding mission to the United States in June 1986, which investigated all aspects of the development of US telecommunications.

The Commission emphasized the complex political, institutional and industrial factors which have to be taken into account in developing a Community telecommunications policy along the action lines adopted by the Council in December 1984.¹ Several measures have been decided upon during the past three years within this framework which will form the backbone of a unified market in this sector.

The US delegation stressed the need to provide an environment for the competitive introduction of new technology. In particular, it emphasized its concern about the access of non-Community based American firms to technical work organized by the European Conference of Postal and Telecommunications Administrations (CEPT) and the possibility for the Community network operators to recognize conformance tests made by laboratories in non-member countries, particularly the United States.

The Community participants briefed the US delegation on the implementation of Community telecommunications policy with respect to competition policy, public procurement and the future regulatory environment for telecommunications in Europe.

They also presented the principal Community initiatives, for example, standardization of information technology,² mutual recognition of tests and type approval,³ ISDN⁴ and digital cellular radio.⁵

The current Community programmes on telecommunications and information tech-

¹ Bull. EC 12-1984, point 2.1.31.

² OJ L 36, 7.2.1987; Bull. EC 12-1986, point 2.1.76.

³ OJ L 217, 5.8.1986; Bull. EC 7/8-1986, point 2.1.43.

⁴ OJ L 382, 31.12.1986; Bull. EC 12-1986, point 2.1.77.

⁵ Bull. EC 2-1987, point 2.1.38.

nology (RACE,¹ Esprit,² Insis³ and STAR⁴ were also presented and discussed.

Promotion of innovation

Sprint programme

2.1.55. Pending the Opinion of Parliament, on 19 March the Council agreed on 8.6 million ECU as the amount considered necessary to carry out the revised Sprint programme.⁵

Information market

2.1.56. On 6 March the Commission held a second meeting⁶ with the Senior Officials Advisory Group (SOAG) for the Information Market to assess the work and consultations carried out so far in order to define priority actions which could form the basis of a Community action programme in the field of information services.

Recent consultations have been held with expert groups of information services providers and users. Among the areas identified as requiring priority action were: legal aspects, information standards, multilingualism and the relationship between the public and private sectors. It was agreed that possible pilot projects, which included a data bank on Community R&D and technology, should be geared to the needs of the usual professional end-user of information services.

Promotion of information services

Specialized information

2.1.57. At its 54th meeting on 12 and 13 March 1987,⁷ the Committee for Information and Documentation on Science and Technology (CIDST) unanimously recommended to the Commission the financing of a series of projects in the framework of the five-year programme for the development of the specialized information market in Europe (1984-89).⁸

The projects aim at the use of videotex technology in presenting agricultural and industrial information in Portugal and Spain; at preparing a plan for enhancing the use of new information technologies for collaboration between libraries; at the coordination of the implementation of a demonstration programme for materials data banks, and at the partial financing of preparatory work for the Appolo project (electronic transmission of documents by satellite).

2.1.58. The Project Advisory Group further agreed to the 1987-88 work plan for patent information, and especially recommended in principle a project aiming at the multilingual presentation of patent information.

All these projects add up to 1.35 million ECU.

The Committee noted with interest the progress made in the multilingual field (Eurotra, Systran, Japan-Info) and welcomed the regular information given on the work of the new Senior Officials Advisory Group in the field of information market policy, with which close collaboration is foreseen.

Customs union and indirect taxation

Customs union

Simplification of customs formalities

Single administrative document

2.1.59. On 4 March⁹ the Commission transmitted to the Council a proposal for a

¹ OJ L 210, 7.8.1985; Bull. EC 7/8-1985, point 2.1.225.

² OJ L 67, 9.3.1984; Bull. EC 2-1984, point 1.3.1 *et seq.*

³ OJ L 368, 28.12.1982.

⁴ OJ L 305, 31.10.1986; Bull. EC 10-1986, 2.1.107.

⁵ OJ C 335, 30.12.1986; Bull. EC 10-1986, point 2.1.53.

⁶ Bull. EC 11-1986, point 2.1.61.

⁷ Bull. EC 11-1986, point 2.1.63.

⁸ OJ L 314, 4.12.1984; Bull. EC 11-1984, point 2.1.25.

⁹ COM(87) 82 final.

Decision concluding a Convention between the European Economic Community and the EFTA countries with a view to the introduction, in trade between the Community and those countries, of a single administrative document which would replace existing declaration forms.

This proposal results from the negotiations which the Commission conducted with the EFTA countries in accordance with the directives given to it by the Council on 3 March 1986.¹

Community transit

2.1.60. In accordance with the directives given to it by the Council on 9 February,² the Commission negotiated a Convention with the EFTA countries introducing common customs transit arrangements intended to facilitate trade in goods between the Community and the countries concerned as well as between those countries themselves.

Following negotiation, this Convention was initialled in Geneva on 20 March.

2.1.61. On 27 March³ the Commission adopted a Regulation codifying and adjusting the provisions for the implementation of the Community transit procedure and for certain simplifications of the procedure.⁴

One of the effects of this Regulation, which will enter into force on 1 January 1988, is to make the necessary adjustment of the provisions to take account of the introduction of the single administrative document.⁵

General legislation

Mutual administrative assistance between Member States

2.1.62. On 9 March the Council agreed to a proposal amending the Council Regulation of 19 May 1981⁶ with the general aim of extending and strengthening the capacity of the Commission and the Mem-

ber States to take action to combat fraud in trade with non-member countries.⁷

In order to achieve this aim, the Regulation approved by the Council establishes a coordinated procedure for:

- (i) exchanging information between the Member States and between Member States and the Commission;
- (ii) organizing Community administrative cooperation missions and investigative missions in the non-member countries concerned.

The Regulation was adopted on 30 March and will enter into force on 1 July.⁸

Accession to European conventions

2.1.63. On 30 March the Director-General for Customs Union and Indirect Taxation signed on behalf of the Community three Agreements, including the relevant Protocols, drawn up by the Council of Europe, namely:

- (i) the Agreement on the temporary importation, free of duty, of medical, surgical and laboratory equipment for use on free loan in hospitals and other medical institutions for purposes of diagnosis or treatment;⁹
- (ii) the European Agreement on the exchange of blood-grouping reagents;¹⁰
- (iii) the European Agreement on the exchange of therapeutic substances of human origin.¹⁰

Common Customs Tariff

CCT Regulation

2.1.64. Further to the Agreement concluded with the United States in January¹¹

¹ Bull. EC 3-1986, point 2.1.53.

² Bull. EC 2-1987, point 2.1.44.

³ OJ L 107, 22.4.1987.

⁴ OJ L 38, 9.2.1977; OJ L 179, 11.7.1985.

⁵ OJ L 79, 21.3.1985; Bull. EC 12-1984, point 1.6.1.

⁶ OJ L 144, 2.6.1981.

⁷ OJ C 267, 18.10.1985; Bull. EC 10-1985, point 2.1.38;

OJ C 181, 19.7.1986; Bull. EC 7/8-1986, point 2.1.48.

⁸ OJ L 90, 2.4.1987.

⁹ OJ L 131, 17.5.1986; Bull. EC 5-1986, point 2.1.46.

¹⁰ OJ L 37, 7.2.1987; Bull. EC 1-1987, point 2.1.36.

¹¹ OJ L 98, 10.4.1987; Bull. EC 1-1987, point 1.2.1. *et seq.*

on the consequences of enlargement, on 16 March¹ the Council adopted, on a proposal from the Commission,² a Regulation amending the Regulation of 24 November 1986³ on the Common Customs Tariff.

This Regulation amended tariff headings Nos 07.04, 08.01, 12.03, 20.06, 20.07, 22.09, 24.02, 28.01, 29.02, 29.07, 29.08, 29.15, 29.26, 38.14, 38.19, 39.01, 44.15, 76.03 and 87.06 and introduced reductions in duty for a range of products.

Nomenclature

2.1.65. For the purpose of ensuring uniform application of the CCT nomenclature, the CCT Nomenclature Committee adopted agreements classifying goods in subheadings 29.23 A II and 29.39 C II.⁴

Economic tariff matters

Suspensions

2.1.66. On 23 March⁵ the Council adopted a Regulation temporarily suspending the autonomous Common Customs Tariff duties on a number of industrial products.

Tariff quotas⁶

2.1.67. The Council adopted several Regulations opening, allocating and providing for the administration of Community tariff quotas for the following products:

(i) carrots falling within CCT subheading ex 07.01 G II originating in Cyprus (1987);⁵

(ii) certain types of fruit and fruit juice (1987);⁷

(iii) dried, dehydrated or evaporated onions falling within CCT subheading 07.04 A;⁵

(iv) unroasted malt falling within CCT subheading 11.07 A II b) originating in and coming from Finland.⁵

2.1.67a. It also adopted two Regulations:

(i) amending Regulation 1910/86⁸ opening, allocating and providing for the administration of a Community tariff quota for apricot pulp falling within CCT subheading ex 20.06 B II 1 aa) originating in Turkey;⁹

(ii) amending Regulations 4044/86, 4045/86, 4046/86, 4047/86 and 4048/86¹⁰ opening, allocating and providing for the administration of Community tariff quotas for certain agricultural products originating in the Canary Islands.¹¹

2.1.68. The Council also adopted a Regulation increasing the Community tariff quota opened by Regulation 3741/86¹² for certain plywoods of coniferous species falling within CCT subheading ex 44.15.⁵

Indirect taxation

Tax exemptions

Allowances granted to travellers

2.1.69. On 16 March,¹³ the Council adopted, on a proposal from the Commission,¹⁴ a Directive amending the Directive of 28 May 1969,¹⁵ as regards a derogation granted to Denmark relating to the rules governing turnover tax and excise duty on imports in international travel.

¹ OJ L 76, 18.3.1987.

² Bull. EC 2-1987, point 2.1.46.

³ OJ L 345, 8.12.1986; Bull. EC 11-1986, point 2.1.68.

⁴ OJ C 56, 4.3.1987.

⁵ OJ L 82, 26.3.1987.

⁶ For steel products and agricultural products, see points 2.1.36 and 2.1.153.

⁷ OJ L 61, 4.3.1987.

⁸ OJ L 165, 21.6.1986.

⁹ OJ L 79, 21.3.1987.

¹⁰ OJ L 377, 31.12.1986.

¹¹ OJ L 89, 1.4.1987.

¹² OJ L 353, 13.12.1986.

¹³ OJ L 78, 20.3.1987.

¹⁴ Bull. EC 12-1986, point 2.1.135.

¹⁵ OJ L 133, 4.6.1969; OJ L 183, 16.7.1985.

Competition

Restrictive practices, mergers, dominant positions: specific cases

Prohibited horizontal agreements

Airlines

2.1.70. On 18 March the Commission decided to pursue its actions against restrictive practices in air transport which it had begun in July 1986¹ with the sending of letters under Article 89 EEC to 10 EEC airlines (Sabena, SAS, Lufthansa, Olympic Airways, Air France, Aer Lingus, Alitalia, KLM, British Airways and British Caledonian).

Seven airlines have responded positively to the Commission's move, and negotiations are continuing to get the companies either to abandon the offending practices or to bring them into line with the competition rules. However, three airlines (Lufthansa, Alitalia and Olympic Airways) have failed to show any willingness to modify their practices. In these cases the Commission therefore adopted reasoned Decisions under Article 89 formally establishing that their agreements and practices contravene the competition rules and are therefore illegal, and requiring the airlines to bring the infringements to an end. The Decisions will take effect as soon as they have been notified to the airlines. The Commission, however, decided to postpone notification for three weeks to give the airlines a last chance to enter into negotiations with the Commission, as the other seven airlines have done.

With a view to the forthcoming meetings of the Transport Ministers, the Commission also decided that it would withdraw its proposal for a Regulation enabling it to grant block exemptions under Article 85(3) for inter-airline agreements² unless the Council reached acceptable conclusions by 30 June 1987 consistent with the proposals

the Commission laid before it in July 1986 on fares, capacity, route access and competition (→ point 2.1.200).

Permitted forms of cooperation

Montedison/Hercules (Himont)

2.1.71. Montedison and Hercules have received the Commission's approval for the formation of their joint subsidiary Himont, after agreeing to amend their original plans for the venture. The US-based company Himont has merged the polypropylene assets of the two parent companies which were previously independent competitors on this market, particularly in the Community. Polypropylene is a bulk thermoplastic. Polypropylene resins are produced from propylene, one of the basic products derived from cracking naphtha, and can be further processed into a variety of products: film (e.g. for food wrappings), fibres (e.g. ropes, carpet backing) and a wide range of extrusion and blown products.

The original agreements provided that Himont should be involved in the production of polypropylene resins worldwide and in polypropylene fibre production in the Community. Its output was to be marketed by Himont subsidiaries in Italy, Belgium, the United States and Canada. In other countries, distribution was to be through subsidiaries of Montedison (particularly in the Community) or Hercules.

Under the original agreements, Montedison and Hercules both planned to retain some of their own independent capacity and businesses in certain areas of the polypropylene sector: both would remain active worldwide in the production and sale of polypropylene film (a downstream market *vis-à-vis* Himont's polypropylene resins production), Montedison would continue production of propylene (the raw material for polypropylene), while Hercules was to keep its own

¹ Bull. EC 7/8-1986, point 2.1.60.

² OJ C 182, 9.7.1984; Bull. EC 2-1984, point 2.1.149; Bull. EC 7/8-1986, point 2.1.211.

polypropylene fibres production in the United States. In connection with the two parent companies' activities in fields related to the Himont business, the agreements provided that the three companies would buy significant minimum quantities of their requirements of polypropylene resins or propylene from one another at a discount from market prices.

Himont was originally set up as a 50-50 joint venture between Montedison and Hercules. The shareholders' agreement provided for the exercise of joint control, including rotation between the two parent companies of the right to appoint Himont's top management.

From its examination of the case, the Commission concluded that several aspects and clauses in the Montedison-Hercules agreements were incompatible with Article 85(1) EEC, especially taking account of their cumulative effect. These provisions were: both Hercules' and Montedison's presence in one of Himont's downstream markets, polypropylene film; Hercules' presence in one of the same markets as Himont, polypropylene fibre, in the United States; a certain residual presence of Montedison in Himont's upstream market, propylene; the special supply and purchasing agreements involving discounts and minimum purchasing obligations between the three companies; the distribution of Himont's products by Hercules and Montedison in several countries, including all Community Member States except Belgium, Luxembourg and Italy; and the fact that joint control over Himont was strictly shared between the two parent companies.

On the advice of the Commission, the parties modified the agreements and the capital structure of Himont.

To make the company into a viable entity enjoying real independence from the parent companies, 20% of Himont's common stock has been floated to the public, so that from being a 50-50 jointly owned company Himont has become a company with public stockholders, governed by the applicable US laws and regulations for the protection of minority shareholders' rights.

In addition, Hercules and Montedison have given up all direct activities in the Community in markets downstream of Himont. Himont has given up all its interests in the polypropylene fibre sector and has taken over the marketing of its own products in the major Member States, by setting up distribution subsidiaries. The initial supply and purchasing agreements between Himont, Hercules and Montedison have also been terminated and new contracts will be concluded on an arm's length basis.

After these changes, the joint venture appears unlikely to lead to restrictive coordination of the businesses of Montedison and Hercules in markets in which they ostensibly compete and the Commission has therefore concluded that the agreements on Himont do not fall within Article 85(1).

Montedison and Hercules have withdrawn completely and permanently as independent competitors from the new company's markets; nor do they operate any longer in vertically related (upstream or downstream) markets, except on a very small scale. Furthermore, Himont is constituted as a permanent and independent enterprise capable of taking decisions in its own and its public shareholders' interests.

The impact of the formation of Himont under the revised arrangements was also examined in relation to Article 86, but the Commission found that none of the companies held market shares giving them a dominant position.

State aid

General aid schemes

Aid to small firms

Germany

2.1.72. On 24 March the Commission decided to close the Article 93(2) EEC scrutiny procedure¹ against a Bavarian scheme

¹ Bull. EC 4-1986, point 2.1.51.

for soft loans to small firms. The German Government had satisfied the Commission that the scheme would not be available for replacement investment or in sensitive industries.

Spain

2.1.73. On 24 March the Commission decided not to raise any objection to an aid scheme for cooperatives and small firms in the Extremadura region in 1987. The scheme, under a regional government decree, provides soft loans for investment that raises productivity or creates or maintains jobs. The total budget is PTA 230 million (1.57 million ECU). Eligibility is restricted to firms with sales of under PTA 1 500 million (10.3 million ECU) and less than 300 employees.

Regional aid

Germany

2.1.74. On 11 March the Commission decided to extend the Article 93(2) scrutiny procedure already pending in two earlier cases to the fifteenth general plan of the joint Federal/*Land* regional aid programme ('Gemeinschaftsaufgabe').

The earlier cases concerned the provisions of the fourteenth plan for multiple aid awards under different schemes to the same project and for an increase in the special grant for recruitment of highly qualified staff,¹ and the possibility provided for in the amended Investment Grants Act of combining regional and research grants.²

The Commission had no objection to the other aspects of the fifteenth plan, but reserved its position on the proposed changes in the area coverage of the joint programme.

France

2.1.75. On 18 March the Commission opened the Article 93(2) EEC scrutiny procedure against a proposal by the French

Government to maintain eligibility for regional planning (PAT) grants as an exceptional measure for another three years (1987-89) in the following areas:

- (i) the previous PAT areas of the departments of Doubs, Territoire de Belfort, Eure, Sarthe, and the arrondissement of Vésoul in the department of Haute-Saône, and
- (ii) the Creusot development zone.

The Commission considered that the areas should not be eligible for regional aid, as they did not meet the criteria it applied for such aid under Article 92(3)(c).

However, it had no objection to the maintenance of PAT grants in a number of other areas:

- (i) the previous PAT areas of the arrondissement of Le Havre (Seine-Maritime);
- (ii) the Dunkirk, Fos and Caen development areas, and
- (iii) Roubaix-Tourcoing.

The Commission simultaneously closed the Article 93(2) EEC procedure against the proposal to retain the same areas of Upper Normandy, Franche-Comté and Sarthe formally within the PAT scheme.³ The French Government had withdrawn this proposal.

Portugal

2.1.76. On 11 March the Commission decided not to oppose an extension of the basic regional grants scheme until 31 December 1987 or the introduction of a new scheme if this took place before the end of the year.

On 8 October 1986 the Commission had authorized implementation of the basic grants scheme until the end of 1986.⁴ The grants are awarded to manufacturing and service enterprises on the basis of criteria related to reduction of regional disparities, job creation and the modernization of

¹ Bull. EC 3-1986, point 2.1.67.

² Bull. EC 12-1986, point 2.1.115.

³ Bull. EC 6-1986, point 2.1.90.

⁴ Bull. EC 10-1986, point 2.1.71.

industry. They are limited to 33% of the investment cost.

Selective assistance

Ceramic sanitaryware

Belgium

2.1.77. On 11 March the Commission decided to close the Article 93(2) EEC scrutiny procedure against BFR 400 million of starting capital which the Walloon regional authorities had provided in 1985 to Noviboch of La Louvière when it took over the ceramic sanitaryware business of Boch after the latter had been wound up. Stringent conditions were, however, imposed on further aid to Noviboch for the rest of the decade. The procedure was opened on 22 May 1985. Like Boch, before its liquidation, Noviboch is wholly owned by the Walloon Region.

In 1983, 1984 and 1986 the Commission took decisions ordering the recovery of a total of BFR 662 million granted by the Walloon authorities to cover losses at Boch, which had enabled the company to boost its production and exports. The first two decisions led to rulings by the Court of Justice holding that Belgium had breached its EEC obligations by failing to comply with the 1983 decision and rejecting Belgium's appeal against the 1984 decision. The earlier aid to Boch had simply maintained the status quo, a purpose for which the Commission generally regards aid as incompatible with the common market.

In deciding to allow the 1985 equity subscription in Noviboch so that the new company could take over the most viable part of Boch (which had also made crockery), the Commission considered that although it involved aid the takeover had been associated with a restructuring of the business which had significantly reduced overcapacity in the ceramics industry.

The Commission therefore decided that the BFR 400 million could be considered com-

patible with the common market. However, to ensure that Noviboch could not continue the destructive commercial policies of its predecessor with the help of public funds, the Commission has forbidden the Belgian Government until the end of 1989 to grant any further aid to Noviboch, including aid under approved general or regional aid schemes, that would increase its output or cover any possible future losses. The Belgian Government is also required to notify any other assistance it may propose to give to Noviboch, even under schemes for which notifications of individual awards are normally not required, and to submit an annual report to enable the Commission to monitor the commercial activities of the company.

Shipbuilding

Germany

2.1.78. On 11 March the Commission decided not to object to the German Government's plan to grant development assistance to Ghana for building two fishing vessels.

Article 4(7) of the Sixth Council Directive on aid to shipbuilding¹ requires the Commission to check that tied development aid conforms to the OECD rules. Having done so, the Commission was able to authorize the aid.

Greece

2.1.79. On 11 March the Commission decided to authorize aid to Hellenic Shipyards in the form of a capital injection of USD 58.3 million by the Greek Industrial Development Bank. The aid is for a complete restructuring of Hellenic Shipyards. As the plan was notified to the Commission before the end of 1986, it was examined under the Fifth Council Directive on aid to shipbuilding, as required by the transitional

¹ Bull. EC 12-1986, point 2.1.122.

provisions (Article 12) of the Sixth Directive.¹

Information technology

Germany

2.1.80. On 18 March the Commission decided not to object to a plan notified by the Federal Government to provide DM 85.8 million for a programme of basic research into architectures of high-performance computers for numerical simulations, run by the national research centre Gesellschaft für Mathematik und Datenverarbeitung, with the collaboration of the companies Krupp Atlas Elektronik and Stollmann GmbH. The programme is to cost DM 99.9 million.

As the programme involves basic research which will advance scientific and technical knowledge for the general benefit, the Commission considered that the government support was not aid falling within Article 92(1) EEC.

Building materials

France

2.1.81. On 11 March the Commission decided to close the Article 93(2) EEC scrutiny procedure against aid granted to the plasterboard manufacturer Escogypse of Anzin (department Nord) over the period 1980-85. The procedure had been opened on 8 July 1986 after the French Government had failed to reply to a request for information.

In the course of the proceedings the Commission established that the company had received FF 6.3 million in grants and FF 13 million in participatory loans for its investment when it was set up and a further FF 2.5 million of grants and FF 14 million of participatory loans to consolidate its finances later. Despite this aid, the company had steadily made losses ever since it was set up in 1980 following the closure of a steelworks.

The Commission was persuaded to close the file by the depressed state of the Valenciennes area and the extremely small size of the firm, which employs less than 100 people. However, it has impressed on the French Government that any further aid to Escogypse might not be treated so sympathetically and should in any case be notified under Article 93(3) EEC.

Steel

Spain

2.1.82. On 24 March the Commission authorized the payment of PTA 223 322 million of aid to four Spanish steel firms under paragraph 5 of Protocol No 10 to the Act of Accession of Spain and Portugal to the European Communities (restructuring of the Spanish steel industry). The aid, which is mainly for financial restructuring, must be paid by the end of 1988. It was notified in December 1986 to support further rationalization of the Spanish steel industry in addition to the restructuring plans which the government adopted before accession.

The Commission had a report made by outside consultants on the new round of plant rationalizations and financial restructuring. The report, which used similar financial criteria to those employed in the reports on other Community steel producers prior to 1985, found that the measures were essential to give the firms a reasonable prospect of becoming viable again under normal market conditions by the end of 1988 when the transitional period laid down in Article 52 of the Accession Treaty ends.

As provided in the Annex to Protocol No 10 laying down the procedures and criteria for the assessment of aid to the Spanish steel industry, and following its practice in the Ten in 1981-85, the Commission has ordered a reduction of capacity for hot-

¹ Bull. EC 12-1986, point 2.1.122.

rolled products of 750 000 tonnes in return for the aid.

In addition to the PTA 223 322 million, the Commission has also authorized on certain conditions a further PTA 60 000 million of aid for a coordinated rationalization of the businesses of the two integrated producers. In return, it has ordered a net reduction of capacity for hot-rolled products of 200 000 tonnes.

The 950 000 tonnes of capacity reductions ordered under the decision on the additional aid are in addition to the 3.3 million tonnes reduction that has to be made in the capacity of the Spanish steel industry by virtue of paragraph 1 of Protocol No 10. All the 4.25 million tonnes of capacity cuts must be made by the end of 1988.

France

2.1.83. On 24 March the Commission decided that FF 3 147 million of aid provided to the two French steel groups, Usinor and Sacilor, for activities coming under the EEC Treaty was incompatible with the common market and must be repaid.

The Article 93(2) EEC scrutiny procedure had been opened on 20 December 1984 and 28 January 1986 against a total of FF 7 657 million of government capital subscriptions in the two groups. Part of this, amounting to FF 1 649 million, was subsequently found to have gone to activities falling under the ECSC Treaty and was dealt with under the ECSC steel aid code.

The balance of FF 6 008 million, about which the Commission originally had only very limited information, was thought likely to have distorted competition.

The French Government submitted, however, that it had merely been fulfilling its responsibilities as a shareholder in providing new equity to the two steel groups for activities outside their mainstream steel activities subject to the ECSC Treaty.

The Commission finally decided that FF 3 147 million of the 6 008 million had

involved aid that was likely to affect trading conditions to an extent contrary to the common interest and was ineligible for exemption under any of the exceptions provided for in Article 92 EEC. This aid had been granted:

(i) for the most part for subsidiaries engaged in sensitive non-ECSC activities (such as wire-drawing, metal fabrication, pipes and tubes), whose prospects of viability without further injections of aid were doubtful and which had not carried out sufficient restructuring to compensate for the trade-distorting effects of the aid; and

(ii) to a lesser extent for the parent groups themselves to extend their non-ECSC interests by acquisitions. The Commission considered that in view of the financial position of the steel groups at the time, this funding was aid on the basis of the criteria of its Notice on government subscriptions of capital in companies.¹ The diversification moves had also not been accompanied by rationalization that could be regarded as sufficiently in the public interest to justify exemption from the aid rules.

Commercial vehicles

United Kingdom

2.1.84. On 18 March the Commission closed the Article 93(2) EEC scrutiny procedure against a government capital injection of UKL 680 million in Rover Group to support restructuring of its commercial vehicles subsidiaries prior to privatization.² The capital injection was to help pay for the cost of past and future restructuring of the Group's bus and truck subsidiaries. The Commission found that aid for the restructuring could be justified from the Community's point of view, as it was making a substantial contribution towards the rationalization of the European bus and truck industry, which

¹ Bull. EC 9-1984, point 3.5.1.

² Bull. EC 12-1986, point 2.1.121.

has serious overcapacity. The impact on jobs and the local economy generally was also taken into consideration.

Flat glass

Italy

2.1.85. On 24 March the Commission decided to open the Article 93(2) EEC scrutiny procedure against non-notified aid to the Italian flat glass industry.

The government had provided LIT 41 000 million of new capital to the State holding company EFIM for investment costing LIT 266 000 million. The capital injection, especially that allocated to finance the building of a new float glass line at Porto Marghera by the chronically loss-making Veneziana Vetro was thought to involve aid.

The aid was also considered likely to distort competition and trade between Member States, as the investment would increase capacity. The Commission knew of no factors that might justify exemption from the aid rules.

Financial institutions and company law

Financial institutions

Banks and other financial institutions

2.1.86. For the seventh time the Commission has published a list of all credit institutions authorized to do business in Member States, as at 31 December 1985,¹ in accordance with the First Council Directive of 12 December 1977 on the coordination of laws, regulations and administrative provisions relating to the taking up and

pursuit of the business of credit institutions.²

2.1.87. On 13 March Parliament gave its Opinion³ on the proposal for a Directive on the coordination of laws, regulations and administrative provisions relating to the reorganization and winding-up of credit institutions.⁴ It considered that this Directive would certainly constitute progress, albeit modest, in the development of a common market for credit and that the failure to conclude a Convention on bankruptcy should not prevent action by the Community institutions in this field. Parliament also approved amendments to the proposal, which it called on the Commission to adopt.

Stock exchanges and securities

2.1.88. On 25 March the Commission sent the Council⁵ a proposal amending the Council Directive of 17 March 1980 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.⁶

This amendment is aimed at providing for mutual recognition of listing particulars in cases where the admission of securities to stock-exchange listing is requested in two or more Member States of the Community.

2.1.89. On 13 March Parliament gave its Opinion³ on the proposal amending the Council Directive of 20 December 1985⁷ as regards jurisdiction in disputes arising from the marketing of units of undertakings for collective investment in transferable securi-

¹ OJ C 61, 9.3.1987.

² OJ L 322, 17.12.1977.

³ OJ C 99, 13.4.1987.

⁴ OJ C 356, 31.12.1985; Bull. EC 12-1985, point 2.1.81.

⁵ OJ C 110, 24.4.1987; COM(87) 129 final.

⁶ OJ L 100, 17.4.1980; Bull. EC 3-1980, point 2.1.34.

⁷ OJ L 375, 31.12.1985; OJ L 372, 31.12.1985; Bull. EC 11-1985, point 2.1.63.

ties (Ucits).¹ It considered that the Commission proposal was appropriate but regretted that the Council had not adopted the proposals put forward by the Commission in 1976² and broadly approved by Parliament³ on measures to ensure better coordination of the rules relating to the marketing of Ucits in Member States other than those in which they are situated.

Company law, company taxation and capital movements

2.1.90. On 13 March Parliament adopted a Resolution on non-profit-making associations in the European Communities (→ point 2.4.9).⁴

Employment, education and social policy

Employment

Employment and labour market

The underground economy

2.1.91. On 11 March the Working Party on the Underground Economy, set up following the discussion at the European Council in The Hague in June 1986 of the problems caused by illicit work,⁵ met for the second time.⁶ It was agreed that a report should be drawn up as soon as possible on the following three topics: the extent and nature of the underground economy; the main factors; the implications in policy terms. This report would enable the Commission to present information on this question to the European Council in June.

Exchange of national placement service officials

2.1.92. The seminar launching the 1987 programme of exchanges of national place-

ment service officials was held on 9 March. This programme is the first covered by the new guidelines governing such exchanges adopted by the Directors-General for Employment on 26 and 27 November 1986⁷ which focus on matters involving technical assistance, the study of topics of common interest to all Member States and the integration of the frontier labour market.

On the question of the two common topics chosen for 1987 ('the functioning of the labour market' and 'youth unemployment'), all those taking part agreed that they should not simply draw up a list of national measures but should examine in particular the way in which these measures are applied in the Member States.

Dialogue with the two sides of industry

2.1.93. The Working Party on New Technologies and the Social Dialogue set up following the meeting between the Commission and representatives of the European workers' and employers' organizations in November 1985⁸ at Val Duchesse, held its fifth meeting⁹ on 6 March under the chairmanship of the Commission. At this meeting, the representatives of Unice, the ETUC and the CEEP issued joint Opinions, one concerning the training and motivation of the workforce and the other on providing workers with information and consulting them and/or their representatives when new technologies are introduced in firms.

At the same time, the Working Party expressed its intention to pursue the social dialogue at Community level, examining in particular the problems connected with making European undertakings more

¹ OJ C 129, 28.5.1986; Bull. EC 4-1986, point 2.1.61.

² OJ C 171, 26.7.1976; Bull. EC 4-1976, point 2118.

³ OJ C 57, 7.3.1977.

⁴ OJ C 99, 13.4.1987.

⁵ Bull. EC 6-1986, point 1.1.2.

⁶ Bull. EC 1-1987, point 2.1.53.

⁷ Bull. EC 11-1986, point 2.1.98.

⁸ Bull. EC 11-1985, point 2.5.15.

⁹ Bull. EC 12-1986, point 2.4.27.

adaptable and flexible so as to achieve greater competitiveness and improving working conditions and terms of employment.

Financial instruments

European Social Fund

Guidelines for the management of the Fund in the financial years 1988 to 1990

2.1.94. On 13 March¹ the European Parliament gave an Opinion on the Commission guidelines for the management of the European Social Fund in the financial years 1988 to 1990 in which it deplores the fact that the Commission did not consult it beforehand. Expressing its concern at the high level of unemployment in the Community and the pessimistic forecasts regarding the situation in the short term, it considers it essential that the regional dimension of the Social Fund should be maintained and that its funds should complement national budgets. Parliament makes a number of recommendations to ensure that the allocation of Fund resources is in line with genuine Community, national and regional priorities and is directed primarily towards vocational training and job creation.

Fund assistance

2.1.95. On 31 March the Commission approved applications for assistance from the Fund for 1987 totalling 3 087 million ECU for 6 990 projects:

<i>million ECU</i>	
Breakdown of applications approved by category	Amount
Operations for people under 25:	
less-favoured regions	1 062.44
other regions	1 294.58
Operations for people over 25:	
less-favoured regions	281.86
other regions	350.81
Specific operations	97.46
Total	3 087.15

Education and vocational training

Transition from school to working life

2.1.96. On 18 March the Commission presented to the Council a proposal for a Decision² adopting an action programme for the training and preparation of young people for adult and working life. This proposal, which represents a direct response to the instructions of the European Council, meeting in Milan on 28 and 29 June 1985;³ to give a practical follow-up to the Adonino people's Europe report,⁴ is based on work already carried out under the Council Resolution of 23 January 1984⁵ on the promotion of employment for young people and under the programme on the transition of young people from school to adult and working life.⁶

With a view to a common vocational training policy, this programme is designed to help Member States to ensure that all young people in the Community wishing to do so receive one year or if possible two years of vocational training in addition to their compulsory education. In order to support action taken in these areas in the Member States, the Commission is proposing to establish partnership initiatives in vocational education and training which will mobilize the resources of the public and private sectors so as to develop a cooperative approach to the vocational education/training and counselling needs of young people. There is also provision for increased support for initiatives and projects involving young people as well as a series of research operations.

1 OJ C 99, 13.4.1987.
 2 OJ C 90, 4.4.1987; COM(87) 90 final.
 3 Bull. EC 6-1985, point 1.2.3.
 4 Supplement 7/85 — Bull. EC; Bull. EC 6-1985, point 1.4.1 *et seq.*
 5 OJ C 29, 4.2.1984; Bull. EC 1-1984, point 2.1.40.
 6 Eighteenth General Report, point 295.

Vocational training

2.1.97. On 9 March the Council adopted conclusions approving the Commission report on youth training in the Community.¹ Referring to the conclusions of the European Council meetings held in Milan² and The Hague,³ the Council draws attention to the discussions of the Education Committee which have implications for youth training and to the importance of a successful transition from school to work.

It confirms that it is in particular essential for young people to be provided, after full-time compulsory education, with vocational education and training programmes of quality, access to recognized qualifications, in particular those enabling them to exploit the potential of the new technologies, a minimum period of vocational training of six months or up to two years and training for traditional occupations in cases where technological development is not yet very advanced.

2.1.98. Two meetings were organized in Brussels, on 24 and 25 March and 26 and 27 March respectively, by the Berlin-based European Centre for the Development of Vocational Training (Cedefop) under the aegis of the Commission. The aim was to establish comparability of vocational training qualifications in the motor vehicle repair and hotel and catering sectors. These two meetings conclude the work carried out in respect of skilled workers in the two sectors in question, pursuant to the instructions to the Commission under the Council Decision of 16 July 1985.⁴

Living and working conditions and social protection

Labour law — industrial relations

2.1.99. On 2 March⁵ the Council amended, in view of the accession of Spain and Portugal, its Directive of 20 October

1980⁶ on the protection of employees in the event of the insolvency of their employer.

2.1.100. Between 12 and 28 March, the mobile training school of the United Kingdom Sea Fish Industry Authority visited the main Italian fishing ports on the Adriatic and the northern Mediterranean as part of the action to promote social measures in sea fishing. This initiative is the product of close cooperation between the main Italian organizer (National Centre for Fisheries Training in San Benedetto del Toronto) and the experienced SFIA team. This was the third cross-frontier training initiative, the first two having taken place in 1985 in the North Sea and 1986 in Brittany.

Equal opportunities for men and women

2.1.101. On 24 March⁷ the Commission transmitted to the Council a Communication on protective legislation for women in which it calls for conditions which apply equally to men and women in this respect, so that the principle of equal treatment is observed.

2.1.102. On 31 March⁸ The Commission adopted, for transmission to the Council, a Communication on vocational training for women in which it proposes that Member States take a number of measures to help girls and women acquire skills which are more in line with labour market requirements.

2.1.103. On the occasion of International Women's Day on 9 March the President of the Commission, Mr Jacques Delors, circulated a message describing the progress achieved in the Community on equal oppor-

¹ Bull. EC 5-1986, point 2.1.75.

² Bull. EC 6-1985, point 1.2.3.

³ Bull. EC 6-1986, point 1.1.9.

⁴ OJ L 129, 31.7.1985; Bull. EC 7/8-1985, point 2.1.88.

⁵ OJ L 66, 11.3.1987.

⁶ OJ L 283, 28.10.1980; Bull. EC 10-1980, point 1.3.2.

⁷ COM(87) 105 final.

⁸ COM(87) 606.

tunities for men and women thanks to the Commission's initiatives.

2.1.104. On 6 March members of the network on the diversification of occupational choice for girls and women met in Brussels. This meeting enabled them to exchange teaching materials and discuss the development of the positive measures that they have encouraged in each Member State.

2.1.105. On 11, 12 and 13 March a Round Table was organized in Maastricht in the Netherlands, at the Commission's request, in the framework of the Community's programme of equal opportunities for women.¹ Its aim was to examine the position of women in higher grades of the public service and positive measures undertaken to improve their position.

2.1.106. A seminar on the application of the Community equality Directives was held in Oxford from 22 to 24 March, the second national seminar to follow up the Community-level seminar held at Louvain-la-Neuve in May 1985.² Senior members of the legal profession representing the Bench, solicitors and the Bar, and the universities discussed the application and interpretation of the equality Directives in Great Britain and Northern Ireland.

Social integration of handicapped persons

2.1.107. On 13 March the Commission transmitted to the Council a Communication³ on a draft new work programme concerning the integration of children and young people with disabilities in the normal educational system. This proposal is the result of work on this subject which the Commission undertook at the request of the Council and the Ministers of Education meeting within the Council on 4 June 1984.⁴ As there is currently agreement in all Member States that integration is basically the best way of realizing the full potential of every handicapped child, the Commission is proposing cooperation at Com-

munity level to facilitate the collection of information, the exchange of experience and the dissemination of sound practices in this area.

2.1.108. On 23 March the Commission organized the first meeting of a Working Party on the Employment of Handicapped Persons, in order to coordinate the report on the implementation of the Council Recommendation of 24 July 1986 on this matter.⁵

Social protection

2.1.109. On 9 March the European Parliament adopted a Resolution⁶ on compliance with the consolidation of international labour standards (→ point 2.4.9).

Health and safety

Health and safety at work

2.1.110. On 9 and 10 March the *ad hoc* Working Party on Machines continued its examination of the document on machines.

Health and safety (Euratom)

2.1.111. On 20 March the Commission approved for transmission to the Council a proposal⁷ to amend the Council Decision⁸ of 27 June 1974 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 radiations.

¹ OJ C 203, 12.8.1986; Bull. EC 7/8-1986, point 2.1.103.

² Bull. EC 5-1985, point 2.1.50.

³ COM(87) 94 final.

⁴ Bull. EC 6-1984, point 2.1.41.

⁵ OJ L 225, 12.8.1986; Bull. EC 7/8-1986, point 2.1.105.

⁶ OJ C 99, 13.4.1987.

⁷ COM(87) 121.

⁸ OJ L 185, 9.7.1974.

2.1.112. Following the Chernobyl reactor accident on 26 April last year,¹ the Commission asked the UK National Radiological Protection Board to carry out a preliminary assessment of the radiological consequences for the population of the Community. This study has now been published.²

Culture

Thirtieth anniversary of the signing of the Treaties of Rome

2.1.113. A Conference entitled 'The changing Community: The cultural challenge—culture, technology and the economy' and a Symposium organized by the Community Liaison Group of Professors of Contemporary History entitled 'The revitalization of Europe and the Treaties of Rome' were held from 25 to 28 March in Florence and Rome respectively to coincide with the events to mark the 30th anniversary of the signing of the Treaties of Rome (→ point 1.1.1 *et seq.*).

*

2.1.114. On 12 March Parliament adopted a Resolution on the fixing of book prices (→ point 2.4.9).³

Regional policy

Coordination and programmes

Regional development programmes and Regional Policy Committee

2.1.115. The Regional Policy Committee, which met on 26 March under the chairmanship of Mr Sallois, heard a statement concerning the reform of the CAP and its regional effects. It was informed by Professor Dr D. Biehl of the results of the study on funds allocated to infrastructure projects

within the regions of the enlarged Community. Mr Landaburu, Director-General for Regional Policy, then gave an account of the progress made by the Commission with regard to the implementation of the provisions of Article 130 D of the Single European Act.⁴ Under Article 2.3(a) of the ERDF Regulation,⁵ the Committee adopted two Opinions on the 'third generation' regional development programmes (1986-90) for the Netherlands and the United Kingdom.

2.1.116. On 9 March Parliament passed a Resolution on regional development, education and training (→ point 2.4.9).³

Financial instruments

European Regional Development Fund

ERDF grants

2.1.117. On 3 March the Commission approved the first allocation of grants for 1987 from the European Regional Development Fund: 23.32 million ECU for 132 projects costing less than 5 million ECU each and involving a total cost of 95.72 million ECU.

The assistance granted under this allocation is distributed among the Member States as shown in Table 8.

¹ Bull. EC 5-1986, point 1.1.1 *et seq.*

² *Preliminary assessment of the radiological impact of the Chernobyl reactor accident on the population of the European Community*, National Radiological Protection Board, Contract 86-398, January 1987.

³ OJ C 99, 13.4.1987.

⁴ Supplement 2/86 — Bull. EC.

⁵ OJ L 169, 28.6.1984; Bull. EC 6-1984, point 1.3.1 *et seq.*

Table 8 — ERDF grants: first 1987 allocation

	Number of grant decisions	Number of investment projects	Investment assisted (million ECU) ¹	Assistance granted (million ECU) ¹
Belgium	3	23	12.22	5.86
Denmark	2	75	53.50	2.98
Germany	—	—	—	—
Greece	1	4	3.62	1.71
Spain	9	13	22.22	10.69
France	—	—	—	—
Ireland	—	—	—	—
Italy	—	—	—	—
Luxembourg	—	—	—	—
Netherlands	—	—	—	—
Portugal	3	17	4.16	2.08
United Kingdom	—	—	—	—
Total	18	132	95.72	23.32

¹ Converted at January 1987 rates.

The total of 23.32 million ECU breaks down as follows:

- (i) 2.98 million ECU to help finance 75 projects in industry, craft industries and the service sector;
- (ii) 20.34 million ECU to help finance 57 infrastructure projects.

This first ERDF allocation for 1987 brings the number of projects financed since the Fund was set up to 33 609 and the total

assistance granted to 16 984.05 million ECU.

2.1.118. On 3 March the Commission approved the second allocation of grants for 1987 from the ERDF: 362.31 million ECU for 34 projects costing more than 5 million ECU each and involving a total cost of 929.27 million ECU.

The assistance granted under this allocation is distributed among the Member States as shown in Table 9.

Table 9 — ERDF grants: second 1987 allocation

	Number of grant decisions	Number of investment projects	Investment assisted (million ECU) ¹	Assistance granted (million ECU) ¹
Belgium	—	—	—	—
Denmark	—	—	—	—
Germany	—	—	—	—
Greece	13	13	164.52	70.45
Spain	4	5	136.57	29.69
France	3	3	34.95	17.18
Ireland	—	—	—	—
Italy	8	8	436.32	217.49
Luxembourg	—	—	—	—
Netherlands	1	1	13.64	3.41
Portugal	4	4	143.27	24.08
United Kingdom	—	—	—	—
Total	33	34	929.27	362.31

¹ Converted at January 1987 rates.

The total of 362.31 million ECU will help finance 34 infrastructure projects.

This second ERDF allocation for 1987 brings the number of projects financed since the Fund was set up to 33 645 and the total assistance granted to 17 346 million ECU.

Aid for disaster victims

2.1.119. Following the Zeebrugge ferry disaster, the Commission allocated 250 000 ECU to the victims and their families.

Coordination of structural instruments

Integrated Mediterranean programmes

2.1.120. On 30 March Parliament adopted a Resolution on the implementation of the integrated Mediterranean programmes (→ point 2.4.9).¹

Other integrated approaches

2.1.121. On 16 March the Commission approved an integrated action programme for the Oost-Groningen/Oost-Drenthe region of the Netherlands aimed at improving the coordination in the area concerned of the Community's structural operations and national measures so as to achieve the following results:²

- (i) improvement of company location factors;
- (ii) diversification of the economic structures of the area, notably by encouraging the development of tourism and small and medium-sized undertakings;
- (iii) increase in the flexibility of the labour market through improved vocational training;
- (iv) improvement of transport links within the area and with the Federal Republic of Germany;

(v) development of the export potential of firms located in the area.

This integrated action programme, which is necessary because this area is badly affected by unemployment and is handicapped by its outlying location in the extreme north-east of the Netherlands, is the first practical application by the Commission of the Communication adopted in July 1986 on the content of the integrated approach and the procedures for implementing it.³

The total cost of the programme is estimated at HFL 207 356 000, about 32% of which should be financed by the Community through the ERDF and the European Social Fund in the period 1 January 1986 to 31 December 1988.

Environment and consumers

Environment

Council

2.1.122. On 19 and 20 March the Council reached agreement in principle on a Resolution on the continuation and implementation of a European Community policy and action programme on the environment (→ point 2.1.123).

Several matters of considerable importance in the context of Community policy on air pollution were on the agenda. First of all, the Council formally adopted the Directive on the prevention and reduction of environmental pollution by asbestos (→ point 2.1.129). It also agreed to the amendment to the Directive relating to the sulphur content of certain liquid fuels (gas oils (→ point 2.1.130) and continued its examination of the proposal for a Directive relating to large combustion plants (→ point 2.1.131).

¹ OJ C 99, 13.4.1987.

² OJ L 94, 8.4.1987.

³ Bull. EC 7/8-1986, point 2.1.132.

No progress was made on pollutant emissions from motor vehicles (→ point 2.1.133) but the Council did start its examination of a proposal for a Directive designed to enable Member States to prohibit the marketing of leaded regular petrol if they consider this necessary (→ point 2.1.132).

The Council also examined the progress made with the draft Protocol to the Vienna Convention which is designed to reduce emissions into the atmosphere of certain chlorofluorocarbons likely to reduce the ozone content of the stratosphere,¹ and conducted a preliminary examination of the proposal for a Council Regulation concerning exports from and imports into the Community of certain dangerous chemicals.²

Fourth Community environmental action programme

2.1.123. The Council reached agreement in principle on a Resolution setting out the guidelines and priorities for action by the Community concerning the environment between 1987 and 1992 as outlined in the proposed fourth Community environmental action programme.³ The Resolution, which will be formally adopted once the European Parliament and the Economic and Social Committee have issued their Opinions, emphasizes the responsibilities of the Community based on the 'polluter pays' principle, the incorporation of environment policy into the Community's other policies, better husbanding of resources, action at international level and the development of appropriate instruments for Community action in the light of the Single European Act.⁴

European Year of the Environment (EYE)

2.1.124. EYE was officially opened in Brussels on 19 March (→ point 1.3.1).

2.1.125. On 30 and 31 March in Luxembourg the Economic and Social Committee, in conjunction with the Commission and

the European Parliament, held a symposium on the subject of qualitative growth and consumption designed to open EYE with a discussion between both sides of industry, the European Community institutions and the regional and local authorities on a series of questions of fundamental importance to all Europeans, whether as individuals in their everyday life or as managers, businessmen or workers in their professional capacity.

Prevention and reduction of pollution and nuisance

Protection of the aquatic environment

2.1.126. A Seminar on the minimum quality of water was held on 17 and 18 March by the European Institute for Water. A total of 17 recommendations were made to the Commission with a view to preparing a Directive on the subject.

2.1.127. The Commission took part in the fourteenth meeting of the Paris Commission's Technical Working Party in Stockholm from 16 to 20 March.⁵ Reports were submitted on oil pollution, water pollution via the atmosphere, and the joint monitoring of nutrients. A report on discharges from nuclear installations was also discussed, and the United Kingdom and French delegations informed the Working Party about the implementation of the Paris Commission's 1985 recommendations.

2.1.128. The Commission also took part in the International Convention on the Protection of the Environment of the North Sea in London from 24 to 27 March. This

¹ Bull. EC 11-1986, point 2.1.159.

² OJ C 177, 15.7.1986; Bull. EC 7/8-1986, point 2.1.136.

³ OJ C 70, 18.3.1987; Bull. EC 9-1986, point 1.1.1 *et seq.*; interim Resolution: OJ C 3, 7.1.1987; Bull. EC 12-1986, point 2.1.178.

⁴ Supplement 2/86 — Bull. EC.

⁵ The Paris Commission is responsible for supervising implementation of the Paris Convention for the Prevention of Marine Pollution from Land-based Sources (OJ L 194, 25.7.1985).

Conference was predominantly scientific in nature and the following subjects were discussed: organic chemicals, nutrients, heavy metals, contaminants arising from oils and the oil industry, environmental management of the North Sea, and modelling and monitoring. It emerged that the control of contaminants in organisms was one of the major problems and that the quality of chemical and biological data should be improved.

Air pollution

Asbestos

2.1.129. On 19 March the Council formally adopted,¹ after receiving a favourable Opinion from the European Parliament,² the Directive on the prevention of environmental pollution by asbestos on which it agreed a joint position on 24 November 1986.³

Sulphur content of gas oils

2.1.130. The Council agreed to the proposal⁴ to amend its November 1975 Directive⁵ on the approximation of the laws of the Member States relating to the sulphur content of certain liquid fuels (gas oils). This Directive was formally adopted⁶ on 30 March and Member States must comply with it by 1 January 1989.

It represents a distinct advance on the existing Directive⁵ and provides for air pollution to be reduced, particularly in urban areas, by limiting the sulphur content of gas oils to 0.3%. In addition, Member States may make the use of gas oils with a 0.2% sulphur content compulsory in certain environmentally-sensitive areas. It is stipulated that, three years after notification of the Directive to the Member States, the Commission will submit to the Council a report accompanied by a proposal on which the Council is to decide before 1 December 1991.

Emissions from large combustion plants

2.1.131. The Council continued its examination of the proposal for a Directive on

the limitation of emissions of pollutants into the air from large combustion plants.⁷

The Council examined in particular a proposal from the Presidency covering a new approach to the problem of reducing emissions from large combustion plants and the various unresolved points concerning the limit values to be set for new plants. As regards the reduction of emissions, the Council acknowledged that the chief problem was to set an overall objective aimed at reducing SO₂ and NO_x emissions from large combustion plants at Community and national level. While unable at this point to agree finally on all aspects of the new approach put forward by the Presidency, the Council thought that it constituted a useful framework for making progress in discussions in this area. With regard to the limit values to be set for new plants, the Council considered that the package of proposals put forward by the Presidency should make it possible to arrive at acceptable solutions.

Finally, the Council noted that some progress had been made on all outstanding problems. It reaffirmed its determination to reach swift agreement and instructed its subordinate bodies to press ahead with discussions on the basis of the proposal currently being examined, with a view to submitting specific proposals to be decided on at its next meeting.

Unleaded petrol and harmful motor-vehicle emissions

2.1.132. On 9 March the Commission forwarded to the Council a proposal⁸ to

¹ OJ L 85, 28.3.1987.

² OJ C 99, 13.4.1987.

³ Bull. EC 11-1986, point 2.1.151; OJ C 321, 13.12.1985; Bull. EC 11-1985, point 2.1.11.

⁴ OJ C 205, 14.8.1985; Bull. 7/8-1985, point 2.1.119.

⁵ OJ L 307, 27.11.1975.

⁶ OJ L 91, 3.4.1987.

⁷ OJ C 49, 21.2.1984; Bull. EC 12-1983, point 2.1.118; OJ C 76, 22.3.1985; Bull. EC 2-1985, point 2.1.62; Bull. EC 11-1985, point 2.1.113; Bull. EC 3-1986, point 2.1.107; Bull. EC 6-1986, point 2.1.155; Bull. EC 11-1986, point 2.1.153.

⁸ OJ C 90, 4.4.1987; COM(87) 33 final.

amend the Directive of 20 March 1985 on the approximation of the laws of the Member States relating to the lead content of petrol.¹ This proposal is designed to permit the complete withdrawal of leaded regular petrol from the market in Member States which wish to speed up the introduction of unleaded petrol so as to protect the public against emissions.

The Council has begun its examination of this proposal. Recalling its conclusions of 24 November 1986,² the Council was favourably disposed towards the possibility of Member States prohibiting the distribution of leaded regular petrol, but did not adopt a position at this juncture on the legal instruments provided for in the Treaty to be used to that end.

2.1.133. Although positions had moved somewhat closer together, the Council was unable to reach agreement on the proposal concerning the particle emissions of diesel-engined private cars.³ As regards the proposal for a Directive concerning polluting gaseous emissions from heavy commercial vehicles,⁴ pending the delivery of the European Parliament's Opinion, 11 Member States agreed on a common approach on the basis of a Presidency compromise, while one Member State entered a formal reservation.

Control of chemicals — Industrial hazards — Biotechnology

Major-accident hazards

2.1.134. On 19 March⁵ the Council adopted a Directive amending the Council Directive of 24 June 1982⁶ on the major-accident hazards of certain industrial activities (the post-Seveso Directive).⁷

Some of the amendments adopted by the Council are intended to strengthen the provisions concerning industrial activities which involve, or may involve, particularly dangerous substances (chlorine, phosgene, methylisocyanate). The other amendments

are intended to improve the definition of certain substances and the corresponding threshold quantities in order to highlight the various degrees of danger (e.g. ammonium nitrate, and nickel and cobalt compounds).

2.1.135. The 20th meeting of the Committee of Competent Authorities for the Implementation of the Sixth Amendment to the 1967 Directive on Dangerous Substances (Council Directive of 18 September 1979)⁸ was held in Brussels on 10 and 11 March. The Committee decided to continue to exchange information on substances notified under Article 8(1) of the Directive (substances marketed in quantities of less than one tonne per annum per manufacturer). It also approved a strategy for biogradability testing.

2.1.136. The third high-level meeting of the OECD's Working Party on Chemical Products was held in Paris on 17 and 18 March. The meeting was profoundly influenced by, among other things, the chemical accident in Basle, and it was decided that OECD would endeavour to step up international cooperation in order to prevent industrial accidents. To this end, a Ministerial Conference will be held in early 1988. The Commission has offered to cooperate with these activities.

Among the other important items discussed, mention should be made of existing chemicals and the protection of laboratory animals.

International cooperation

2.1.137. A meeting was held on 25 and 26 March in Washington between Commission

¹ OJ L 96, 3.4.1985; Bull. EC 3-1985, point 2.1.70.

² Bull. EC 11-1986, point 2.1.155.

³ OJ C 193, 31.7.1986; Bull. EC 5-1986, point 2.1.108 *et seq.*

⁴ OJ C 174, 12.7.1986; Bull. EC 5-1986, point 2.1.108 *et seq.*

⁵ OJ L 85, 28.3.1987.

⁶ OJ L 230, 5.8.1982; Bull. EC 6-1982, point 2.1.92.

⁷ OJ C 305, 26.11.1985; Bull. EC 10-1985, point 2.1.88.

⁸ OJ L 259, 15.10.1979.

representatives and representatives of the Department of State and the US Environmental Protection Agency. The two delegations wished in particular to step up their mutual cooperation, especially with regard to dangerous waste and chemicals. Their respective positions were clarified concerning other major environmental problems on a planetary scale, such as the depletion of the ozone layer of the stratosphere, the protection of threatened species of flora and fauna and transboundary air pollution.

Consumers

Physical protection and product safety

Community system of information on accidents

2.1.138. The Community system of information on accidents adopted by the Council on 22 April 1986¹ in the form of a demonstration project for an initial period of five years came into operation for the first time in 1987. All the Member States have now signed contracts providing for the collection and forwarding of information on accidents in the home and during leisure activities, mainly gathered from hospital casualty departments. The optimum number of associated hospitals is 90. At present, approximately 25 hospitals are already gathering and forwarding information. In March 1987, a dozen more hospitals were included in the scheme.

Poisoning of consumers

2.1.139. On 11 March the European Parliament adopted two Resolutions on the mass poisoning in Spain in 1981 and irradiated foodstuffs (→ point 2.4.9).²

Child safety

2.1.140. A Community information campaign to stimulate awareness of child safety

will take place from October 1987 to the end of 1988 as part of the Community's action in the field of consumer health and safety. The aim of this campaign is to improve child safety by taking account of the extent of this problem throughout the Community and to prevent in particular accidents to children in the home, during leisure activities and sports and at school, which at present account for approximately 80% of all accidents to consumers, and almost half of which affect children. Child safety on the road will also be discussed but only as a secondary consideration.

2.1.141. A meeting was held with the relevant bodies in the Member States with a view to preparing a safe-home scheme, which will be one of the measures to be implemented as part of this campaign.

Protection of economic and legal interests

2.1.142. On 13 March the European Parliament adopted a Resolution on consumer redress.² In this Resolution, Parliament approves the Commission's initiatives in this field published in a 1984 Memorandum.³ However, Parliament requests more far-reaching and binding measures for the Member States in this matter in line with Articles 8A and 100A of the Single European Act.⁴

Agriculture⁵

Council

2.1.143. The Council met from 2 to 4 March and again on 30 and 31 March.

By the end of its meeting of 3 and 4 March the Council had reached overall agreement

¹ OJ L 109, 26.4.1986; Bull. EC 4-1986, point 2.1.100.

² OJ C 99, 13.4.1987.

³ Supplement 2/85 — Bull. EC; Bull. EC 12-1984, point 2.1.136.

⁴ Supplement 2/86 — Bull. EC.

⁵ Agricultural research is dealt with in point 2.1.51.

on the measures to improve the situation in the milk sector (→ point 2.1.150) and on part of the socio-structural package (→ point 2.1.176).

At its meeting on 30 and 31 March the Council held an initial exchange of views on the proposals on the prices for agricultural products and on related measures for the marketing year 1987/88,¹ and on the proposals in the agri-monetary field,¹ which were submitted in connection with the fixing of agricultural prices and related measures.

On oils and fats the Council held a wide-ranging discussion on the comprehensive Commission proposal² relating to the adjustment of the Community patrimony, price levels, and the introduction of a consumer price stabilization mechanism.

The Council also decided³ to extend the current marketing years for milk, finishing on 31 March 1987, and beef and veal, finishing on 5 April 1987, from 1 April to 31 May 1987.

The Council also agreed,³ on a Commission proposal,⁴ to extend until 31 May 1987 the suspension of the monetary compensatory amounts relating to France (4.8 points) and the United Kingdom (4.5 points) in the eggs and poultrymeat sector, which were in force pursuant to Regulation No 2062/86.⁵

As part of the emergency aid to the victims of the cold spell in winter 1986/87, the Council extended the Regulation of 26 January 1987 on the free supply of intervention stocks of processed cereals to charitable organizations until 30 April 1987 (→ point 2.1.145).

*

2.1.144. On 12 March Parliament adopted a Resolution on the decisions taken by the Council at its meeting from 2 to 4 March (→ point 2.4.9).⁶

Emergency aid following the cold spell

2.1.145. As part of the emergency scheme for those most in need following the cold

spell this winter,⁷ and in order to ensure the distribution of the quantities of cereals in respect of which the charitable organizations submitted applications before 1 April, the Council, on a Commission proposal,⁸ extended⁹ until 30 April its Regulation¹⁰ of 26 January on the free supply of intervention stocks of processed cereals to charitable organizations.

2.1.146. On 13 March the Commission decided¹¹ to increase the quantities of processed cereals held in intervention stocks supplied to charitable organizations.¹²

In addition, on 17 March the Commission adopted a Regulation, applying retrospectively from 15 January 1987, adapting for fruit and vegetables the standard rates for financing the free distribution of these products.¹³

Also, after examining the provisions decided upon last January,⁷ the Commission decided that to attain the objectives set it was necessary to extend¹⁴ throughout the Community until the end of April measures concerning processed cereals, sugar and olive oil.¹⁵

Following the exceptionally heavy snow falls in Greece in mid-March, the Commission decided to extend,¹⁶ in respect of that Member State, its Regulation of 19 January¹⁷ on the emergency supply of butter to the most deprived persons.

¹ Bull. EC 2-1987, point 1.2.1 *et seq.* and point 2.1.105.

² Bull. EC 2-1987, points 1.2.14 and 1.2.15.

³ OJ L 89, 1.4.1987.

⁴ COM(87) 148 final.

⁵ OJ L 176, 1.7.1986; Bull. EC 6-1986, point 2.1.171; OJ L 300, 24.10.1986; Bull. EC 10-1986, point 2.1.133.

⁶ OJ C 99, 13.4.1987.

⁷ Bull. EC 1-1987, point 2.1.85; Bull. EC 2-1987, point 2.1.106.

⁸ COM(87) 158 final.

⁹ OJ L 91, 3.4.1987.

¹⁰ OJ L 25, 28.1.1987; Bull. EC 1-1987, point 2.1.85.

¹¹ OJ L 71, 14.3.1987.

¹² OJ L 40, 10.2.1987.

¹³ OJ L 76, 18.3.1987.

¹⁴ OJ L 92, 4.4.1987.

¹⁵ OJ L 17, 20.1.1987, OJ L 40, 10.2.1987.

¹⁶ OJ L 95, 9.4.1987.

¹⁷ OJ L 17, 20.1.1987; Bull. EC 1-1987, point 2.1.85.

Market organizations

Cereals

2.1.147. On 13 March the Commission adopted a Regulation suspending advance fixing of the import levy on sorghum for the period from 14 to 17 March.¹ This suspension was decided on in the light of the abnormal number of applications for licences to import sorghum from the Sudan under the Lomé Convention (50% reduction in the levy) in parallel with sales of American wheat to the Sudan under the PL 480 arrangements. The measure was later extended until 30 May.

Measures to assist Spain

2.1.148. On 24 March the Commission repealed its Regulation of 26 November 1986 on the granting of a subsidy for the import of maize into Spain (subsidy of 8 ECU/t).² This abatement applied both to maize from non-member countries and to maize originating in the Community.

Following an Agreement between the Community and the United States on 30 January,³ for a period of four years, starting in 1987, imports of corn and sorghum into Spain will be covered by a preferential import arrangement involving an annual quota of 2.3 million tonnes.

Sugar

Market situation⁴

2.1.149. Since January there has been a recovery in world market prices, although the rise is more pronounced for raw sugar than for white sugar. This disparity in the behaviour of the two markets is due partly to the fluctuating dollar and partly to the fact that previously the prices of raw sugar were felt to be underestimated.

The current increase in prices is caused mainly by the prospect of a poor sugar-cane harvest in Cuba, a reduction in Brazil's

exportable supplies and massive purchases of sugar on the part of the Soviet Union (1.6 million tonnes). These prospects reinforce the recent tendency for raw-sugar prices to rise. There is also a definite improvement in the general situation on the world sugar market (especially as far as the level of stocks is concerned) and this could well keep world prices up for the next few months. World output in 1986/87 is estimated at 101.8 million tonnes with consumption about one million tonnes in excess of that figure, entailing a corresponding reduction in existing surplus stocks.

As regards the situation in the Community of Twelve, it is estimated that the area sown in spring of this year (for the 1987/88 marketing year) will amount to 1 842 000 ha (i.e. 2.3% down on the previous year).

It is still too early to estimate the production of sugar from beet in the Community. However, taking as a basis the average yield of sugar per hectare over the last five marketing years from 1983 to 1986 (6.89 tonnes), the figure should be around 12.7 million tonnes, nearly one million tonnes down on 1986/87 which was considered to be fairly good. If the sugar produced from cane and molasses is added, total sugar production in the Community of Twelve should amount to around 13 million tonnes.

Consumption in 1987/88 should be about the same as in the previous year, when it is currently estimated to have been 10.8 million tonnes.

Milk and milk products

2.1.150. As a follow-up to the political agreement reached in the Council in December 1986,⁵ on 16 March⁶ the Council adopted the four Regulations pro-

¹ OJ L 71, 14.3.1987.

² OJ L 334, 27.11.1986; Bull. EC 11-1986, point 2.1.176.

³ OJ 98, 10.4.1987; Bull. EC 1-1987, points 1.2.1 and 1.2.2.

⁴ Bull. EC 11-1986, point 2.1.173.

⁵ Bull. EC 12-1986, points 1.2.1 *et seq.* and 2.1.211 to 2.1.214.

⁶ OJ L 78, 20.3.1987.

posed by the Commission with a view to reinforcing the operation of the additional levy and milk-quota arrangements¹ and the Regulation modifying the intervention arrangements for butter and skimmed-milk powder.²

With particular reference to the criteria whereby the Commission will be allowed to suspend intervention for butter and skimmed-milk powder in certain circumstances, the Council agreed on the following:

Intervention for butter: the current intervention system will be continued during a transitional period. The current payment periods, including periods for takeover of purchases, will also be continued. The transitional period will be ended when offers of sales into intervention after 1 April exceed 150 000 tonnes. In order to avoid speculation in the month of March, when normally 30 000 tonnes might be offered for sale, this trigger point will be implemented by counting offers from 1 March, and setting the figure at 180 000 tonnes.

Once the quantity of 180 000 tonnes of butter offered is exceeded, the Commission, while still respecting the principle of non-discrimination, may suspend intervention purchases in the whole Community or, if the market situation so warrants, part of it. The Commission will use the alternative means described in the Regulation to support the market price, and to avoid a downward spiral. If, however, such a spiral develops, and the market price in one or more Member States falls to the level of 92% of the intervention price, the Commission will reintroduce intervention purchases in the Member States concerned. The payment periods will remain, but the Commission will abolish the takeover periods.

If, however, physical stocks at any time exceed 250 000 tonnes, excluding quantities offered before 1 March 1987, the floor price of 92% will be reduced to 90%.

Intervention for skimmed-milk powder: during the period 1 March to 31 August purchases of skimmed milk powder may be suspended as soon as the quantities offered

for intervention exceed 100 000 tonnes, account not being taken of quantities offered prior to 1 March.

2.1.151. On 16 March the Council also adopted a Regulation³ intended to increase the effectiveness of sales of butter at reduced prices to persons receiving social assistance.⁴ The Community's financial contribution has been increased from 80 ECU/100 kg to 178 ECU/100 kg.

2.1.152. Lastly, on 16 March the Council authorized the French Government to grant national aid to small-scale milk producers in France in the form of partial coverage of their social-security contributions.⁵ Such producers are in a desperate financial situation because of the constraints imposed by the measures to control milk production.

Beef/veal

2.1.153. After receiving Parliament's Opinion,⁶ on 2 March the Council adopted a Regulation⁷ increasing from 38 000 to 42 600 head the Community tariff quota opened by the Regulation of 26 May 1986⁸ for animals of certain mountain breeds.

The Council had given its agreement to this Regulation in December 1986.⁹

Sheepmeat and goatmeat

2.1.154. On 16 March the Council adopted a Regulation¹⁰ amending the Regulation of 27 June 1980 on the common organization of the market in sheepmeat and goatmeat.¹⁰ Under the terms of this amendment it is proposed to pay in 1987 and 1988, in Region 7 (Portugal and Spain),

¹ OJ C 33, 11.2.1987; Bull. EC 1-1987, point 2.1.90.

² COM(87) 49 final.

³ OJ L 78, 20.3.1987.

⁴ OJ L 314, 10.11.1982; Bull. EC 11-1982, point 2.1.82.

⁵ OJ C 76, 23.3.1986; Bull. EC 2-1987, point 2.1.117.

⁶ OJ L 63, 6.3.1987.

⁷ OJ L 150, 4.6.1986; Bull. EC 5-1986, point 2.1.131.

⁸ Bull. EC 12-1986, point 2.1.222.

⁹ OJ L 79, 21.3.1987.

¹⁰ OJ L 183, 16.7.1980; Bull. EC 6-1980, point 2.1.105.

an additional amount per eligible ewe or goat which is equal to half the difference between the ewe or goat premium in Region 7 and the premium payable in Region 1 (Italy and Greece).

Market situation¹

2.1.155. A combination of a number of circumstances led to 1986 being a very difficult year for sheepmeat and goatmeat. Although production in the Community of Ten in fact declined by 5% to 714 000 tonnes (Community of Twelve: 874 000 tonnes) this decline did not occur uniformly throughout the Community. It was concentrated in Greece, where demand for sheepmeat after Chernobyl dropped very steeply, thus causing a build-up of unsold stock on farms, and in France, where very dry weather conditions caused a reduction in both lamb weight and marketing. Furthermore, extremely wet conditions in both the United Kingdom and Ireland in spring 1986 caused production in these two Member States to be concentrated to a greater extent than usual in the second half of the year and to spill over into 1987.

2.1.156. Consumption in the Community of Ten also declined in 1986 at the lower rate of 3%, reaching 962 000 tonnes (Community of Twelve: 1 123 000 tonnes). The major decline occurred in the United Kingdom where, in the spring months, due to the low level of internal production and the fact that a strike in New Zealand caused a disruption in that country's exports to the United Kingdom, there was in fact a scarcity of lamb on the market.

2.1.157. Imports into the Community of Ten reached 228 000 tonnes (Community of Twelve: 233 000 tonnes) in 1986, a drop of about 25 000 tonnes on 1985 due principally to a drop in imports from New Zealand for the reason outlined above. The United Kingdom was the recipient of 60% of this trade, its lowest percentage since the beginning of the sheepmeat regime. Exports from the Community reached 5 000 tonnes.

2.1.158. Internal Community trade reached 120 000 tonnes in 1986. The most noteworthy feature of this trade was the large increase in exports from the United Kingdom to the remainder of the Community and particularly to France where the increase was 32%, bringing export levels to 46 000 tonnes. The decline in the value of sterling was the principal cause of this increase in exports.

2.1.159. Market prices in the Community of Ten declined slightly by 0.4% in 1986 to 365 ECU per 100 kg (Community of Twelve: 367 ECU). However, within this overall decline was masked a rise of 8% in the United Kingdom and falls of 12% and 8% in Greece and France respectively. The major declines in market prices took place in the second half of the year and caused the Commission to increase the advance payable on the ewe premium in the less-favoured areas from 30% to 50% and finally 75% of the estimated final premium. As a result of the price decreases the levels of premiums payable in all Member States except the United Kingdom for the 1986 marketing year will be up considerably on those for 1985, and the total cost of the regime is also expected to rise.

Despite the very difficult market conditions pertaining in autumn 1986 the Community did not have recourse to public intervention although market conditions in France were such as to allow its introduction. However, a very limited private storage scheme was operated in France, which was then taken up only to the extent of 100 tonnes by the trade.

It is expected that 1987 will be another very difficult year for sheepmeat. The anticipated spill-over of production from 1986 together with the continuing long-term increase is now expected to lead to a rise of 5% in production, bringing it in the Community of Twelve to 919 000 tonnes. The greater supply is also likely to lead to an increase in consumption of 3% to

¹ Bull. EC 3-1986, point 2.1.136.

1 154 000 tonnes. Expectations on imports are for a return to or increase on 1985 levels of about 255 000 tonnes.

As a consequence of increased supply and of low prices for other products, lamb prices are expected to drop by 2-3% in 1987.

A report from the Commission to the Council on the operation of the sheepmeat regime, originally due before October 1988, has been brought forward to July 1987 and will provide the background for any changes to be foreseen in the regime in the future.

Fresh fruit and vegetables

Market situation ¹

2.1.160. Statistics currently available for major citrus fruit produced in the Community give an initial indication of the changes which have occurred in the various market parameters during the 1986/87 marketing year compared with the previous year.

¹ Bull. EC 10-1986, point 2.1.157 *et seq.*

Table 10 — Production of citrus fruit, 1985/86 and 1986/87¹

	1985/86 (1 000 tonnes)	1986/87 (1 000 tonnes)	% change
Oranges			
EUR 10	2 773	3 009	+ 8.5
EUR 12	4 816	n.a. ²	—
Mandarins			
EUR 10	308	307	- 0.3
EUR 12	805	n.a. ²	—
Clementines			
EUR 10	279	316	+ 13
EUR 12	857	n.a. ²	—
Lemons			
EUR 10	930	973	+ 4.6
EUR 12	1 430	n.a. ²	—

¹ Source. SOEC.

² n.a.: not available.

The table reveals a marked increase in harvested production of oranges and lemons even though production in 1985/86 was already above the average for 1980-85, which was 2 531 000 tonnes for oranges and 920 000 tonnes for lemons in the Community of Ten.

Mandarin production stagnated while the production of clementines continued to increase (up 79% on 1982).

2.1.161. Since the beginning of the 1986/87 marketing year producer prices for lemons have fallen sharply compared with 1985/86, particularly in Italy. Prices are now even lower than in 1983/84, when very large quantities were withdrawn.

In the case of mandarins and oranges, figures for the first few months of the marketing year show a downward trend in producer

prices which is, however, less marked than in the case of lemons.

2.1.162. The high production figures for oranges and lemons and the fairly large proportion of products which do not correspond to consumer requirements are the cause of an imbalance between market supply and demand which is reflected in substantial withdrawals. Mandarins are the object of structural withdrawals linked to the expansion of the market for clemen-

tines, which find greater favour with consumers.

2.1.163. Table 11 shows that the Community's internal trade declined in the case of oranges (-6.7%) and, in particular, lemons (-42.8%). Community imports of both products, on the other hand, increased considerably. This is due to the fact that Spain's export capability was much reduced in 1985 as the result of an exceptionally cold spell.

Table 11 — *Trade in citrus fruit, 1985 and 1986 (Community of Ten)*

	January-November 1985 (tonnes)	January-November 1986 (tonnes)	% change
Oranges			
Imports from Member States	284 395	265 346	- 6.7
Imports from non-member countries	1 216 638	1 593 533	+ 30
Exports to non-member countries	204 856	212 955	+ 4
Clementines			
Imports from Member States	15 650	23 193	+ 48
Imports from non-member countries	321 937	315 777	+ 1.9
Exports to non-member countries	1 983	5 157	+ 160
Mandarins, tangerines, satsumas, wilkings and similar citrus hybrids			
Imports from Member States	16 705	17 173	+ 2.8
Imports from non-member countries	198 068	199 808	+ 0.9
Exports to non-member countries	3 348	5 671	+ 60.4
Lemons			
Imports from Member States	107 404	61 392	- 42.8
Imports from non-member countries	218 920	274 180	+ 25.2
Exports to non-member countries	170 950	175 356	+ 2.6

Source: Nimex.

2.1.164. Countervailing charges were applied fairly frequently to lemons and clementines in 1986/87, in response to entry prices which were below the reference prices. Import prices for oranges and mandarins were high enough to do away with the need for countervailing charges.

Processed fruit and vegetables

2.1.165. On 11 March the Commission amended¹ its Regulation of 30 June 1986 fixing for the marketing year 1986/87 the compensatory amounts applicable to processed tomato products and laying down special detailed rules for their application.²

2.1.166. On 13 March the Commission adopted a Regulation laying down special detailed rules for the application of the system of import licences and advance-fixing certificates for products processed from fruit and vegetables.³ The main purpose was to consolidate the Commission Regulation of 20 May 1983⁴ and to increase from 0.60 to 2.00 ECU/100 kg the security in respect of soft fruit for which an import licence is applied for.

Wine

2.1.167. On 16 March,⁵ acting on a proposal from the Commission,⁶ the Council approved a consolidated version of the basic wine Regulation,⁷ which had been amended some 30 times since 1979.

This consolidation met a long-standing request by Parliament and growers and dealers. Following the recommendations of the *ad hoc* People's Europe Committee,⁸ moreover, consolidation has become one of the Commission's priorities. It fully respects the substance of the former texts and merely rearranges them, making only the presentational changes required by the actual consolidation operation.

2.1.168. The Regulation which serves as a basis for the rules on quality wines produced in specified regions⁷ and its numerous amendments were also consolidated.⁵

2.1.169. When the general rules for the disposal of wine alcohol were adopted in January 1986,⁹ the Council asked the Commission to provide it with a comprehensive report on the market situation for wine alcohol in the Community.

This report, which the Commission forwarded to the Council on 10 March, places wine alcohol in the more general context of the production and disposal of alcohol as a whole.¹⁰ In a very factual manner it traces the history of distillation measures in the wine sector and tries to quantify their effects. It also makes as clear a distinction as possible between Community measures and national measures governing the production and disposal of wine alcohol.

2.1.170. On 18 March the Commission sent the Council two proposals for Regulations concerning liqueur wines.¹¹ The aim is to replace the Commission's original 1979 proposal on liqueur wines produced in the Community,¹² following the change in the definition of liqueur wines made when Spain and Portugal joined the Community, and to amend accordingly the provisions on oenological practices contained in the basic Regulation.

These proposals contain the rules applicable to all quality liqueur wines produced in specified regions, including a ban on the enrichment of the products used, a limit on the sulphur-dioxide content, the recognition within the range of quality liqueur wines produced in specified regions of traditional categories of liqueur wine linked to particular growing or wine-making conditions, determination of the vine varieties which

¹ OJ L 68, 12.3.1987.

² OJ L 173, 1.7.1986; Bull. EC 6-1986, point 2.1.191.

³ OJ L 75, 17.3.1987.

⁴ OJ L 138, 27.5.1983.

⁵ OJ L 84, 27.3.1987.

⁶ Bull. EC 7/8-1986, point 2.1.149.

⁷ OJ L 54, 5.3.1979.

⁸ Supplement 7/85 — Bull. EC.

⁹ OJ L 19, 25.1.1986; Bull. EC 1-1986, point 2.1.97.

¹⁰ COM(87) 53 final.

¹¹ OJ C 87, 2.4.1987; COM(87) 91 final.

¹² OJ C 188, 26.7.1979.

may be employed, and provisions relating to control.

2.1.171. On 3 March the Commission adopted the rules¹ making it possible to set up the Community vineyard register.² They lay down the compulsory and optional particulars which must be contained in the holding files and the production files, special provisions for regions which do not yet have a land register, shorter time-limits for setting up the register in some regions where winegrowing is particularly important (three to five years instead of six), and special time-limits for Portugal in view of the fact that introduction of the register is not to begin until the start of the second stage of accession, i.e. 1 January 1991.

2.1.172. On 19 March the Commission made some changes³ to the detailed rules for implementing the system of aid for the use of grapes and musts for the manufacture of grape juice for 1986/87,⁴ so as to improve the definition of beneficiaries of the scheme and to adjust the control measures. Transitional measures were also laid down to remedy difficulties arising previously.

2.1.173. On 20 March the Commission fixed⁵ the percentages of table-wine production to be delivered for the compulsory distillation initiated for 1986/87⁶ by each producer liable. The percentages are progressive on the basis of yield but they take the situation in each region into account.

2.1.174. On 11 March Parliament adopted a Resolution on the adulteration of Community wines with ethylene glycol and other toxins (→ point 2.4.9).⁷

*

2.1.175. On 13 March Parliament adopted a Resolution on an extension of the arrangements applicable to protein products (→ point 2.4.9).⁷

Structures

Socio-structural measures

2.1.176. The Council reached agreement by a qualified majority on a number of

measures⁸ which had been under study for a year, but it did not take a decision on the proposal concerning the early retirement of certain categories of farmer as some Member States were opposed to the compulsory nature of the scheme. The scheme is to be reconsidered in order to work out a Community approach in line with other social measures, and in particular with the plans for direct income aids which are to be presented by the Commission. The measures on which agreement was reached involve less intensive production of products which are in surplus, programmes to protect the environment, aid to mountain and hill areas, and research (→ point 2.1.51). They were finally adopted with major restrictions as regards financing (350 million ECU instead of 805 million ECU) and duration (three years instead of five).

Aid for less intensive production of products which are in surplus is granted to producers who agree to lower their output of cereals, wine or beef by 20% (milk was withdrawn from the list) by reducing either the area cultivated or the yields obtained.

In order to protect the environment, producers are to be encouraged to join programmes limiting, for example, the use of fertilizers in the vicinity of groundwater or allowing certain animals to reproduce naturally. The maximum amount of annual aid is 100 ECU/ha, and 60 ECU/ha in areas which already qualify for the compensatory allowance (Netherlands).

The adjustments to the compensatory allowance scheme for mountain, hill and less-favoured areas consist in extending eligibility for the allowances hitherto granted to meat producers (sheepmeat, beef/veal, goatmeat and horsemeat) to other

¹ OJ L 62, 5.3.1979.

² OJ L 208, 31.7.1986; Bull. EC 7/8-1986, point 2.1.148.

³ OJ L 78, 20.3.1987.

⁴ OJ L 243, 28.8.1986.

⁵ OJ L 79, 21.3.1987.

⁶ OJ L 58, 28.2.1987; Bull. EC 2-1987, point 2.1.128.

⁷ OJ C 99, 13.4.1987.

⁸ OJ C 273, 29.10.1986; Bull. EC 4-1986, point 1.3.1 *et seq.*; Bull. EC 12-1986, point 2.1.244.

forms of production. The maximum amount of the allowance has been raised to 120 ECU per year and per livestock unit or per hectare depending on the product.

At the end of the third year for which these provisions are applied the Commission will present the Council with a report on their application, including the expenditure involved. The Council will then be able to decide by a qualified majority to extend them. If no decision is taken the measures will automatically be extended for a two-year period.

Legislation

Plant-health legislation

2.1.177. On 2 March the Council, acting on a proposal from the Commission,¹ amended its Directive of 21 December 1976 on protective measures against the introduction into the Member States of organisms harmful to plants or plant products.²

In so doing, the Council adopted the model certificates approved under the International Plant Protection Convention of 6 December 1951, as amended on 21 November 1979; standardized layouts had been drawn up in close cooperation with the Economic Commission for Europe.

2.1.178. On 9 March,³ acting on a proposal from the Commission,⁴ the Council amended its Directive of 21 December 1978 prohibiting the placing on the market and use of plant protection products containing 1,2—dibromoethane, 1,2—dichloroethane and nitrofen.⁵

2.1.179. On 13 March the Commission sent the Council a Communication on a new strategy in the field of plant health (harmful organisms).⁶ In this document the Commission sets out the overall strategy on plant health which should be adopted for the final stage of the programme provided for in the White Paper on completing the internal market.⁷

Competition

2.1.180. Under the terms of Articles 92 to 94 of the EEC Treaty, the Commission

decided to make no comment on the introduction of the following proposed schemes which had been duly notified:

Germany

Aid for woodlands. This is an amendment to an existing aid for reforestation.

Denmark

Planned aid for agricultural training in order to improve farming skills by means of courses in cultivation methods involving reduced use of fertilizers, energy and crop protection products.

Italy

Valle d'Aosta

Regional Bill concerning amendments and additions to Regional Law No 30 of 6 July 1984 on regional aids to agriculture (use of helicopters to ensure the continuance of farming activity in certain pastures, infrastructure work, operational expenses of land improvement associations, guarantee for land loans).

2.1.181. The Commission also withdrew its opposition to the 75% advance from national funds on the ewe premium in less-favoured areas of France, the Council having authorized this measure on 16 December 1986⁸ under the third subparagraph of Article 93(2) of the EEC Treaty.

European Agricultural Guidance and Guarantee Fund

Guarantee Section

2.1.182. On 16 March,⁹ acting on a proposal from the Commission¹⁰ and after

¹ OJ C 186, 13.7.1984; Bull. EC 6-1984, point 2.1.109.

² OJ L 26, 31.1.1977.

³ OJ L 71, 14.3.1987.

⁴ Bull. EC 5-1986, point 2.1.139.

⁵ OJ L 33, 8.2.1979.

⁶ COM(87) 97 final,

⁷ Bull. EC 6-1985, point 1.3.1 *et seq.*

⁸ OJ L 382, 31.12.1986; Bull. EC 12-1986, point 2.1.227.

⁹ OJ L 79, 21.3.1987.

¹⁰ Bull. EC 1-1987, point 2.1.108.

receiving the Opinion of Parliament,¹ the Council adopted a Regulation amending the Regulation of 2 August 1978 laying down general rules for the financing of intervention by the EAGGF Guarantee Section.² This Regulation provides for the financing of the special measures to dispose of butter from public stocks.³

Fisheries

Resources

Internal aspects

Community measures

TACs and quotas

2.1.183. On 19 March the Commission sent to the Council a proposal for a Regulation allocating additional catch quotas among Member States for vessels fishing in Swedish waters.⁴ These additional quotas are supplementary to the mutual fishing rights agreed annually between the Community and Sweden pursuant to their fisheries Agreement⁵ and were offered to the Community by Sweden under the additional Agreement in the form of an exchange of letters concerning agriculture and fisheries and amending, following enlargement, the free-trade Agreement concluded between the Community and Sweden in 1972.⁶

Technical measures

2.1.184. On 1 April the Commission adopted two Regulations,⁷ one on the sampling of catches for the purpose of determining the percentage of target species and protected species when fishing with small-meshed nets and the other on the attachment of devices to trawls, Danish seines and similar nets.

The purpose of these two Regulations is to replace and amend, respectively, the Regulations of December 1985⁸ on these matters.

Prohibition measures

2.1.185. On the basis of information received from the national authorities concerning the exhaustion of certain quotas, the Commission prohibited:

- (i) German vessels from fishing for cod in that part of NAFO divisions 2J and 3KL which falls within the fisheries jurisdiction of Canada, with effect from 6 March;⁹
- (ii) French vessels from fishing for cod in the same waters, with effect from 11 March.¹⁰
- (iii) Danish vessels from fishing for salmon in ICES division III d (Swedish waters), with retroactive effect from 28 February.¹¹

External aspects

Bilateral relations

Madagascar

2.1.186. On 23 March the Council,¹² acting on a proposal from the Commission,¹³ approved the exchange of letters concerning the provisional application, as from 28 November 1986, of the Agreement between the Community and Madagascar amending the Agreement on fishing off the coast of Madagascar, which was signed in Antananarivo on 28 January 1986.¹⁴

Mozambique

2.1.187. On 23 March the Council,¹² acting on a proposal from the Commission,¹⁵

¹ OJ C 99, 13.4.1987.

² OJ L 216, 5.8.1978.

³ Bull. EC 12-1986, point 2.1.214; Bull. EC 6-1986, point 2.1.173 *et seq.*

⁴ COM(87) 93 final.

⁵ OJ L 376, 31.12.1986; Bull. EC 12-1986, point 2.1.266.

⁶ Bull. EC 2-1986, point 2.2.10; Bull. EC 7/8-1986, point 2.2.14.

⁷ OJ L 90, 2.4.1987.

⁸ OJ L 316, 6.12.1984; OJ L 318, 7.12.1984.

⁹ OJ L 75, 17.3.1987.

¹⁰ OJ L 71, 14.3.1987.

¹¹ OJ L 63, 6.3.1987.

¹² OJ L 98, 10.4.1987.

¹³ OJ C 81, 28.3.1987; COM(87) 86 final.

¹⁴ Bull. EC 1-1986, point 2.1.122; OJ L 73, 18.3.1986; Bull. EC 2-1986, point 2.1.139.

¹⁵ OJ C 79, 26.3.1987; COM(87) 87 final.

also approved the exchange of letters concerning the provisional application, as from 1 January 1987, of the Agreement between the Community and Mozambique on fishing off the Mozambique coast, which was initialled in Brussels in December 1986.¹

Seychelles

2.1.188. On 6 March the Commission sent to the Council a proposal for a Regulation on the conclusion of a new Agreement between the Community and the Seychelles on fishing off the coast of that country.² The Agreement had been initialled in December 1986.³

At the same time the Commission also put forward a proposal for a Decision on the conclusion of an Agreement in the form of an exchange of letters concerning the provisional application of the new Agreement with effect from 18 January 1987.

Cape Verde

2.1.189. Negotiations on the conclusion of a fisheries Agreement between the Community and Cape Verde were held in Brussels on 24 and 25 March. The two sides failed to reach agreement on the granting of fishing authorizations to Community vessels in Cape Verde waters but they did agree to resume negotiations at a later date.

Multilateral relations

2.1.190. The Community attended a Working Group meeting which the Convention on Future Multilateral Cooperation in the Northwest Atlantic Fisheries⁴ had arranged in Halifax, Canada, from 2 to 6 March in order to evaluate and propose appropriate amendments to the scheme of joint international enforcement. The Working Group submitted a final report, which will be considered at the ninth annual meeting of NAFO in September 1987.

Markets and structures

Market organization

2.1.191. On 12 March the Commission adopted a Regulation determining the

maximum amount of the compensation for tuna supplied to the canning industry for the period 1 March to 31 May 1986.⁵ The maximum limits set for the compensation payable to tuna producers established in Spain is 80 ECU/t for whole yellowfin tuna weighing more than 10 kg and 86 ECU/t for whole yellowfin tuna weighing not more than 10 kg.

Structures

Structural measures

2.1.192. On 26 and 27 March the Commission adopted two Regulations,⁶ on the implementation of Titles II, III and IV of the Council Regulation of 18 December 1986 on Community measures to improve and adapt structures in the fisheries and agriculture sector,⁷ particularly as regards the form of application for Community aid and the rules for their presentation.

Transport

Council

2.1.193. On 23 and 24 March the Council continued discussions on air transport, and, subject to agreement on the issue as a whole, managed to establish a consensus on the main unresolved questions concerning rates and capacity-sharing (→ point 2.1.200).

The proposal on access to the market for the carriage of goods by road (→ point 2.1.197) was also discussed and the proposal on the granting of financial support under a medium-term transport infrastructure programme (→ point 2.1.194) was examined once again.

¹ Bull. EC 12-1986, point 2.1.280.

² COM(87) 88 final.

³ Bull. EC 12-1986, point 2.1.278.

⁴ OJ L 378, 30.12.1978.

⁵ OJ L 70, 13.3.1987.

⁶ OJ L 96, 9.4.1987; OJ L 88, 31.3.1987.

⁷ OJ L 376, 31.12.1986; EC 12-1986, point 2.1.285.

A detailed exchange of views was held on the Commission's Communication on the elimination of distortions of competition of a fiscal nature in the transport of goods by road.¹ The Council noted the Commission's intention of submitting proposals in this connection.

The Zeebrugge ferry disaster and maritime safety were also raised at the meeting and a minute's silence was observed in memory of the victims of the *Herald of Free Enterprise*.

Infrastructure

2.1.194. Pending the European Parliament's Opinion the Council continued its discussion of the Communication and proposal for a Regulation on the granting of financial support under a medium-term transport infrastructure programme.² Discussions again centred on the advisability of setting up a special financial instrument and including ports and airports in the scope of the provisions and on the procedure for the allocation of financial support.

Inland transport

Road transport

Social conditions

2.1.195. The Belgian Government consulted the Commission about measures to implement the Council Regulations of 20 December 1985 on the harmonization of certain social legislation relating to road transport and on recording equipment (tachographs) in road transport.³

The proposed measures are in line with the Community Regulations, apart from one point concerning the exceptions to be made in certain circumstances. The Commission issued a favourable Opinion on 31 March.

2.1.196. The Danish Government also consulted the Commission on the same sub-

ject. The Commission issued a favourable Opinion on 31 March, subject to two minor points also concerning certain exceptions.

Access to the market

2.1.197. The Council examined the proposal for a Regulation on access to the market for the carriage of goods by road between Member States.⁴ Under this proposal the Community quota and bilateral quotas would be abolished from 1992 and there would be a 40% annual increase in the Community quota as from 1987 during the transitional stage from 1987 to 1991. A specific proposal concerning the Community quota for 1987 was also put before the Council.⁵

Discussions focused on the automatic nature of the annual increase during the transitional phase and the advisability of introducing a Community safeguard mechanism during this stage. The Council agreed to resume its examination of the proposal once Parliament has delivered its Opinion.

*

2.1.198. On 13 March Parliament adopted a Resolution on the measures to be taken within the framework of the common transport policy to promote the bicycle as a means of transport⁶ (→ point 2.4.9).

Sea transport

2.1.199. On 12 March Parliament adopted a Resolution on the capsizing of the *Herald of Free Enterprise* (→ point 2.4.9).⁶

Air transport

2.1.200. The Council made further progress on liberalization in the civil aviation

¹ Bull. EC 12-1986, point 2.1.298.

² OJ C 288, 15.11.1986; Bull. EC 6-1986, point 2.1.221; Bull. EC 11-1986, point 2.1.227.

³ OJ L 370, 31.12.1985.

⁴ OJ C 65, 12.3.1987; Bull. EC 11-1986, point 2.1.228.

⁵ OJ C 87, 2.4.1987; COM(87) 118 final.

⁶ OJ C 99, 13.4.1987.

sector.¹ Subject to agreement on the issue as a whole, a consensus was reached on discount fares and deep-discount fares and the conclusions reached in December on capacity-sharing (55:45 in the first two years and 60:40 in the third year) were confirmed.

The final agreement would also have to cover market access conditions for airlines. The Council discussed multiple designation whereby countries between which a service operates can designate more than one airline to operate flights, the right to make intermediate stopovers, fifth-freedom rights (picking up new passengers during intermediate stopovers) and the right to operate flights between regional and major airports. Full agreement was not reached on all aspects.

The Council agreed to hold a special meeting on 9 June to conclude discussions in this area.

2.1.201. The Commission decided to continue the action initiated in July 1986 by sending letters under Article 89 of the Treaty to 10 Community airlines (→ point 2.1.70).

Energy

Formulating and implementing a Community energy policy

Energy saving

2.1.202. Parliament adopted a Resolution on energy savings in buildings (→ point 2.4.9).²

Relations with energy-producing and energy-importing non-member countries

EC/OPEC/OAPEC seminar

2.1.203. A Seminar on the medium and long term energy outlook, organized jointly

by the Commission, represented by Mr Mosar, the Commission Member with special responsibility for energy policy, and the OPEC³ and OAPEC⁴ Secretariats, was held in Luxembourg from 17 to 19 March. Around 100 participants representing the Commission, the two organizations, their Member States and academic institutions exchanged information and views on the medium and long-term energy demand and supply outlook, on energy policy responses, strategies and planning, on the situation on the oil market and on the outlook for the refining industry and trade in oil products.

They concluded that exchanges like these play a key role in oil producers' and consumers' efforts to keep each other better informed about their approaches and expectations. In particular, they demonstrated that sound energy policies and broader international cooperation reduce the risk of abrupt price fluctuations, which are so damaging for producers, consumers and the world economy alike.

The Commission, OPEC and OAPEC agreed to keep in contact and continue exchanging views on developments on the energy market.

Algeria

2.1.204. A Commission delegation headed by Mr Maniatopoulos, Director-General for Energy, visited Algiers from 21 to 24 March.

This mission served two purposes — to continue the talks started in October 1985 with the Algerian Ministry for Energy and the Chemical and Petrochemical Industries and to take part in the closing session of the Energy Planning Workshop which the Directorate-General for Energy had helped the Ministry to organize.

¹ Bull. EC 11-1986, point 2.1.230; Bull. EC 12-1986, point 2.1.303.

² OJ C 99, 13.4.1987.

³ Organization of Petroleum Exporting Countries.

⁴ Organization of Arab Petroleum Exporting Countries.

2. External relations

New multilateral trade negotiations

Negotiating groups

2.2.1. The first meetings were held by negotiating groups on the following: articles of the General Agreement; agreements and arrangements resulting from the Tokyo Round; safeguards; subsidies and countervailing measures; trade-related aspects of intellectual property rights, including trade in counterfeit goods.

These initial meetings were devoted mainly to general statements in which the participants set out their opening positions; they also dealt with the practical arrangements necessary for the progress of the negotiations in accordance with the plans adopted at the end of January.¹

Commercial policy

Commercial policy instruments

Easing of restrictive measures

2.2.2. Under the Council Regulation of 14 November 1983 on import arrangements for products originating in State-trading countries, not liberalized at Community level,² the Commission adopted the following measures:

Opening of quotas

Spain — Czechoslovakia/German Democratic Republic: motor vehicles for the transport of persons, goods or materials (including sports motor vehicles, other than those of heading No 87.09) (CCT 87.02);³

Spain — Czechoslovakia: motor-cycles, auto-cycles and cycles fitted with an auxiliary motor, with or without side-cars; side-cars of all kinds (CCT 87.09);³

Italy — Hungary: unwrought aluminium billets, not alloyed (CCT 76.01 ex A);⁴

Italy — People's Republic of China: unwrought zinc (99.95%) (CCT 79.01 ex A);⁴

Italy — Hungary: TNT (CCT ex 36.02);⁵

Italy — Poland: trinitrotolulene (CCT 29.03 B I); motor vehicles type '126' (CCT 84.06 C ex I — Nimexe Code 84.06-32); parts ... for spark ignition engines (CCT 84.06 ex II — Nimexe Code 84.06-98); parts of bodies ... (CCT 87.06 ex II — Nimexe Code 87.06-28);⁵

Italy — Soviet Union: pyrolysis gasoline (CCT 27.07 B ex II — Nimexe Code 27.07-39);⁵

Italy — Bulgaria: chemical fertilizers (CCT 31.02 B and C and 31.05 A);⁶

Italy — Romania: natural honey (CCT 04.06); ball, roller or needle roller bearings (CCT 84.62); octyl alcohols (CCT 29.04 A ex V); excavators (CCT 84.23 A ex I); parts for motor vehicles (CCT 87.06 ex A, B);⁶

Italy — Czechoslovakia: floor coverings of PVC (CCT 39.02 C ex VII); synthetic organic dyestuffs (CCT 32.05 A); polymerization and copolymerization products (CCT 39.02 B, C ex I to ex XIII); footwear, of rubber or of rubberized fabric (CCT ex 64.01 and 64.02 ex B);⁶

Italy — Poland: synthetic organic dyestuffs (CCT 32.05 A); internal combustion engines (diesel motors), and parts for such goods (CCT 84.06 C II, D ex II); ball, roller or needle roller bearings (CCT 84.62); parts and accessories for motor vehicles (CCT 87.06 ex A, B);⁶

¹ Bull. EC 1-1987, point 2.2.1 *et seq.*

² OJ L 386, 8.12.1983.

³ OJ C 55, 3.3.1987.

⁴ OJ C 57, 5.3.1987.

⁵ OJ C 67, 14.3.1987.

⁶ OJ C 78, 25.3.1987.

Italy — Hungary: raw materials for the plastics industry, semi-finished and finished products of plastic (CCT ex 39.01, ex 39.02 and 39.03); cast or rolled glass; drawn or blown glass (CCT 70.04 to ex 70.07);¹

Italy — Soviet Union: kraft paper and kraft board (CCT 48.01 C); tubes, of steel (CCT 73.18 ex A, ex B); ball, roller or needle roller bearings (CCT 84.62); woven fabrics of man-made fibres (discontinuous) (Category 37);¹

Italy — German Democratic Republic: synthetic organic dyestuffs (CCT 32.05 A); sensitized paper for photography, photographic and cinematograph film (CCT 37.02 ex A, ex B, ex 37.03); man-made fibres, discontinuous (Category ex 124).¹

Change in import arrangements

Benelux/Denmark — People's Republic of China: removal of quantitative restrictions on release for free circulation of industrial products.²

Safeguard measures

Entry for free circulation in France of nitrogenous chemical fertilizers falling

within subheading 31.02 B and C of the Common Customs Tariff originating in Albania, Bulgaria, the USSR or the German Democratic Republic is to be subject to quantitative restrictions until 31 March 1988.

France opened the following import quotas for the period from 2 April 1987 to 31 March 1988:³

(i) Albania: CCT subheading 31.02 C: 500 tonnes

(ii) Bulgaria: CCT subheading 31.02 C: 5 000 tonnes

(iii) USSR: CCT subheading 31.02 B: 15 000 tonnes

(iv) German Democratic Republic: CCT 31.02 B and C: 35 000 tonnes (of which no more than 5 000 tonnes for CCT subheading 31.02 B).

Trade protection

2.2.3. The other trade protection measures taken are shown in Table 12.

¹ OJ C 78, 25.3.1987.

² OJ L 79, 21.3.1987.

³ OJ C 94, 7.4.1987.

Table 12 — *Trade protection measures*

Council	Commission ¹
<p>Anti-dumping proceeding Definitive anti-dumping duty on imports of: standard multi-phase electric motors originating in Bulgaria, Czechoslovakia, the German Democratic Republic, Hungary, Poland or the Soviet Union OJ L 83, 27.3.1987 (provisional duty: OJ L 280, 1.10.1986)</p>	<p>Anti-dumping proceedings Notice relating to the anti-dumping proceeding concerning imports of: (i) Mercury originating in the USSR OJ C 67, 14.3.1987 (notice of initiation of the proceeding: OJ C 53, 28.2.1987) (ii) Ferro-silicon originating in Brazil — extension to include imports originating in the USSR OJ C 77, 24.3.1987 (notice of initiation of the proceeding: OJ C 231, 12.9.1986) Acceptance of undertaking given by: (i) Electro-Export-Import (Romania) in connection with the anti-dumping proceeding concerning imports of standardized multi-phase electric motors having an output of more than 0.75 kW but not more than 75 kW, originating in Romania OJ L 83, 27.3.1987 (introduction of provisional anti-dumping duty: OJ L 280, 1.10.1986)</p>

Council	Commission ¹
	<p>(ii) Honda Motor Co, Tokyo; Suzuki Motor Co, Hamamatsu; Tohatsu Corporation, Tokyo; Marine Power Europe Inc., Belgium; Nissan Motor Nederland BV, Netherlands, on behalf of Tohatsu Corporation; and by Yamaha Motor Co, Hamamatsu, in connection with the proceeding concerning imports of outboard motors originating in Japan and termination of the investigation OJ L 82, 26.3.1987 (reopening of the proceeding: OJ C 305, 26.11.1985)</p> <p>Termination of the anti-dumping proceeding concerning imports into Spain of medical X-ray films for general use originating in the Federal Republic of Germany, Italy or Japan OJ L 80, 24.3.1987</p> <p>Surveillance measure</p> <p>The French Republic is authorized to apply intra-Community surveillance to certain kinds of textiles, multi-phase electric motors, television receivers and toys originating in the German Democratic Republic until 31 December 1988 OJ L 65, 10.3.1987</p>

¹ For steel products, see point 2.1.37.

Export credits

2.2.4. Following the Council's decision¹ of 9 February whereby the Community accepted the terms of the compromise reached, subject to confirmation, on the question of tied aid, all the other OECD countries also notified their agreement on this compromise. Its main features are:

(i) increase in the grant element of tied and partially untied aid credits from 25% to 30% as from 1 July 1987 and to 35% as from 1 July 1988. The grant element would be increased to 50% for the least-developed countries;

(ii) introduction in two stages of a differentiated discount rate for calculating the grant element, based on the CIRR² of each currency. At the present time the grant element is calculated on the basis of a single rate of 10%;

(iii) abolition of subsidies in export credits for rich countries (Category I of the Consensus) and 0.3% increase in interest rates in export credits for the less rich and poor countries (Categories II and III of the Consensus).

These measures, which represent a considerable effort to avoid distortion of trade, are to enter into force on 1 July 1987.

Sectoral commercial policy measures³

Textiles

Agreements and arrangements with non-member countries

2.2.5. On 25 March the Commission transmitted to the Council a Recommendation for a Decision concerning the conclusion of the Protocol adapting the Agreement between the Community and the People's Republic of China on trade in textile products⁴ to take into account the

¹ Bull. EC 2-1987, point 2.2.6.

² Commercial interest reference rate.

³ For iron and steel products, see point 2.1.37.

⁴ Thirteenth General Report, point 503; Bull EC 3-1984, point 2.2.13.

accession of Spain and Portugal. This Recommendation was the result of the negotiations between the Commission and China conducted in accordance with the directives given by the Council on 17 October 1985.¹

MFA countries

2.2.6. A second round of consultations with India was held in Brussels on 5 and 6 March in order to complete the examination of certain management problems arising from overshipments of T-shirts to the Community under the previous agreement, which had been begun in an earlier round of talks.² The issue was resolved to the satisfaction of both parties.

Mediterranean preferential countries

2.2.7. Consultations with the Turkish Textiles Exporters' Association were held in Brussels from 16 to 18 March to review the operation of the administrative cooperation arrangement in 1986 and to examine prospects for 1987.

Non-ferrous metals

2.2.8. On 23 March the Commission adopted a Regulation allocating for 1987 the Community quantitative export quotas for copper ash and residues and waste and scrap³ which were established by the Council on 22 December 1986.⁴

Relations with industrialized countries

United States⁵

2.2.9. In a letter to Mr Clayton Yeutter, the United States' Trade Representative, Mr Willy De Clercq, Member of the Commission with special responsibility for external relations and trade policy, expressed

concern at the Textiles Bill tabled in Congress on 19 February.

This Bill would impose an overall quota on imports into the United States of textile and clothing products. This quota, which would apply for an indefinite period but be subject to review after 10 years, would limit the annual growth of US imports of textile and clothing products to 1% of their 1986 level.

If the Bill were adopted, Mr De Clercq warned the US authorities, the Community would be obliged to adapt its textile trade policy to prevent deflections of trade and to retaliate against US products.

He concluded by reminding Mr Yeutter that the latest available figures showed an increase of 45% in the volume of American exports of textiles and clothing to the Community in 1986 compared with 1985. He also pointed out that Community imports of textiles and clothing from developing countries were constantly growing and in particular that Community imports from the dominant countries (Hong Kong, South Korea and Taiwan) had increased by 30-40% in 1986.

2.2.10. At its meeting on 16 March the Council issued the following statement in the light of rising protectionist pressure in the United States Congress:

'The Council recalls the commitment to uphold and strengthen a free and open trading system jointly entered into by the United States and the Community.

It expresses its deep concern at the prospects of restrictive trade legislation being enacted in the United States — including proposed legislation in textiles — in contradiction with its international commitments.

The adoption of such legislation could not fail to have an adverse effect on the multilateral negotiat-

¹ Bull. EC 10-1985, point 2.3.5.

² Bull. EC 2-1987, point 2.2.7.

³ OJ L 81, 25.3.1987.

⁴ OJ L 377, 31.12.1986; Bull. EC 12-1986, point 2.2.7.

⁵ For relations between the Community and the United States in the telecommunications sector, see point 2.1.54; likewise for relations between the Community and the EFTA countries in science, see points 2.1.42 and 2.1.43.

ing process which has just begun and on bilateral relations between the Community and the United States.

The Council confirms that, if the United States took unilateral restrictive measures, the Community would have no choice but to respond in accordance with its rights under the GATT.'

Japan

2.2.11. The Council, meeting on 16 and 17 March, took stock of Community relations with Japan on the basis of a Commission Communication and discussed fresh moves aimed at inducing Japan to open up its market in several sectors. The Council confirmed the analysis of the situation and the guidelines adopted on 10 March 1986¹ and gave its full backing to the measures taken by the Commission on these bases.

Deploring the continuing deterioration of the trade imbalance, the Council hoped that the balance of benefits would be restored within the framework of the Uruguay Round and not tilted further in Japan's favour as a result of enlargement. It insisted on the need for Japan to adopt a quantified import target accompanied by a timetable for a significant increase in its imports, and on the importance of stimulating internal demand and implementing structural reforms.

It believed that the sector-based measures being taken (with regard to wine and alcoholic beverages, medical equipment and motor vehicles) should continue and that further measures should be put in hand (regarding milk products, cosmetics and counterfeit goods).

The Council supported the efforts of the Commission on a number of important matters (leather footwear, Kansai airport, semi-conductors) and in the area of export promotion. It took note of the progress made in industrial and scientific cooperation. It asked the Commission to report on progress for its July meeting so as to allow it to examine what further action might be appropriate.

Austria

2.2.12. Mr Mock, Austria's Vice-Chancellor and Foreign Minister, visited the Commission on 17 and 18 March. Mr Mock was received by President Delors, had a working meeting with Mr De Clercq concerning relations in general between the Community and Austria and held talks with Vice-Presidents Cockfield, Andriessen and Narjes, and also with Mr Clinton Davis, to discuss in greater detail more specific aspects of relations in the areas of internal market, agriculture, research and development and transit matters. In these talks, Mr Mock stressed the desire of his government to seek the closest possible cooperation with the Community, both multilaterally (in the context of EFTA) and bilaterally.

In order to strengthen cooperation structures, it was decided to hold ministerial meetings once a year in future and to accredit the Commission's representative in Vienna to the Republic of Austria as soon as possible.

Norway

2.2.13. The Additional Protocol to the EEC-Norway Agreement consequent on the accession of Spain and Portugal concluded by the Council on 15 September² entered into force on 1 March.³

Relations with other countries and regions

Mediterranean countries⁴

Mediterranean policy of the enlarged Community

Cooperation aspect

2.2.14. On 31 March the Council approved the negotiating directives for the

¹ Bull. EC 3-1986, point 2.2.9.

² OJ L 328, 22.11.1986; OJ L 337, 29.11.1986.

³ OJ L 61, 4.3.1987.

⁴ For cooperation with non-member countries in the energy sector, see point 2.1.204.

renewal of the Mediterranean Financial Protocols (Maghreb, Mashreq, Israel) for the period 1986-91. These directives provide for an overall budget of 1 618 million ECU, consisting of 615 million ECU in budgetary funds and 1 003 million ECU in European Investment Bank loans, based on proposed figures promised by the Commission in June.¹ These amounts are 60% greater overall than those provided for in the previous Financial Protocols (second generation).² Moreover, the forthcoming Protocols have two new features, namely the disappearance of special loans and the allocation of budgetary funds to risk-capital operations; an effort will be made to use the latter in joint operations between European companies and firms in the recipient countries.

This decision of the Council relates to its statement of 30 March 1985³ on the Mediterranean policy of the enlarged Community, in which it confirmed the Community's desire to strengthen cooperation with the Mediterranean countries following the enlargement of the Community with a comprehensive approach comprising a commercial aspect intended essentially to maintain traditional trade flows and a cooperation aspect designed to contribute in an appropriate way to the economic and social development of the countries concerned. In this context, the Financial Protocols will be used for cooperation based on three priority guidelines:

- (i) reducing the food dependence of the partner countries and promoting the diversification of their agricultural production;
- (ii) improving the complementarity of the economies of countries to the north and to the south of the Mediterranean; and
- (iii) supporting regional and multilateral cooperation.

Commercial aspect

2.2.15. On 24 March⁴ the Commission transmitted to the Council two Recommendations for Decisions concerning the conclusion of Additional Protocols to the

Cooperation Agreements between the Community and Algeria and Jordan. Last January⁵ it had transmitted the same request with regard to Egypt, Israel, Lebanon, Tunisia and Turkey. The new Protocols, initiated in December 1986⁶ and January 1987⁷ respectively, are intended to maintain traditional trade flows in respect of agricultural products between the Community and the countries concerned.

2.2.16. Moreover, on 18 March⁸ the Commission transmitted to the Council five Recommendations for Decisions concerning the conclusion of Protocols to the Cooperation Agreements between the Community and Tunisia, Egypt, Jordan and Lebanon and the Association Agreement with Turkey consequent on the accession of Spain and Portugal.

These Protocols are intended to lay down the adjustments and transitional measures necessary as a result of accession for the Agreements concluded with these countries.

Yugoslavia

2.2.17. On 23 March the Commission and a Yugoslav Delegation headed by Mr Oscar Kovac, the Minister responsible for relations with the Community, commenced negotiations on the second Financial Protocol,⁹ the first¹⁰ having expired on 30 June 1985.

Whereas the Community offered Yugoslavia a total of 380 million ECU made up entirely of loans from the European Investment Bank, Yugoslavia presented a request for EIB loans amounting to some 600

¹ Bull. EC 6-1986, point 2.2.23.

² OJ L 337, 29.11.1982; OJ L 356, 17.12.1982; Bull. EC 11-1982, point 2.2.68.

³ Bull. EC 3-1985, point 2.2.19.

⁴ OJ C 97, 10.4.1987; COM(87) 123 final.

⁵ COM(87) 7 final.

⁶ Bull. EC 12-1986, point 2.2.18.

⁷ Bull. EC 1-1987, point 2.2.11.

⁸ COM(87) 99 final.

⁹ Bull. EC 12-1984, point 2.2.26; Bull. EC 7/8-1985, point 2.3.26.

¹⁰ Bull. EC 4-1980, point 2.2.49.

million ECU, as well as 100 million in budget grants to be used as interest-rate subsidies for these loans. In return, Yugoslavia would undertake to allocate most of these funds to modernizing transport links across Yugoslavia.

2.2.18. As part of the implementation of Decision 1/85 of the EEC-Yugoslavia Cooperation Council¹ on the implementation of the economic cooperation provided for under Title I of the Agreement,² a mission to Yugoslavia was organized for Spanish businessmen from 9 to 13 March with the aim of establishing in more specific terms the opportunities for cooperation outlined in September 1986³ during the mission of Yugoslav businessmen to Madrid.

Also in the context of economic cooperation, a meeting between Yugoslav and Community businessmen in the medicinal herbs sector was organized in Brussels from 17 to 19 March.

Asia

Association of South-East Asian Nations⁴

2.2.19. On 31 March the Community and Asean inaugurated the first joint investment committee, the EEC-Thailand Committee. The decision to establish such committees, which was taken following the report⁵ produced by the high-level EEC-Asean Working Party on Investment set up at the EEC-Asean meeting of Economics Ministers in October 1985,⁶ had confirmed that European investment in the region was lagging behind Japanese or US investment, even though Asean remains one of the most rapidly developing areas in the world and offers excellent possibilities for long-term economic cooperation.

Although the terms of reference of the committees varies from one country to another, their main common objective is to promote European investment in each of the Asean countries.

The other five joint investment committees should be set up very soon in each of the other Asean capitals. They are to be made up of about 20 representatives from the public and private sectors. The Community side consists mainly of representatives of private firms and Chambers of Commerce from the Member States and, where possible, representatives of the Commission in South-East Asia.

2.2.20. At the beginning of March the Commission set up a data base on training opportunities in the Community open to graduates and professionals from the Asean region. Initially it will cover mainly the sectors of management, information technology and engineering.

This initiative stems from one of the main priorities of the EEC-Asean Cooperation Agreement,⁷ namely to increase human resource development cooperation. For the Asean countries, training is a prerequisite for the transfer of technology and of know-how, which is one of the keys to further economic development of the Asean region and to closer economic and industrial cooperation between the Community and Asean.

India

2.2.21. The first meeting of the EC-India Industrial Cooperation Working Group took place in New Delhi on 25 and 26 March. This Working Group, established at the fourth meeting⁸ of the EC-India Joint Commission, is intended to strengthen and broaden economic relations between India and the Community by improving the framework for cooperation between econ-

¹ Bull. EC 6-1985, point 2.3.25.

² OJ L 41, 14.2.1983; Bull. EC 1-1983, point 2.2.21; Bull. EC 4-1983, point 2.2.27.

³ Bull. EC 9-1986, point 2.2.21.

⁴ Asean: the Sultanate of Brunei Darussalam, Indonesia, Malaysia, Philippines, Singapore and Thailand.

⁵ Bull. EC 3-1986, point 2.2.21; Bull. EC 10-1986, point 2.2.23.

⁶ Bull. EC 10-1985, point 2.3.24.

⁷ Bull. EC 12-1979, point 1.2.1 *et seq.*

⁸ Bull. EC 1-1987, point 2.2.17.

omic operators on the two sides. To this end it explored areas for mutual cooperation, and identified steel, telecommunications, electronics, machine tools, medical and surgical instruments, sericulture and woollen knitwear as sectors of particular promise. It also recognized a common interest in promoting public industrial standards and in strengthening cooperation in the areas of quality control, quality assurance and conformance testing as well as in the setting-up of data banks through which Indian entrepreneurs might obtain information on available European industrial technology. Lastly, it was agreed that the Community and India would cooperate in the establishment of a joint EC-India Energy Management Institute.

Both partners expressed their intention to hold a further meeting before the end of the year to review progress and to consider additional forms of cooperation.

Latin America

Uruguay

2.2.22. The Joint Committee provided for in the EEC-Uruguay Agreement met in Montevideo on 19 and 20 March; this was the first time that it had met in Uruguay.

The opening session was chaired by the Uruguayan Foreign Minister, Mr Enrique Iglesias, who stressed the positive development of bilateral relations but expressed his concern about the prospects for the current international economic environment with regard to the serious debt problem of the Latin American countries. The discussions of the Joint Committee related essentially to the international economic situation in the light of the forthcoming Seventh Unctad Conference and the Uruguay Round negotiations. The discussions also covered bilateral issues, including trade relations, in particular Uruguayan exports of beef, veal and other agricultural products to the Community, and the establishment of cooperation in the trade promotion, science and

technology, industrial and fisheries sectors. The Community Delegation took note of the anxieties expressed by Uruguay regarding trends affecting its traditional exports, and declared its readiness to support the efforts which Uruguay will have to make to diversify its range of exportable products and its markets. The Uruguayan Delegation presented a proposal for the setting-up of an economic cooperation programme, notably in the area of science and technology. In consequence, it was decided to give priority in this area in 1987 to two programmes on health applications of biotechnology and on neuroscience.

State-trading countries

Normalization of the Community's relations with the Eastern bloc countries and with the CMEA

2.2.23. A meeting of delegations of experts from the Community and the Council for Mutual Economic Assistance (CMEA) met on 18 and 19 March in Geneva to continue¹ the examination of the draft Joint Declaration intended to establish official relations between the two organizations.

China

2.2.24. Mr Willy De Clercq, Member of the Commission with special responsibility for external relations and trade policy, made an official visit to China from 26 March to 3 April. In Peking, he met Mr Wu Lanfu, Vice-President of the Republic, Mr Li Peng, Vice-Premier, Mrs Chen Muhua, Councillor of State and Governor of the Bank of China, and Mr Zhou-Nan, Deputy Foreign Minister. He also had talks with Mr Zheng Tuobin, Minister of Foreign Trade and Economic Relations, in the context of the high-level consultations which take place periodically between the Commission and the Chinese authorities.

¹ Bull. EC 9-1986, point 2.2.27.

As regards the state of trade relations, all those he talked with expressed satisfaction — notwithstanding China's deficit with the Community — with the extension and diversification of cooperation which had begun and expressed the belief that the Community was China's foremost partner with regard to the transfer of technology. It is also China's second-largest supplier — slightly behind Japan but ahead of the United States — and occupies third place in foreign trade overall, practically on a level with the second-largest partner (Hong Kong/Macao). China expressed its wish to improve its exports and stated its interest in setting up joint ventures with European partners with a view to producing export goods adapted to foreign markets. After expressing satisfaction at the success of the second 'Community-China Business Week'¹ and welcoming the organization of a third such event in March 1988, the Chinese authorities also indicated that their country wished to improve the facilities offered for foreign investment. It was in this favourable climate that Mr Willy De Clercq introduced the mission of businessmen accompanying him to the Minister for the Chemical Industry, Mr Qin Zhongda. He also pointed out that the Community would continue to give its financial support beyond 1988 to the Community-China business management training centre.

After signing the headquarters agreement for the opening of a Commission Delegation in Peking, Mr Willy De Clercq moved on to Shanghai prior to visiting Hong Kong.

2.2.25. On 19 March the Community and the People's Republic of China concluded an Agreement in Brussels in the form of an exchange of letters with a view to establishing a joint EC-China Biotechnology Research Centre in Peking (→ point 2.1.49).

Development

North-South relations

Cooperation in international forums

OECD Development Assistance Committee

2.2.26. The OECD Development Assistance Committee (DAC) met on 31 March to review aid provided by the Community and administered by the Commission and the European Investment Bank (EIB).

In the Communiqué issued at the end of the meeting, the Committee expressed satisfaction at the steady increase in Community aid. Net disbursements for official development assistance increased to USD 1 500 million in 1985. This increase was the result of higher EDF payments to the ACP countries, which more than compensated for the decrease in food aid (the volume of which was exceptionally high in 1984). Loans from the EIB accounted for the bulk of a further USD 150 million that was allocated as aid. The Committee also observed that the Community channels two thirds of its aid to African countries south of the Sahara and that it is one of the principal sources of aid to this region. The Community allocates a high proportion of its aid — much higher than the average for other DAC members — to low-income countries, and in particular to the least-developed countries (LLDCs). Much of this aid is focused on rural development, but it also covers the transport and communications sectors. The Committee also examined the implementation of the system of sector programming for each country, brought into operation under the third Lomé Convention, which had enabled aid to be targeted on a smaller number of key sectors and had strengthened the dialogue on sector policies and objectives and the most effective ways of achieving them.

¹ Bull. EC 12-1985, point 2.3.33.

Commodities and world agreements

Cocoa

2.2.27. Mr Lorenzo Natali, Vice-President of the Commission with special responsibility for cooperation and development, welcomed the agreement reached in London on 27 March within the International Cocoa Council on the implementation of measures enabling the buffer stock to function. The 1986 International Cocoa Agreement¹ set up an intervention mechanism based on purchases of cocoa available on the market by the buffer stock to support cocoa prices. A lack of agreement between producers and consumers on how the buffer stock should operate had held up implementation of the measures. The agreement of 27 March, which was largely the result of efforts by the Commission, means that the buffer stock will now be able to buy in cocoa. Mr Natali said that this will help stabilize prices, which will have beneficial effects for the producer countries and also help restore balance in international economic relations.

Campaign against hunger in the world

Food aid

Food-aid policy and food-aid management

2.2.28. On 10 March the Commission adopted a Decision² fixing the quantities and products to be supplied as food aid in 1987, in accordance with the Regulation of 22 December 1986 on food-aid policy and food-aid management.³ The quantities are established on the basis of the funds available under the 1987 budget and world prices for the products concerned and may be amended during the year as prices change. The quantities are as follows:

for cereals:

- (i) an initial instalment of 927 700 tonnes,
- (ii) a second instalment of up to 232 300 tonnes,

for milk powder: a maximum of 94 100 tonnes,

for butteroil: a maximum of 27 300 tonnes,

for sugar: a maximum of 11 000 tonnes,

for vegetable oil (seed oil and olive oil): a maximum of 34 000 tonnes,

for other products: quantities corresponding to not more than 279 600 tonnes of cereal equivalent,

food aid in the form of the abovementioned products intended to cover exceptional food shortages, corresponding to not more than 160 600 tonnes of cereal equivalent.

2.2.29. Following the favourable Opinion of the Food Aid Committee, the Commission made the following aid allocations on the dates indicated:

(i) 10 March: 60 000 tonnes of cereals, 2 000 tonnes of vegetable oil and 2 000 tonnes of beans, worth a total of some 14.7 million ECU, to Mozambique;

(ii) 19 March: various quantities of a number of products to the League of Red Cross Societies (Licross), the Office of the United Nations High Commissioner for Refugees (UNHCR), the United Nations Border Relief Operations (Unbro) and various non-governmental organizations (NGOs), broken down as follows:

¹ Bull. EC 7/8-1986, point 2.2.32.

² OJ L 80, 24.3.1987.

³ OJ L 370, 30.12.1986; Bull. EC 12-1986, point 2.2.31.

<i>tonnes</i>				
Recipient organization	Cereals	Milk powder	Butteroil	Other products
Licross	20 000	1 500	1 000	800 S 500 O 2 500 B
UNHCR	35 000	3 500		2 000 S 4 000 O 5 000 B
Unbro				1 800 F 2 350 B
NGOs	90 000	25 000	2 500	1 500 S 2 000 O 1 500 B 480 F

S = Sugar; O = Oils; B = Beans; F = Fish.

(iii) 1 April: 50 tonnes of vegetable oil, 3 000 tonnes of milk powder, 1 500 tonnes of butteroil and 6 850 tonnes of other products (2 000 tonnes of sugar, 1 800 tonnes of rice, 870 tonnes of bulgur ('cracked wheat'), 120 tonnes of legumes, 700 tonnes of tomatoes, 480 tonnes of fish and 880 tonnes of corned beef) to the United Nations Relief and Works Agency for Palestine Refugees (UNRWA).

EEC-UNRWA Convention

2.2.30. In anticipation of the adoption by the Council of the Decision on the conclusion of the Convention for 1987-89 between the Community and the United Nations Relief and Works Agency for Palestine Refugees concerning aid to refugees in the countries of the Near East,¹ the Commission decided on 1 April to grant cash aid of 4 million ECU to the UNRWA for its feeding support programme plus 490 000 ECU to cover the internal transport and distribution costs for the products supplied.

Emergency aid

Lebanon

2.2.31. In response to requests from UNRWA, Unbro and the ICRC, the Commission decided on 6 March to grant 2.7 million ECU in emergency aid to Lebanon — 1.6 million ECU to UNRWA, 400 000 ECU to Unbro and 700 000 ECU to the ICRC. This aid is to cover the urgent needs of Palestinians affected by recent outbreaks of fighting in Lebanon.

Ecuador

2.2.32. Following the earthquake which shook Ecuador on 5 March causing serious damage (300 dead, 4 000 missing, 20 000 people in need of food and shelter, major structural damage including a break in the country's main oil pipeline) and the request for help from the Ecuadorian Government, the Commission decided on 16 March to grant 500 000 ECU in emergency aid. This

¹ OJ C 35, 13.2.1987; Bull. EC 1-1987, point 2.2.31.

aid will be channelled through Caritas-Ecuador.

Programme of positive measures regarding South Africa

2.2.33. On 18 March Mr Natali and Mr Claude Cheysson, Member of the Commission with special responsibility for North-South relations, received Mr Krishnan, the Indian Prime Minister's special envoy and Director of the Fund for Africa set up by the Movement of Non-aligned Countries. They welcomed the growing number of actions taken in solidarity with the victims of apartheid and reiterated the Commission's total commitment to this cause.

They recalled the Community's contributions of 10 million ECU in 1986¹ and 20 million ECU in 1987.² This money is intended to finance humanitarian operations based on projects presented by South African churches and NGOs to help victims of apartheid in South Africa. They also drew Mr Krishnan's attention to the Community's substantial commitment under the Lomé Convention: the programmes agreed with the nine Member States of SADCC³ (including the front-line States) amount to nearly 900 million ECU. Under these programmes the Community is providing some 110 million ECU in support⁴ for the SADD countries' own efforts to reduce their dependence on South Africa.⁵ In addition to this firm commitment, substantial assistance is given in the form of food aid and emergency aid. The contractual nature of the Community's cooperation precludes direct financial contributions to other aid funds, but Mr Natali and Mr Cheysson indicated that there was scope for cooperation with the Africa fund on specific projects if the countries concerned so wished.

Stabex

Advances

2.2.34. On 3 and 23 March respectively the Commission took decisions on the pay-

ment of two advances on transfers for the 1986 application year: 1.2 million ECU to the Central African Republic for cotton exports and 30 million ECU to Senegal for exports of groundnut products. Advances decided on since 20 October, when the first decisions were taken, now total 52.7 million ECU.⁶

Industrial cooperation

ACP States

2.2.35. A Commission representative took part in the International Symposium entitled 'Towards a world foreign investment guarantee system' held in Nice on 17 and 18 March by the Institute for the Development of International Cooperation. The Commission representative gave a paper on the promotion of European investment and joint EEC-ACP insurance and guarantee systems.

Financial and technical cooperation

ACP States

2.2.36. In March the Commission allocated resources from the sixth EDF totalling 935 000 ECU to finance emergency aid operations which it administers.

¹ Bull. EC 7/8-1986, point 2.2.43; Bull. EC 11-1986, point 2.2.40.

² Bull. EC 1-1987, point 2.2.32.

³ Southern Africa Development Coordination Conference, comprising Angola, Botswana, Lesotho, Malawi, Mozambique, Swaziland, Tanzania, Zambia and Zimbabwe.

⁴ Bull. EC 2-1986, point 2.2.35.

⁵ Bull. EC 2-1987, point 2.2.34.

⁶ Bull. EC 10-1986, point 2.2.46; Bull. EC 12-1986, point 2.2.37.

Table 13 — *Financing of operations under the Sixth EDF*

		<i>million ECU</i>
Country	Project	Grants
Vanuatu	After the cyclone Uma; locust control	0.360
Benin	Locust control	0.090
Suriname	Medical aid to the civilian victims of armed conflict	0.340
Mauritania	Locust control	0.105
Guyana	Recruitment of specialist staff and supply of medicines and medical equipment	0.040
Total		0.935

Latin American and Asian developing countries

1987 aid guidelines

2.2.37. On 13 March Parliament adopted an Opinion¹ on the proposal for a Decision determining the 1987 general guidelines for financial and technical aid to Latin American and Asian developing countries.² While approving the Commission proposal, it also called on the Commission to replace the traditional geographical breakdown of funds — 75% to Asia and 25% to Latin America — by criteria more favourable to the poorest Latin American countries, with a view to allocating resources in similar proportions eventually to the Asian and Latin American countries. It also called for the establishment of more Commission delegations and the posting of more development experts in Latin America.

*

2.2.38. On 13 March Parliament also adopted a Resolution on certain aspects of technical cooperation financed by Community development aid (→ point 2.4.9).¹

Cooperation via non-governmental organizations

2.2.39. In the period 1 January to 31 March a total of 18.3 million ECU was

committed by the Commission for the cofinancing in developing countries of 141 projects presented by 72 NGOs.

The Commission also contributed 872 773 ECU to 14 campaigns to increase European public awareness of development issues.

2.2.40. In an address to the 23rd annual general meeting of European NGOs, held from 31 March to 2 April, Mr Natali paid tribute to the NGOs' work for development cooperation. He considered the model for development cooperation provided in the Lomé Convention to be irreplaceable, and was in favour of extending cooperation between the Community and the NGOs to new areas such as the environment and the fight against AIDS.

*

Visits

2.2.41. Mr Natali paid an official visit to Mozambique from 6 to 11 March and had talks with President Chissano, the Prime Minister and other members of the government.

The Mozambique authorities expressed great satisfaction with cooperation with the

¹ OJ C 99, 13.4.1987.

² OJ C 137, 10.12.1986; Bull. EC 10-1986, point 2.2.51.

Community. Special attention was given to the food aid of 60 000 tonnes of cereals allocated by the Commission (→ point 2.2.29), and the importance of the Community's support for the Beira¹ and Nacala corridors (40 million and 25 million ECU respectively) was stressed. Mr Natali agreed in principle to a sectoral import programme of the order of 35 million ECU.

2.2.42. On his way to Malawi, Mr Natali stopped off in Swaziland on 12 March, where he participated in the ceremonies for the official opening of Matsapha international airport, partly financed by the Community, and later had an audience with His Majesty King Mswati III.

2.2.43. Mr Natali paid his first official visit to Malawi on 13 and 14 March. He had talks with President Banda, concentrating on specific issues related to Malawi (increasing economic problems due to worsening foreign debt servicing and a drop in white maize production) and political problems in Southern Africa. It was confirmed that Malawi was seeking to improve its relations with neighbouring countries; for instance, it had recently concluded a security and defence agreement with Mozambique.

2.2.44. The Prime Ministers of Dominica, Mrs Eugen M. Charles, and of Saint Vincent and the Grenadines, Mr James Mitchell, accompanied by Mr R. Rainford, General Secretary of the Caribbean Community (Caricom), paid an official visit to the Commission on 23 and 24 March to give the point of view of the Organization of Eastern Caribbean States on the future Lomé III regional programme for the Caribbean. Following talks with Mr Natali and officials from the Directorate-General for Development, a Protocol on the programming of Lomé III regional funding for the Caribbean was drawn up.

International organizations and conferences

General Agreement on Tariffs and Trade

Council

2.2.45. At its meeting on 4 March² the GATT Council agreed to set up a Working Party open to all interested Contracting Parties, to examine China's application for GATT membership.

At the request of Canada and the Community, it also established a panel to examine the problems raised by the introduction by the United States of a customs user fee, and examined the Community's request for a panel to deal with the settlement of disputes relating to the bilateral Agreement between the United States and Japan on semi-conductors.³ The Presidency will begin consultations on this subject, including the terms of reference and composition of the panel, and will report to the next Council meeting for a final decision.

The Council noted the concern of some Contracting Parties regarding the Commission proposal to introduce an internal tax on vegetable oils and fats⁴ and the possible imposition of restrictions on imports of apples from countries in the Southern Hemisphere.

Committee on Trade in Civil Aircraft

2.2.46. On 20 February the United States requested a special meeting of the GATT Committee on Trade in Civil Aircraft under Article 8(7) of the Civil Aircraft Agreement. It considered that its trade interests had

¹ Bull. EC 10-1986, point 2.2.52.

² Bull. EC 2-1987, point 2.2.40.

³ Bull. EC 10-1986, point 2.2.12; Bull. 11-1986, point 2.2.9.

⁴ Bull. EC 2-1987, point 1.2.14.

been or were likely to be adversely affected by actions of the Airbus-Industrie Consortium with regard to the development, production and marketing of Airbus. During the special meeting, which took place on 19 and 20 March, the United States decided, following intensive consultations with the Commission Delegation, not to continue its action under Article 8(7) and instead submitted to the Signatories a Communication on the application of Articles 4 and 6 of the Agreement. The Communication sets out the US interpretation of these provisions, which relate to the use of subsidies and incentives in connection with the production, sale and purchase of civil aircraft.

The Committee had a preliminary exchange of views on this matter and the Signatories will continue consultations. The Committee is due to meet again towards the end of July.

Diplomatic relations

2.2.47. The President of the Council and the President of the Commission received HE Mr Wolfgang Wolte, Head of Mission of the Republic of Austria to the European Communities, who presented his letters of credence. His appointment took effect on 17 March.

3. Financing Community activities

Budgets

General budget

1988-92 financial perspective

2.3.1. In letters to the Presidents of the Council and the European Parliament the Commission asked the two arms of the budgetary authority to examine the 1988-92 financial perspective incorporated in its report on the financing of the Community budget¹ and to make the necessary contacts with a view to an inter-institutional agreement on appropriate financial programming for 1988-92.

The forecasts made by the Commission in the 1988-92 financial perspective are presented in constant 1987 prices. The main conclusions are set out below.

The development of EAGGF Guarantee Section expenditure within the limits

imposed by the guideline arrangement, the doubling of structural Fund appropriations in real terms, the promotion of research and other indispensable Community policies, the entry of the Seventh European Development Fund in the budget by 1990-91, the launching of new policies and the arrangements for correcting budgetary imbalances should produce an increase in the appropriations for commitments required of around 5.8% per year in real terms.

This will entail an evolution towards a budget structure where EAGGF Guarantee Section expenditure represents just over 50% of total appropriations, while structural operations account for 25% and research for 3%.

Total requirements in terms of appropriations for payments will grow, on average, by approximately 4.8% per year. The own

¹ COM(87) 101 final; Bull. EC 2-1987, point 2.3.1 and point 1.1.12 *et seq.*

resources available under the present system based on 1.4% VAT would cover only about 75% of requirements in 1992.

Resources within the new ceiling of 1.4% of gross national product proposed by the

Commission, on the other hand, would be sufficient in 1992 with a safety margin in the region of 10% of the budget. The actual size of the budget in terms of GNP would rise from approximately 1.16% in 1987 to 1.28% in 1992.

Table 14 — *Expenditure and resources 1987-92*

	At 1987 prices						million ECU
	1987	1988	1989	1990	1991	1992	Average growth rate (in %) 1992/1987
1. Appropriations for commitments	42 910	44 970	47 420	49 920	53 060	56 740	5.8
2. Appropriations for payments	41 740	43 360	45 370	47 110	49 640	52 710	4.8
3. 1% GNP	36 100	37 060	38 050	39 060	40 100	41 170	2.7
4. Resources within 1.4% GNP	50 550	51 900	53 250	54 700	56 150	57 650	2.7
5. GNP rate in % = (2):(3)	1.16	1.17	1.19	1.21	1.24	1.28	
6. Margin (4) - (2)	8 810	8 540	7 880	7 590	6 510	4 940	

If, in line with the Commission proposal, an inter-institutional agreement can be reached on the way in which the budget ought to develop between now and 1992, very substantial progress will be made in the area of financial programming.

The Commission will base its 1988 budget proposals on the framework provided by the financial perspective.

Budgetary procedure

Classification of expenditure

2.3.2. Following the adoption of the 1987 budget by Parliament in February,¹ the Vice-President of the Commission with special responsibility for the budget, Mr Henning Christophersen, sent a letter to the President of Parliament and the President of the Council on 5 March in a move to have work on the classification of expenditure resumed so that the conflicting positions can be resolved, as far as possible, during the 1988 budget procedure.

The Technical Group, made up of representatives of the institutions, met on 25 March. It reviewed the various questions of classification of expenditure on which differences of opinion still remain (EAGGF Guarantee and Guidance Sections, fisheries structures, certain administrative expenditure, etc.).

Discharge in respect of the implementation of the budget

2.3.3. On 9 March the Council recommended that Parliament give a discharge to the Commission in respect of the implementation of the 1985 budget and the operations of the European Development Fund (Fourth and Fifth EDFs) for the financial year 1985.

2.3.4. On the same day the Council adopted the revenue and expenditure account of the European Development Fund (Third EDF) on 31 December 1985 and gave

¹ Bull. EC 2-1987, point 2.3.3.

a discharge to the Commission in respect of the implementation of EDF operations for the financial year 1985.¹

Financial operations

ECSC

Loans raised

2.3.5. In March the Commission made a UKL 100 million five-year public issue at $9\frac{3}{8}\%$ with an issue price of 101.625%, and several private placings in marks, lire and US dollars for the equivalent of 227.3 million ECU.

Loans paid out

2.3.6. Acting under Articles 54 and 56 of the ECSC Treaty, the Commission paid out loans in March for a total of 369.9 million ECU, broken down as follows:

Industrial loans

2.3.7. Industrial loans (Article 54 ECSC) totalling 320.5 million ECU were made to the Federal Republic of Germany, Italy, the Netherlands and the United Kingdom for the coal and steel industries.

Conversion loans

2.3.8. Conversion loans (Article 56 ECSC) totalling 45.7 million ECU were made to Belgium, the Federal Republic of Germany and Italy.

Workers' housing

2.3.9. House-building loans for ECSC workers in Italy amounted to 3.7 million ECU.

Euratom

Loans raised

2.3.10. The Commission made a 50 million ECU five-year public issue at 7.5% with an issue price of 99.5%, and a 145 million ECU 10-year public issue at $7\frac{3}{8}\%$ with an issue price of $101\frac{1}{8}\%$.

EEC-NCI

Loans raised

2.3.11. The Commission made a FF 600 million 10-year public issue at $8\frac{3}{4}\%$ with an issue price of 99.5% and a private placing in USD for the equivalent of 48.9 million ECU.

¹ OJ L 71, 14.3.1987.

4. Political and institutional matters

European political cooperation

2.4.1. On 16 March, in Brussels for the Council meeting on general affairs, the Foreign Ministers also discussed political cooperation and adopted the following statement on Afghanistan:

'In the wake of the latest round of indirect talks in Geneva on the question of Afghanistan, the 12 Member States of the European Community reiterate their support for the UN Secretary-General's efforts. They express the strong hope that, during the next round of talks, these negotiations will result in a satisfactory agreement involving the rapid and total withdrawal of Soviet troops on the basis of an irrevocable timetable. Such a withdrawal represents, in the Twelve's view, the essential precondition if this long conflict is to end and if the Afghan people are to be able to exercise freely their right to self-determination.

The Twelve condemn all the more strongly the armed attacks launched from Afghanistan on 26 and 27 February and deliberately directed against civilian targets in Pakistan. These caused numerous innocent casualties amongst the Pakistan population and Afghan refugees, which have both suffered so much from this conflict. The Twelve consider these actions to be incompatible with the spirit of the negotiations. They pay tribute to the responsible attitude and moderation which the Pakistani Government has displayed in these circumstances.'

2.4.2. On 12 March Parliament adopted a series of Resolutions on political cooperation and human rights (→ point 2.4.9).¹

European policy and relations between the institutions

European policy

Thirtieth anniversary of the signing of the Treaties of Rome

2.4.3. A number of meetings and ceremonies attended by representatives of the European institutions and the Member States were held to mark the 30th anniversary of the signing of the Treaties establishing the

European Economic Community and the European Atomic Energy Community by the representatives of the six founder States on 25 March 1957 in Rome.²

A Conference entitled 'The changing Community: The cultural challenge — culture, technology and the economy' and a Symposium organized by the Community liaison group of professors of contemporary history entitled 'The revitalization of Europe and the Treaties of Rome' were held from 25 to 28 March in Florence and Rome respectively to coincide with these events (→ point 1.1.1 *et seq.*).

Implementation of the Single European Act

2.4.4. In March Parliament resumed the debate begun in February³ on the Commission Communication entitled 'Making a success of the Single Act — A new frontier for Europe'⁴ and the Commission's programme for 1987.

The debate closed with the adoption by a very large majority of two Resolutions, one on the Commission's programme and one in which Parliament expressed confidence in the Commission, 253 for, and 8 against, and 34 abstentions (→ point 2.4.9).¹

Parliament also decided to set up a Temporary Committee chaired by its President, Sir Henry Plumb, to produce a report on the Commission Communication for the May part-session. It will have 14 members, selected from the relevant Standing Committees.

¹ OJ C 99, 13.4.1987.

² Supplement 2/87 — Bull. EC contains extracts from the speeches given, the findings of the Eurobarometer 'Europe 2000' public opinion survey and a chronology of events over the past 30 years.

³ Bull. EC 2-1987, points 2.4.8 and 2.4.9.

⁴ Supplement 1/87 — Bull. EC; Bull. EC 2-1987, point 1.1.1 *et seq.*

Institutions and organs of the Communities

Parliament¹

Strasbourg: 9 to 13 March

2.4.5. The March part-session saw Parliament renew its confidence in the Commission and throw its full support behind the Commission's newly-defined strategy and the package of proposals it had made for the Community's 'grand rendez-vous' (→ point 2.4.6).²

The House also debated a wide range of issues that included food-aid policy, human rights, plans for negotiations on missiles in Europe, the Zeebrugge ferry disaster, regional policy and the prospects for convening an International Conference on the Middle East.

The 'grand rendez-vous': Parliament's endorsement

2.4.6. The 'Delors plan', also called the 'grand rendez-vous' or 'The Single Act — A new frontier for Europe'³ based on the large market, economic and social cohesion, a reformed common agricultural policy and stable and guaranteed resources, although received somewhat guardedly by the governments of some Member States, was well nigh unanimously endorsed by Parliament. The House not only gave its support to the general direction of the Commission's package but also called for a firm global approach on implementation.

There was a very substantial majority in favour of a joint resolution moved by the Socialist, PPE, Liberal and European Democrat groups and the Italian Communists, in which Parliament approved the Commission's approach and action, designed to implement the Single Act and attain its objectives simultaneously. In this jointly agreed text Parliament considered that the Commission's guidelines for the future financing of the Community, and in particu-

lar the new GNP-related ceiling, should make it possible to secure additional resources and guarantee financial security until 1992 as well as achieve a better balance between the burden of expenditure and the wealth of each Member State. Parliament also maintained that any generally negative response by certain Member States to the Commission's approach would seriously jeopardize the operation and development of the Community and trigger a very serious crisis. This passage was echoed by Mr Delors when he said that the Commission had no author's vanity and saw no objection to the Member States' entering any other proposal on which they could agree ... just let there be a decision! In the Resolution the House also called on the Commission to present concrete proposals on the different financial mechanisms envisaged in its programme and voiced in advance its opposition to any reform of Community financing which called into question the system of own resources. The Commission was also urged to exercise all the powers conferred on it and reminded that by virtue of Parliament's vote of confidence it had overall political responsibility for the present and future running of the Community. The debate on the Commission's programme also ended with a symbolic vote on a Resolution tabled by Mr Sergio Ercini (PPE/I), in which Parliament renewed by 253 votes to 8 and 34 abstentions the mandates of the President and Vice-President of the Commission. At the same time the House passed a Resolution setting up a Temporary Parliamentary Committee, chaired by Sir Henry Plumb, with a brief to consider the Commission's proposals and present a report in May.

¹ The complete texts of the resolutions adopted by Parliament are reproduced in OJ C 99, 13.4.1987 and the report of the proceedings is contained in OJ Annex 2-349. The political groups and nationalities of Members speaking in the debates are shown in brackets after their names; the key to the abbreviations can be found in Bull. EC 2-1987, point 2.4.7 (footnote).

² OJ C 76, 23.3.1987; Bull. EC 2-1987, points 2.4.8 and 2.4.9.

³ Supplement 1/87 — Bull. EC; Bull. 2-1987, point 1.1.1 *et seq.*

2.4.7. During the debate before the voting, the political groups expressed their support — tinged with some concern: Mr Enrique Baron Crespo (*S/E*) wanted to see the structural Funds given more bite, while Mr Egon Klepsch (*PPE/D*) stressed the importance of achieving the internal market and a people's Europe; Mr Benjamin Patterson (*ED/UK*) dwelt on the cost of non-Europe and Mrs Carla Barbarella (*COM/I*) on economic and social cohesion. Mrs Christine Scrivener (*LDR/F*) was worried that the reference to GNP on the financing side prompted the thought that by 1992 the Community would still be applying a budgetary correction mechanism on the revenue side, when a solution by adjusting expenditure would have been better.

The criticisms came from the European Alliance for Renewal and Democracy, the European Right and the Rainbow Group, whose spokesmen nevertheless commended the merit of a coherent approach to the problem. Mr Christian de la Malène (*RDE/F*), for example, found both good and bad. He welcomed the method: it was right to make those in charge face their responsibilities, to present a global programme endowed with funds, to indicate clear-cut and mandatory stages and to start forthwith. But carrying through the programme assumed an unswerving commitment on the part of the Commission and all its Members. Yet he could see everywhere signs of ebbing solidarity, epitomized for example in the proposal to set a ceiling on agricultural spending, which implied a renationalizing of the CAP. The habit of 'fair returns' had been acquired. Lastly, the differences over basic options, especially in the matter of security and defence, were to Mr de la Malène all further signs of a drift towards a free trade area which ignored any idea of Community solidarity. From the Community of Six, they were moving into a free-trade area of Twelve, he said. The remarks by Mr Bram van der Lek (*ARC/NL*) attacked both the plan for European Union inspired by a dominant ideology of centralism and the obsession of growth fuelled by the new technologies. What he wanted was more solidarity on the part of the richer

countries towards the less fortunate. Announcing that his group would abstain from renewing confidence in the Commission, Mr Olivier d'Ormesson (*DR/F*) supported the restructuring of resources — though he had little faith in the Member States' resolve — but repudiated the plans for agriculture — the Commission's proposals were based neither on Community preference nor on a will to win external agricultural markets. He deplored the silence on the security and defence of Europe, which, he claimed, were 'our priority'.

In a lengthy and much applauded speech, Mr Delors replied in detail to the various speakers and explained once again — underlining the coherence — the political logic of the package of proposals presented by the Commission, before asking for a coherent and swift but pragmatic response to them. He pointed out that the objective — 'the whole Single Act, nothing but the Single Act' — was to create a credible internal market, to provide clearly adequate financing for Community policies, to sustain the viability of the CAP, which played a vital social role in many regions, and, so as to ensure or support the attainment of those objectives, to double the resources of the structural Funds.

In conclusion, he expressed the wish that Parliament would accept the proposal to stand by the mechanism of budgetary discipline so as to be able to influence from within the decisions that would be taken and thus to ensure that the Community's resources would be substantially augmented.

2.4.8. Parliament gave Opinions on the following Commission proposals:

- (i) Community legislation on foodstuffs (→ point 2.1.10);
- (ii) two Directives on the approximation of the laws of the Member States relating to (a) materials and articles intended to come into contact with foodstuffs and (b) foodstuffs intended for particular nutritional uses (→ point 2.1.12);

(iii) two Directives on the approximation of the laws of the Member States concerning the labelling, presentation and advertising of foodstuffs for sale to the ultimate consumer and food additives authorized for use in foodstuffs intended for human consumption (→ point 2.1.13);

(iv) a Directive amending for the eighth time the Directive of 23 October 1962 on the approximation of the rules of the Member States concerning the colouring matters authorized for use in foodstuffs intended for human consumption (→ point 2.1.11);

(v) an amendment to the Directive of 20 December 1985 as regards jurisdiction in disputes arising from the marketing of units of undertakings for collective investment in transferable securities (Ucits) (→ point 2.1.89);

(vi) a Directive on the coordination of laws, regulations and administrative provisions relating to the reorganization and the winding-up of credit institutions (→ point 2.1.87);

(vii) the Commission's guidelines for the management of the European Social Fund in the financial years 1988-90 (→ point 2.1.94);

(viii) a Directive on the prevention of environmental pollution by asbestos (→ point 2.1.129);

(ix) an amendment to the Regulation of 2 August 1978 laying down general rules for the financing of interventions by the EAGGF Guarantee Section (→ point 2.1.182);

(x) a Decision determining the general guidelines for 1987 concerning financial and technical aid to Latin American and Asian developing countries (→ point 2.2.37).

2.4.9. Resolutions were passed on the following subjects.

The transport of foodstuffs in containers and tankers. Recalling that the consumer had an inalienable right to the protection of health and safety and that the health of some consumers had been put at risk, particularly as a result of the transport of

wine and powdered milk, Parliament demanded that new Community legislation remove the discrepancies between national laws. It called on the Commission to present as soon as possible a proposal for a Directive on the transport of foodstuffs in containers or tankers by land, sea or air, prohibiting the dual use of the same tankers to carry liquids intended for human consumption and other incompatible liquids, increasing the effectiveness of checks and extending these protective measures to cover the storage of foodstuffs.

Non-profit-making associations in the European Communities. Since freedom of association is an essential democratic right and non-profit-making associations perform outstanding services for the Community and promote values important to the Community, Parliament held that the legislation governing these associations should be harmonized. It requested that all discriminatory measures based on nationality that affected the right to belong to, form or administer an association be removed and called on the Commission to propose a Directive making provision for mutual recognition.

The House felt there was a good case for allowing special tax concessions to non-profit-making associations which perform a service in the common interest, and suggested the setting-up of a European Fund for the development of associations.

Compliance with and consolidation of international labour standards. Noting significant gaps in the ratification by Member States of a series of international labour standards — and notably the Conventions — established by the International Labour Organization, and that some Member States had failed to adopt appropriate implementing measures, and insisting that both parties to the new EEC-ACP Convention be prepared to cooperate with the ILO in implementing the Convention's social objectives, Parliament believed that achievement of European Union had to involve the Community's membership of the ILO. After outlining the situation concerning application of the ILO Conventions in the Community,

Parliament listed the measures which it felt should be taken for their ratification. It regretted that the Commission had not presented any periodical reports on ratification since 1975 and called for cooperation between the ILO, the Community and the ACP countries.

The fixing of book prices. Parliament reiterated its earlier view that the economic aspects of the book trade were naturally of great importance but that cultural considerations must not be ignored. It noted that the Commission and the Court of Justice had found that no exemption could be granted pursuant to Article 85(3) of the Treaty to make a transfrontier price arrangement possible and that the Commission, in its Communication of May 1985 on the establishment of a Community system for pricing books,¹ recognized that the existence of separate national pricing systems might create problems in the transfrontier trade in books. The House was therefore surprised that in another Communication of November 1985 on the European dimension with regard to books² the Commission should suggest that the national systems governing book prices in the Member States were operating satisfactorily and considered it better to defer drawing up a proposal for a Directive on a Community system for book pricing. The Commission was asked to update its Communication to include details of the situation in the two new Member States. The Commission was also requested to produce without delay a thorough analysis of the market for foreign-language books in the various Member States.

Regional development, education and training. Parliament considered there was an urgent need, especially in the regions with few natural resources and in those depending on old industries, to promote the creation of jobs within the framework of a long-term employment strategy. According to OECD reports, jobs could be created chiefly in small and medium-sized businesses and in services. Parliament set out a strategy for education, vocational training and job creation, taking account of the situ-

ation of women and farmers, which it urged the institutions to implement, with the collaboration of the European Centre for the Development of Vocational Training.

The integrated Mediterranean programmes. Parliament noted the urgency with which the IMPs should be implemented and expressed concern at the meagre Community funds allocated in the budget to the structural Funds and at the lack of administrative capability of the less-favoured regions. It accordingly asked the Commission to indicate the deadline by which the IMPs would be approved, and to announce the criteria it intended to apply to ensure that each programme received funds commensurate with the quality and content of the projects presented. The House also asked the Commission to provide information on the contents of each IMP and to take the necessary steps for implementation.

Transfrontier cooperation at the Community's internal borders. Parliament noted that despite the shared language, cultural and educational traditions of frontier regions in neighbouring Community countries and since most nuclear power stations are sited near internal borders, the Community's frontier regions were hampered in their economic and social development because the borders tend to act as barriers. The House therefore called for priority action for these regions, with a view to reducing their disadvantages and it proposed specific areas in which measures should be taken. Parliament recognized that transfrontier workers were a real link between countries and that, in the process of unification, transfrontier movements were an ordinary occurrence which should be encouraged and safeguarded. It regretted that the Commission had not presented any proposal for a Directive on strengthening transfrontier cooperation and urged it to do so. The House suggested several practical measures and called for a timetable for applying them.

¹ Bull. EC 5-1985, point 2.1.62.

² Bull. EC 11-1985, point 2.1.93.

Irradiation of foodstuffs. Radiation is used for the industrial conservation of food in several Community countries, but is banned in the Federal Republic of Germany; there are still no comprehensive studies of the long-term effects of irradiated foodstuffs on health; radioactive processing causes a loss of nutritional value and also adds to the effects of the use of chemicals in agriculture. In view of all these facts and since the Community is still far from able to guarantee the safety of products offered to its consumers, Parliament held that the Commission must investigate the possibility of determining scientifically whether food or a food ingredient has been irradiated and, if so, at what dose, and asked it to submit a study on methods of conservation which could replace irradiation. The House believed that a system of compulsory labelling, subject to specific rules, must be introduced for such foods. Parliament rejected the general authorization of irradiation as a method of conserving food, believing the claim that irradiated foodstuffs have no harmful effect on health to be unproven. The House called for a ban on imports of irradiated food and animal feed from non-Member States. It also called for clear and unambiguous labelling and consumer information campaigns.

The mass poisoning in Spain in 1981. The House noted that reports published by the WHO made a strong case for linking the toxic syndrome, which had caused 500 deaths and lefts 20 000 still suffering, with the consumption of contaminated oil. Shocked by the memory of this tragedy the House called on the Commission to take steps to prevent such cases of mass poisoning by products unfit for consumption. It urged that the victims be adequately compensated and asked to be informed of the conclusions reached at the hearing beginning on 30 March. Parliament called for investigation into the origin of the tragedy to continue and asked the Commission to investigate in greater depth the real underlying causes of the fraud.

Consumer redress. Parliament maintained that the legislator had a duty to ensure that

the interests of the weaker party under the law of contract were given adequate protection. It viewed protection of the consumer's interests, as mentioned in a number of Treaty Articles, as a corollary of the principles of the free movement of goods and services. The House demanded measures that would ensure such protection, notably publication by the Commission, within three months, of a report on its work to facilitate consumer redress, and the proposal for a Directive harmonizing the laws of the Member States to provide for protection of the collective interests of consumers. The Commission was also asked to study the feasibility of setting up a Community agency to facilitate the exchange of information for individuals and small businesses, and to draft a Directive on unfair terms in contracts.

The decisions of the Ministers of Agriculture meeting in the Council on 4 March. Parliament once more emphasized the urgent need for measures to limit surplus production, but insisted that they must not be at the expense of small farmers and underprivileged areas. The House expressed both its fears and its satisfaction, as well as its hopes for the outcome of these measures.

The adulteration of Community wine with ethylene glycol and other poisons. Noting that unscrupulous, criminal adulteration of wine had seriously threatened the lives and health of many people, that consumer confidence had been seriously shaken by these scandals and this mistrust would be hard to dispel, and that the scandals had seriously damaged the business and reputation of honest producers and traders, Parliament roundly condemned the criminal frauds and urged the Council and Commission to take measures to prevent any such things happening again. The House proposed, in particular, the banning of any artificial means of producing wine and, in the long-term, chaptalization. It also made a number of proposals to the Member States.

Extending the Regulation governing prices and aid for protein products. Arguing that the production of protein fodder crops could help to reduce Europe's dependence

on imported protein products and cut down on the use of fertilizers in agriculture, Parliament submitted to the Commission the guidelines it would like to see applied to promote the cultivation of papilionaceous protein-rich forage crops, including field beans.

Community measures to promote the bicycle as a means of transport. Parliament wished to highlight the growing importance of the bicycle not only for sport and recreation but also as a means of transport; it believed that the Community must devote more attention to the bicycle and take steps to enhance the safety of cyclists. Bicycles were cheap, energy-saving, environmentally acceptable and healthy. The House noted, however, that the bicycle's potential was limited by the weather, gradients and the insecurity in today's motor traffic. It therefore suggested that more cycle tracks be provided, to be financed by road tax and the tax on fuel. It also proposed other measures covering information for motorists, traffic safety, harmonization of safety rules, Community standards for the stability, brakes and lights of bicycles and standardization of parts, better arrangements for carriage on public transport, promotion of utilization in urban environments, opening of bicycle-hire stations and establishment of trans-frontier cycle routes.

The capsizing of the ferry Herald of Free Enterprise. Deeply shocked by the capsizing of the ferry *Herald of Free Enterprise* on 6 March, Parliament expressed its sympathy with all those injured or bereaved, paid tribute to the rescuers and the Belgian authorities and insisted on a full investigation of the causes of the accident, at which the Commission should be represented. The Commission was requested urgently to draft safety standards and regulations in the North Sea and the Channel and to examine whether the organization and coordination of assistance in accidents of this kind in the Member States could be regarded as adequate. The House asked that compensation for the families of the victims and the survivors should be settled speedily and suggested that the Commission draw

up regulations for the carriage of dangerous substances on passenger ships. Parliament instructed its Committee on Transport to examine the question of safety in the North Sea on the basis of the Commission's report.

Energy saving in buildings. Reserves of raw energy materials are limited; energy saving is one of the foundations of a sensible economic policy; such energy saving can help to combat environmental pollution and lead to increased employment; the public authorities should provide an example, in their own buildings, of economical and rational energy policies; the principle of offering large-scale consumers of energy the most favourable tariffs is wrong. These considerations prompted Parliament to issue a series of recommendations for the energy policy of public authorities in general, the Community, the Member States and local authorities.

Certain aspects of technical cooperation financed by Community development aid. The House emphasized the importance of this cooperation for the preparation, implementation, supervision and running of projects. It noted that this was an aspect of development aid which was still difficult to organize and implement; it stressed that Community aid had important economic implications for firms based in the Community, particularly in the services sector. Parliament considered that the idea of national quotas was incompatible with the structure of the Community. The House set the Commission some guidelines for the administration of consultants' contracts.

The Commission's work programme. Parliament expressed its concern at the delay that had already occurred in the entry into force of the Single Act¹ and approved the Commission's proposals for implementing it. It called on the Commission to present concrete proposals on the different financial mechanisms envisaged in its programme and stated that it would oppose any reform of Community financing which called into question the system of own resources. The

¹ Supplement 2/86 — Bull. EC.

Council and the Commission were reminded of their responsibility for the present and future running of the Community.

Renewal of mandate of the President and Vice-Presidents of the Commission. Parliament, having noted and considered the guidelines set out, indicated what it expected of the Commission and expressed its confidence in it.

Setting-up a Temporary Committee. Parliament decided to form a Temporary Committee of 14 of its Members, to be chaired by the President, which would draw up a report for the May part-session on the Commission's Communication 'The Single Act — A new frontier for Europe'.¹

2.4.10. In the fields of political cooperation and human rights Parliament passed the following Resolutions.

The latest offer of negotiations on a Treaty on the elimination of medium-range missiles from Europe. Parliament reiterated the urgent need for legally-binding agreements to be concluded between the Soviet Union and the United States to bring about gradual, simultaneous, balanced and reciprocally controlled disarmament. It was convinced that it was the duty of the Member States to give expression to and defend their common interests and responsibilities during the preparation and drafting of agreements on arms control and disarmament. The House welcomed the fact that Mr Gorbachev had taken up the zero-option for medium-range missiles, in Europe proposed by Mr Reagan in Reykjavik and no longer bound this to an agreement on SDI. It also welcomed the fact that the Soviet proposal included the destruction of 243 SS-20 missiles on European territory, and that such an agreement should also be subject to strict and mutual on-the-spot controls.

In this context Parliament urged the Foreign Ministers to hold a special political cooperation meeting to consider all possibilities concerning Europe's special security interests and responsibilities in order to contribute to a speedy and successful conclusion of a separate agreement on medium-range

weapons at the Geneva disarmament negotiations between the US and the Soviet Union, which provided for the removal of all SS-20, Pershing II and Cruise missiles in Europe. But the House regarded it as important that, directly after the successful conclusion of such an agreement, there should follow negotiations on the dismantling of nuclear short-range missiles and on a balanced and controlled reduction of both chemical and conventional armaments.

International Conference on the Middle East. Believing that the Community has a special role to play on account of its historical, political, economic and cultural links with the people and countries of the Middle East, and approving the readiness expressed by the Foreign Ministers to help actively in the organization of a Conference, Parliament supported their decision and urged them to maintain their commitment to attaining this important objective.

Human rights in the world in 1985-86 and Community policy on human rights. In response to the undertaking to draw up a report annually on human rights in the world and Community human rights policy, Parliament noted that the number of countries where human rights abuses occur frequently is considerably higher than that of countries where human rights, in general, are respected. It also noted that nearly half the Member States of the United Nations, including two Member States of the Community, have still not ratified the International Covenant on Civil and Political Rights and the International Covenant on Economic, Social and Cultural Rights. Parliament deplored the violations of human rights practised or condoned by over 50 governments, with some of which the Community had concluded wide-ranging preferential agreements in 1985 and 1986. It regretted that less than half the ACP countries could be said to fully respect human rights. The Resolution lists the most serious negative elements recorded concerning the respect of human rights, but also

¹ Bull. EC 2-1987, points 1.1.1 *et seq.*

highlights the favourable elements. The House set out its considerations and wishes for Community policy, on the action of the Conference on Security and Cooperation in Europe, on the United Nations' and regional human rights systems and on its own activities in this field.

Right of asylum. The Resolution states that only a small proportion of the 17 to 20 million refugees in the world come to the Community and argues that what is an international problem cannot be dealt with by national provisions. Concern is expressed about the growing number of visa requirements imposed by the Member States and an improvement demanded in the conditions for the reception, accommodation and subsistence of asylum seekers. In the belief that the Community must establish common legal and social standards for asylum seekers, Parliament urged the Member States to adopt a more generous attitude towards asylum seekers and set out the principles to be followed.

Imprisonment of children in South Africa. Parliament considered that violations of human rights are especially deplorable when those affected are children. Since several hundred of the 4 000 non-white citizens detained in South Africa are children and adolescents between the ages of 12 and 15, Parliament expressed its consternation at this recent escalation of racial discrimination. It condemned it once again, called on the South African Government to release immediately all children and adolescents

held in detention and urged the Foreign Ministers meeting in political cooperation to make strong representations.

Imprisonment of Napoleon Ortigoza in Paraguay. This former army captain, imprisoned since 1962, is one of the longest-serving prisoners in Latin America and has spent most of the last 23 years in solitary confinement. His trial having been rife with irregularities, Parliament urged the Paraguayan authorities to release Napoleon Ortigoza.

Possible closure of a refugee camp for Boat People in Malaysia. Gravely disturbed by the intention of the Malaysian Government to close one of its two Vietnamese refugee camps, on the grounds that rich countries do not allow sufficient Vietnamese refugees to settle on their territory, Parliament urged the governments of the richer democracies to admit far greater numbers of Vietnamese refugees for permanent settlement in their country. The Malaysian Government was asked to defer closure of the Pulau Bidong camp for one year.

Council

2.4.11. The Council held eight meetings in March. The following table lists the number, place and date of each meeting, the names of the Council President and Commission representatives and the main items of business. A more detailed account of specific items can be found in the sections of the Bulletin referred to in the footnotes.

Table 15 — *Council meetings in March*

Number, place and date of meeting	Subject	President	Commission	Main items of business
1147th Brussels 2, 3 and 4 March	Agriculture	Mr de Keersmaecker	Mr Andriessen	Organization of the market in milk and milk products ¹ Socio-structural measures: ¹ common approach

Number, place and date of meeting	Subject	President	Commission	Main items of business
1148th Brussels 9 March	Economic and financial affairs	Mr Eyskens	Mr Andriessen Mr Christophersen Lord Cockfield Mr Matutes Mr Pfeiffer	First quarterly review of the economic situation in the Community ² Discharge procedure for 1985 Financial impact on Spain and Portugal of the Council Regulation laying down the arrangements for a programme to dispose of butter stocks Mutual assistance to ensure the application of the law on customs or agricultural matters ⁴
1149th Brussels 16 and 17 March	General affairs	Mr Tindemans Mr de Keersmaecker	Mr Delors Mr Andriessen Mr Cheysson Mr De Clercq	Mediterranean policy of the enlarged Community — Financial Protocols: agreement ⁵ Relations with Hungary Relations with Japan: conclusions of the Council ⁶ Relations with the United States: Trade Bills: conclusions of the Council ⁶ Exercise of the implementing powers conferred on the Commission External aspects of the Commission proposal on the introduction of a system for stabilizing consumer prices in the oils and fats sector
1150th Brussels 19 March	Industry	Mr Maystadt	Mr Narjes Mr Sutherland	Organization of the steel market in 1987: Council conclusions ⁷ Plan for the transnational development of the supporting infrastructure for innovation and technology transfer (Sprint programme) ⁸
1151st Brussels 19 and 20 March	Environment	Mrs Smet	Mr Clinton Davis	Sulphur content of certain liquid fuels (gas oil): agreement ⁹ Fourth Community environmental action programme (1987-92): agreement in principle ⁹ Pollutant emissions from motor vehicles ⁹ Large combustion plants ⁹ Lead in petrol ⁹ Reduction in the release into the atmosphere of certain chlorofluorocarbons likely to deplete the ozone content of the stratosphere ⁹ Community exports and imports of certain dangerous chemicals ⁹

Commission

Number, place and date of meeting	Subject	President	Commission	Main items of business
1152nd Brussels 23 and 24 March	Transport	Mr de Croo	Mr Clinton Davis	Zeebrugge ferry disaster ¹⁰ Elimination of distortions of competition of a fiscal nature in the transport of goods by road ¹⁰ Access to the market for the carriage of goods by road between Member States ¹⁰ Medium-term transport infrastructure programme ¹⁰ Air transport ¹⁰
1145th ¹² Brussels 24 and 25 March	Research	Mr Verhofstadt	Mr Narjes	Framework programme of research and technological development (1987-91) ¹¹
1153rd Brussels 30 and 31 March	Agriculture	Mr de Keersmaeker	Mr Andriessen	Fixing of prices for agricultural products and related measures 1987/88: initial exchange of views ¹ Oils and fats sector: discussion ¹ Agri-monetary measures ¹ Transitional measures: extension of current marketing years finishing on 31 March 1987 ¹ Emergency aid to the victims of the cold spell in the winter of 1986/87 ¹

¹ Agriculture.

² Economic and monetary policy.

³ Financing Community activities

⁴ Customs union.

⁵ Other countries and regions.

⁶ Industrialized countries.

⁷ Steel.

⁸ Telecommunications, information industry and innovation.

⁹ Environment and consumers.

¹⁰ Transport.

¹¹ Research and technology

¹² Continuation of February meeting

Commission

Activities

2.4.12. The Commission's weekly meeting on 24 March was held in Rome to mark the 30th anniversary of the signing of the EEC and Euratom Treaties. Mr Padoa-Schioppa presented the initial findings of the Study Group on the Integration Strategy of the Community, of which he is chairman.

Decisions, Communications and proposals

2.4.13. The Commission approved a series of ambitious measures designed to open up

public procurement to all Community firms in essential sectors such as telecommunications, energy, transport and water supply hitherto closed to competition, from this year (→ point 1.2.1 *et seq.*).

The Commission sent the Council a proposal for a Directive providing for the complete withdrawal of leaded regular petrol from the national markets of Member States wishing to speed up the introduction of unleaded petrol in order to increase protection against lead emissions (→ point 2.1.132).

The Commission approved an action programme aimed essentially at broadening, improving and diversifying the vocational and education training of young Europeans (→ point 2.1.96). It also adopted a Com-

munication on protective legislation for women in the Member States except Spain and Portugal; a study of the situation in both countries at the time of accession is in the process of preparation (→ point 2.1.101).

Court of Justice¹

2.4.14. New cases

Case	Subject	Basis
ECSC — Steel 66/87 Usinor and Sacilor v Commission ¹	Annulment: (i) of the individual Decision addressed by the Commission to Krupp, awarding it additional reference figures for various categories of steel products after Krupp took over the activities of Wuppermann (ii) of Article 13(1) and (4) of Commission Decision No 3485/85/ECSC	Article 33 ECSC
67/87 Sacilor v Commission ¹	Annulment of the individual Commission Decision of 30 January 1987 inasmuch as it fixes reference production figures, production quotas, reference quantities and portions of quotas which may be delivered on the common market for the first quarter of 1987 in respect of product categories Ia and Ib	Article 33 ECSC
68/87 Usinor v Commission ²	Annulment of the individual Commission Decision of 30 January 1987 inasmuch as the calculation of the quarterly reference production figures and reference quantities and also the calculation of the production quotas and portions thereof which may be delivered on the common market during the first quarter of 1987 are in breach of the rules of the ECSC Treaty and in particular the principle of equality, because they are based on the illegal additional reference figures granted to BSC, Finsider and Krupp	Article 33 ECSC
69/87 LAF v Commission	Annulment of the individual Commission Decision of 26 January 1987 imposing a fine on the applicant pursuant to Article 64 of the ECSC Treaty, or in the alternative reduction of the fine to a purely symbolic amount	Article 33 ECSC

¹ For more detailed information see the material published by the Court of Justice in the *Official Journal* and the *European Court Reports*, and the publications of its Information Office (e.g. the annual *Synopsis of the work of the Court* or the weekly *Proceedings of the Court*).

Case	Subject	Basis
Free movement of goods		
35/87 Thetford v Fiamma	Applicability of Article 36 of the EEC Treaty where a patent, although valid in domestic law, relates to an invention which lacks genuine novelty	Article 177 EEC
53/87 (1) Consorzio Italiano della Componentistica di Ricambio per Autoveicoli and (2) Maxicar v Régie Nationale des Usines Renault	<p>1. Must or must not Articles 30 to 36 of the EEC Treaty be interpreted as prohibiting the owner of a protective right in an ornamental design which was granted in a Member State from asserting the corresponding absolute right so as to prevent third parties from manufacturing and selling, and also exporting to another Member State, component parts which, taken as a whole, make up the bodywork of a car which has already been put on the market, that is to say component parts intended to be sold as spare parts for that car?</p> <p>2. Is or is not Article 86 of the EEC Treaty applicable so as to prohibit the abuse of the dominant position held by each car manufacturer in the market for spare parts for cars of its manufacture which consists in pursuing, by means of registering protective rights, the aim of eliminating competition from independent manufacturers of spare parts?</p>	Article 177 EEC
Customs union		
43/87 Nicolet Instrument v HZA Frankfurt am Main — Flughafen	Validity of the Commission Decision of 18 October 1985, whereby the Commission found that the apparatus 'Nicolet — Data acquisition and processing system, model NIC-1180' could not be imported free of import duties — following on from Case 30/84	Article 177 EEC
44/87 Heinrich Ritzendorff v HZA Paderborn	Is heading 61.10 of the CCT to be interpreted as covering gloves, more specifically protective gloves, which are used exclusively as pot-holders in the kitchen?	Article 177 EEC
74/87 Dr D. Goerrig v HZA Geldern	Is Note 1(d) to Chapter 28 of the CCT to be interpreted as meaning that a stabilizer necessary for the transport of a product may not make other uses possible?	Article 177 EEC
Public works contracts		
31/87 Gebroeders Beentjes v State of the Netherlands (Ministry of Agriculture and Fisheries)	Interpretation of Council Directive 71/305/EEC, as regards the words 'the State, regional or local authorities', the criteria for the award of a public works contract, and the direct effect of the Directive	Article 177 EEC

Case	Subject	Basis
Competition		
85/87 Dow Chemical (Nederland) v Commission ³	Annulment of the Commission Decision of 15 January 1987 concerning an investigation pursuant to Article 14(3) of Council Regulation No 17 (IV/31.865 — PVC and IV/31.866 — polyethylene)	Article 173 EEC
State aid		
62/87 Exécutif Régional Wallon v Commission	Annulment of the Commission Decision of 3 December 1986, which held incompatible with Article 92 of the EEC Treaty a Belgian Government plan to grant aid for investments made in Moustier by a manufacturer of flat glass, SA Glaverbel	Article 173 EEC
72/87 Glaverbel v Commission ⁴		
Social security		
58/87 Rebmann v Bundesversicherungsanstalt für Angestellte	Which institution, that of the State of residence or that of the State of employment, is competent to take into consideration, for the purposes of determining pension rights, periods of full unemployment of a frontier worker who was obliged, under Article 71(1)(a)(ii) of Council Regulation No 1408/71, to claim benefits in his State of residence in respect of periods of full unemployment, and report to the employment authorities of that State?	Article 177 EEC
Agriculture		
29/87 Dansk Denkavit v Ministry of Agriculture	Interpretation of Articles 9, 30, 36 and 95 of the EEC Treaty and of Council Directive 70/524/EEC concerning additives in feedingstuffs as it stood before its amendment by Council Directive 84/587/EEC; admissibility of national control measures in a harmonized sector	Article 177 EEC
55/87 Alexander Moxel Import und Export v Bundesanstalt für landwirtschaftliche Marktordnung	Is it correct to reject applications for the advance fixing of refunds when those applications have been lodged prior to the period of suspension but necessitate a decision during that period? Is the term 'working day'/'Werktag' in Article 8a(2) of Commission Regulation No 2377/80 to be construed as meaning the same as 'working day'/'Arbeitstag' as defined by Article 2(2) of Council Regulation No 1182/71?	Article 177 EEC
61/87 Thevenot and Others v Centrale Laitière de France Comté	Interpretation of Article 3(3) of Council Regulation No 857/84, regarding the circumstances in which another calendar year may be taken as the reference year for calculating the milk super-levy, namely where 'exceptional events' have occurred: must these be assessed for the particular creamery's suppliers as a group or individually?	Article 177 EEC

Case	Subject	Basis
64/87 Versele-Laga v Robegra ⁵	<p>Method of calculating the super-levy under formula B (where the levy is payable by the creamery)</p> <p>Interpretation of Commission Regulation No 2040/86 concerning the green rate to be used to calculate the co-responsibility levy which may be passed on to a cereals producer</p>	Article 177 EEC
65/87 and 65/87R Pfizer International v Commission	<p>Annulment of an act on the part of the Commission as a result of which the use of the additive Carbadox is prohibited, as it is no longer authorized under Annex II of Directive 70/524/EEC and is not included in Annex I to the same Directive</p> <p>Application for interim measures</p>	Article 173 EEC, Article 187 EEC and Article 83 of the Rules of Procedure
External relations		
77/87 Technintorg v Council ⁶	Annulment of Council Regulation No 29/87 imposing a definitive anti-dumping duty on imports of certain deep freezers originating in the Soviet Union in so far as it applies to the applicant	Article 173 EEC
77/87R Technintorg v Commission	Application for an interim measure suspending Commission Regulation No 2800/86 and Council Regulation No 29/87	Article 186 EEC and Article 83 of the Rules of Procedure
82/87 and 82/87R Autexpo v Commission	<p>1. Annulment of:</p> <p>(i) Commission Decision 87/61/EEC authorizing certain Member States to apply intra-Community surveillance to imports of products originating in third countries which have been put into free circulation in the Community and which may be the subject of protective measures under Article 115 of the Treaty, and of</p> <p>(ii) the Commission Decision of 19 January 1987 authorizing the Italian Republic not to apply Community treatment to motor vehicles for the transport of goods or materials, falling within subheading 87.02 ex B of the CCT, originating in Japan and in free circulation in the other Member States</p> <p>2. Application for damages</p> <p>3. Application for an interim measure suspending the application of the decisions referred to</p>	Articles 173, 175, 215 EEC, Article 185 EEC and Article 83 of the Rules of Procedure
Commercial policy		
70/87 Fediol v Commission ⁴	Annulment of the Commission's Decision of 22 December 1986 rejecting the request that it initiate an examination procedure concerning certain illicit commercial practices within the meaning of Regulation No 2641/84 in regard to the export of coarse soybean meal from Argentina to the Community	Article 173 EEC

Case	Subject	Basis
Infringements		
63/87 Commission v Greece	Failure to comply with Commission Decision 86/187/EEC, which required Greece to put an end to a scheme under which interest rebates are granted on exports of all products with the exception of petroleum products	Article 93(2) EEC
75/87 Commission v France	Failure to fulfil obligations: requiring a declaration for the importation of certain agricultural products and foodstuffs originating in the Community or originating in non-member countries but in free circulation	Article 169 EEC
92/87 Commission v France 93/87 Commission v UK	Failure to fulfil obligations: failure to take action to recover and failure to make available to the Community, as own resources, MCAs which should have been paid in the context of a particular inward processing arrangement, and failure to pay interest on the unpaid amounts	Article 169 EEC

Disputes between the Community and its staff

v the Court of Auditors:

90/87 Williams

- ¹ OJ C 95, 8.4.1987.
- ² OJ C 88, 3.4.1987.
- ³ OJ C 114, 29.4.1987.
- ⁴ OJ C 96, 9.4.1987.
- ⁵ OJ C 102, 15.4.1987.
- ⁶ OJ C 108, 23.4.1987.

2.4.15. Judgments

Date and Case	Held
ECSC — Steel 17.3.1987: 95/86 Ferriere San Carlo v Commission ¹	Application dismissed as inadmissible (action brought by a steel firm against the Commission's implied rejection of a request to amend the rate of interest applied to the payment of a fine by instalments, in line with the rates on the European ECU market during 1984 and 1985, and seeking repayment of the over-payment)
Customs union 25.2.1987: 208/86 Transports Graveleau v Commission	Removed from the Court Register (seeking annulment of the Commission Decision of 29 April 1986, addressed to France, which found that a remission of import duties on maize seed was not justified)

Date and Case	Held
<p>Competition</p> <p>25.2.1987: 354/85 Metro SB-Grossmärkte²</p> <p>26.3.1987: 46/87R Hoechst v Commission³</p>	<p>Removed from the Court Register (seeking annulment of Commission Decision 85/404/EEC relating to a proceeding under Article 85 of the EEC Treaty)</p> <p>Application dismissed (application for an order suspending the operation of the Commission Decisions of</p> <p>(i) 15 January 1987, ordering an investigation under Article 14(3) of Council Regulation No 17</p> <p>(ii) 3 February 1987, imposing periodic penalty payments under Article 16 of Council Regulation No 17</p>
<p>Social policy</p> <p>24.3.1987: 286/85 MacDermott and Cotter v Minister for Social Welfare and Attorney General</p>	<p>1. Where Council Directive 79/7/EEC of 19 December 1978 has not been implemented, Article 4(1) of the Directive, which prohibits all discrimination on grounds of sex in matters of social security, could be relied on as from 23 December 1984 in order to preclude the application of any national provision inconsistent with it</p> <p>2. In the absence of measures implementing Article 4(1) of the Directive women are entitled to have the same rules applied to them as are applied to men who are in the same situation, since, where the Directive has not been implemented, those rules remain the only valid point of reference</p>
<p>Social security</p> <p>12.3.1987: Rindone v Allgemeine Ortskrankenkasse Bad Urach-Münsingen²</p>	<p>1. Article 18(1) to (4) of Regulation No 574/72 must be interpreted as meaning that if the competent institution does not make use of the possibility provided for in paragraph 5 to have the person concerned examined by a doctor of its choice, it is bound, in fact and in law, by the findings made by the institution of the place of residence as regards the occurrence and duration of incapacity for work</p> <p>2. The answer to the first question remains unaltered even if the person concerned did not apply to the institution of the place of residence by submitting a certificate of incapacity for work as required by Article 18(1) of Regulation No 574/72 if that institution has medical examinations carried out but without observing the time-limit prescribed for that purpose and for forwarding a medical report to the competent institution</p>

Date and Case	Held
	<p>3. Article 18(5) of Regulation No 574/72 must be interpreted as meaning that the competent institution may have the prescribed examination carried out by a doctor of its choice, including a doctor in the country in which the person concerned resides, and that that person is not obliged to return to the State of the competent institution to undergo a medical examination there</p>
Agriculture	
11.3.1987: 279, 280, 285 and 286/84 Walter Rau Lebensmittelwerke and Others v Commission ⁴	Applications dismissed (seeking compensation for the damage allegedly caused to German margarine manufacturers by the 1984 'Christmas butter' sales under Commission Regulation No 2956/84)
11.3.1987: 27/85 Vandemoortele v Commission ⁴	Application dismissed (seeking compensation for the damage allegedly caused to a margarine manufacturer by the 1984 'Christmas butter' sales)
11.3.1987: 265/85 Van den Bergh en Jurgens and Lopik v Commission ²	Application dismissed (seeking compensation for the damage allegedly caused to the applicants' sales of margarine by the 1984 'Christmas butter' sales)
12.3.1987: 244 and 245/85 Cerealmangimi and Italgrani v Commission ⁴	Applications dismissed (seeking annulment of a Commission Decision against remission of MCAs under Article 13 (the equity clause) of Regulation No 1430/79)
12.3.1987: 215/85 Bundesanstalt für landwirtschaftliche Marktordeung v Raiffeisen Hauptgenossenschaft ⁴	<p>1. The expression 'hardening temperature' in the fifth indent of Article 6(1) of Commission Regulation No 1570/77 must be interpreted as referring to the temperature of at least 63°C which is reached at the time of maximum viscosity of the dough</p> <p>2. The fifth indent of Article 6(1) of Commission Regulation No 1570/77 does not contravene the principle of equality by restricting the possibility of granting a special price increase only to producers of barley the quality of which satisfies the criteria laid down in that provision</p>
18.3.1987: 56/86 Société pour l'Exportation des Sucres v OBEA ⁵	<p>1. The quality control of sugar provided for in Commission Regulation No 434/82, as amended by Commission Regulation No 939/82, must normally be carried out at the time of loading. However, account may be taken of the results of that control even if they are known only at a later date</p> <p>2. If it emerges after UNRWA has disposed of the goods, that the sugar was of a quality lower than the standard quality, Article 10 of Regulation No 434/82 does not require the national intervention agency of the exporting Member State to pay the tenderer the price initially agreed</p>

Date and Case	Held
<p>26.3.1987: 58/86 Coopérative Agricole d'Approvisionnement des Avironis v Receveur des Douanes de Saint-Denis and Directeur Régional des Douanes de la Réunion</p>	<p>on for sugar of the standard quality even if all the documents required by that article have been made out by UNRWA</p> <p>3. Article 7(3) of Regulation No 434/82 must be interpreted as meaning that the security for tender is forfeited in its entirety if the sugar supplied is found not to be of the standard quality even if the beneficiary of the aid has already disposed of it. That provision does not infringe the principle of proportionality</p> <p>1. The import levy provided for in Council Regulation No 2727/75 on the common organization of the market in cereals is applicable even if the actual purchase price does not correspond to the fictitious reference price and exceeds not only the latter but also the Community price</p> <p>2. The imposition of the levy instituted by Regulation No 2727/75 on maize imported into the island of Réunion does not constitute an infringement of the principle of non-discrimination laid down in the second subparagraph of Article 40(3) of the EEC Treaty</p> <p>3. The circumstances surrounding the importation of maize into the island of Réunion do not constitute 'special circumstances', within the meaning of the first paragraph of Article 13 of Council Regulation No 1430/79, justifying repayment of the levies imposed on such imports</p>
<p>External relations</p> <p>25.2.1987: 217/86 Commission v Council</p>	<p>Removed from the Court Register (seeking annulment of the Council's Resolution of 5 June 1986 concerning the Council's conclusions regarding the position to be adopted by the Community and its Member States at the 72nd International Labour Conference in the drafting of international instruments on safety in the use of asbestos)</p>
<p>Commercial policy</p> <p>17.3.1987: 333/85 Mannesmannröhren-Werke and Paderwerk Gebrüder Benteler v Council²</p> <p>26.3.1987: 45/86 Commission v Council</p>	<p>Application dismissed (seeking annulment of Council Regulation No 2355/85 supplementing Regulation No 60/85 on the restriction of exports of steel pipes and tubes to the USA)</p> <p>1. Council Regulation No 3599/85 applying generalized tariff preferences for 1986 in respect of certain industrial products originating in developing countries and Council Regulation No 3600/85 applying generalized tariff preferences for 1986 to textile products originating in developing countries are declared void</p> <p>2. The effects of the Regulations which have been declared void are to be regarded as definitive</p>

Date and Case	Held
19.3.1987: 334/85 and 335/85 Hoesch v Council	Removed from the Court Register (seeking annulment of Council Regulation No 2355/85 supplementing Regulation No 60/85 on the restriction of exports of steel pipes and tubes to the USA)
Development policy	
25.3.1987: 231/86 Breda Geomineraria Joint Venture, composed of Istituto Ricerche Breda and Geomineraria Italiana v Commission	Removed from the Court Register (seeking in the first place the annulment of the Commission's decision refusing to recognize that the applicants are the successful tenderers for a services contract financed by the European Development Fund, and in the alternative seeking a finding that the Commission has committed a wrongful act and payment of compensation for the damage caused to the applicants)
Infringements	
25.2.1987: 382/85 Commission v Italy	Removed from the Court Register (failure to fulfil obligations under the Treaty and Council Directive 79/267/EEC on the coordination of laws, regulations and administrative provisions relating to the taking up and pursuit of the business of direct life assurance)
25.2.1987: 180/86 Commission v Luxembourg	Removed from the Court Register (Article 3 of Council Directive 76/207/EEC on equal treatment for men and women)
10.3.1987: 199/85 Commission v Italy ⁶	By reason of the Municipality of Milan's decision to award by private contract a contract for the construction of a plant for the recycling of solid urban waste and therefore by failing to publish a notice thereof in the <i>Supplement to the Official Journal of the European Communities</i> , Italy has failed to fulfil its obligations under Council Directive 71/305/EEC concerning the coordination of procedures for the award of public works contracts
10.3.1987: 386/85 Commission v Italy ⁶	By failing to adopt within the period prescribed the necessary measures to comply with Council Directives 80/214/EEC, 80/1099/EEC and 80/1100/EEC Italy has failed to fulfil its obligations under the EEC Treaty
12.3.1987: 176/84 Commission v Greece ⁴	By prohibiting the marketing of beer lawfully manufactured and marketed in another Member State unless that beer complies with the requirements laid down by Greek legislation, Greece has failed to fulfil its obligations under Article 30 of the EEC Treaty
12.3.1987: 178/84 Commission v Germany ⁴	By prohibiting the marketing of beer lawfully manufactured and marketed in another Member State unless that beer complies with paragraphs 9 and 10 of the Biersteuergesetz (Law on the

Date and Case	Held
12.3.1987: 9/86 Commission v Belgium ⁴	<p>taxation of beer) the Federal Republic of Germany has failed to fulfil its obligations under Article 30 of the EEC Treaty</p> <p>By failing to adopt within the prescribed period the legal and administrative provisions necessary in order to comply with Council Directive 80/1263/EEC on the introduction of a Community driving licence, Belgium has failed to fulfil its obligations under the EEC Treaty</p>
13.3.1987: 45/87R Commission v Ireland	<p>Application dismissed (seeking interim measures: Article 30 of the EEC Treaty and Directive 71/305/EEC on public contracts).</p> <p>This order cancels and replaces the order of 16 February 1987</p>
26.3.1987: 235/85 Commission v Netherlands	<p>By not subjecting to the system of value-added tax the public services performed by notaries and sheriffs' officers, the Netherlands has failed to fulfil its obligations under Article 2 and Article 4(1), (2) and (4) of Council Directive 77/388/EEC on the harmonization of the laws of the Member States relating to turnover taxes — Common system of value-added tax: uniform basis of assessment</p>
25.3.1987: 133/86 Commission v France	<p>Removed from the Court Register (failure to implement Council Directive 81/487/EEC on fruit juices)</p>

Disputes between the Community and its staff

v Parliament:

25.2.1987: 52/86 Banner — Application dismissed

¹ OJ C 103, 16.4.1987.
² OJ C 96, 9.4.1987.
³ OJ C 114, 29.4.1987.
⁴ OJ C 95, 8.4.1987.
⁵ OJ C 102, 15.4.1987.
⁶ OJ C 87, 2.4.1987.

ECSC Consultative Committee

2.4.16. The ECSC Consultative Committee held its 261st meeting in Luxembourg on 24 March with Mr Roy Evans in the chair. It gave its Opinion, under Articles 19 and 46 of the ECSC Treaty, on the forward programme for steel for the second quarter of 1987 (→ points 2.1.27 to 2.1.31). Displeased that the programme had been sent too late to be analysed, the Committee also felt that some of the basic statistics were out of date. It asked for further details on

the growing share of imports from the other Community countries in Spain's domestic consumption of steel products.

Under the same Articles, the Committee also gave its Opinion on the market for solid fuels in the Community in 1986 and the outlook for 1987.¹ As the Commission report had been sent too late and was incomplete, the Committee was able to do

¹ OJ C 117, 17.5.1986; Bull. EC 2-1986, point 2.1.151.

no more than take note of the Commission representative's statement regarding this delay. The Committee then examined the implementation of Community energy policy objectives for 1995¹ and a broad measure of agreement emerged on the aims laid down by the Commission, in particular security of supply and diversification of energy sources. The Committee suggested that, to ensure the security of supply which was essential in this field, the Commission should turn more towards the developing countries with which it had close links.

Once again, there was criticism of coal imports from South Africa.

The Committee gave its Opinion, under Article 55(2)(c) of the ECSC Treaty, on Community financial aid from the ECSC levy for a steel research programme comprising 85 projects (→ point 2.1.33) and a coal research programme comprising 57 projects (→ point 2.1.50).

Report on the Council meeting (Industry)

2.4.17. A Commission representative reported orally on the Council meeting (Industry) on 19 March (→ points 2.1.20 to 2.1.24), pointing out that the structural overcapacity in hot-rolled steels was continuing in the face of stagnating demand and a marked fall in prices. The Commission had been instructed to draw up a report clarifying the progress made in restructuring steel production in the Community and to present practical proposals for dealing with the social problems and improving the quota system. The four prerequisites for the continuation of this system involve both the Member States, which must make an acceptable social contribution and comply fully with the aid code, and the steel firms, which must make further reductions in excess capacity and end the systematic use of proceedings before the Court of Justice. The Committee pointed out the danger for the Community in agreeing to a unilateral reduction of its steel-making capacity.

European Investment Bank²

Operations in March

2.4.18. Loans totalling 460.9 million ECU³ were announced by the European Investment Bank in March for investments within the Community — 318.5 million in Italy, 96.6 million in the United Kingdom, 24 million in Germany and 21.8 million in France. Outside the Community the Bank lent 12.6 million ECU to two ACP States under the third Lomé Convention.

Community

Italy

2.4.19. Loans in Italy totalled LIT 460 600 million and will be used to finance a wide range of investments, mainly in transport, industry and infrastructure.

In the interests of improved Community integration through better communications LIT 40 000 million was granted to Alitalia for the purchase of 10 MD82 aircraft and LIT 14 000 million to Alisarda for the purchase of one MD82 aircraft and for the extension of maintenance facilities at Olbia airport in Sardinia. A further LIT 40 500 million went to Aero Trasporti Italiani to part-finance the modernization and strengthening of the air transport network in the Mezzogiorno.

To encourage the use of advanced technology in industry, LIT 75 000 million was granted to Italtel for the development of new telecommunications equipment in its Milan production centre, LIT 400 000 million was lent to Olivetti Peripheral Equipment for the enlargement of a factory

¹ OJ C 241, 25.9.1986; Bull. EC 9-1986, point 2.1.154.

² Further information can be obtained from the European Investment Bank, 100 boulevard Konrad Adenauer, L-2950 Luxembourg (tel. 4379-1).

³ The conversion rates at 31 December used by the EIB in statistics for the first quarter were 1 ECU = BFR 43.23, DKR 7.86, DM 2.08, DR 148.53, ESC 156.38, FF 6.88, HFL 2.34, IRL 0.76, LFR 43.23, LIT 1 446, PTA 141.15, UKL 0.72, USD 1.07.

in Piedmont producing data-processing equipment and LIT 30 000 million went to Elettronica San Giorgio for the expansion of an electronics plant in Genoa-Sestri.

LIT 73 700 million was advanced in the form of global loans to Crediop, Mediocredito Centrale and Credito Industriale Sardo to finance small and medium-scale industrial investments geared to regional development.

In the infrastructure sector, a loan of LIT 50 000 will help finance the widening of the Rome-Naples motorway from two to three lanes (in both directions). In addition, projects implemented through the Fondo Investimenti e Occupazione (FIO) received loans totalling LIT 32 400 million: construction of a railway line between Maccaresè and Rome (LIT 20 000 million); construction of a science and technology park at Trieste (LIT 5 000 million); improvement of water quality in the lagoon of Valli die Comacchio, Ferrara (LIT 3 000 million); upgrading of forests and related forestry investment in Valle Stura di Demonte, Cuneo (LIT 2 500 million); and the restoration of four buildings in the historical centre of Bari (LIT 1 900 million).

Finally, two loans were made to Ente Nazionale per l'Energia Elettrica (ENEL) for projects in the energy sector: LIT 50 000 million for the construction or expansion of four hydroelectric power stations with a total capacity of 70 MW in northern Italy (Friuli, Emilia-Romagna, Lombardy); and LIT 15 000 million for the construction of a 22 MW run-of-river hydroelectric power station on the Dora Baltea between Pont St Martin, Val d'Aosta, and Quincinetto, Piedmont.

United Kingdom

2.4.20. Loans of UKL 70 million were made in the United Kingdom for various infrastructure projects: UKL 45 million went to the Anglian Water Authority for a wide range of projects to reduce substantially river and coastal water pollution and to improve the quality and availability of

drinking water in parts of Humberside, East Anglia, East Midlands and the South East. Investments involve water supply schemes (refurbishment of water treatment plants, extension of the supply system, the modernization and upgrading of waste-water pumping stations, the construction of sewers and improvements in sewage treatment, including the construction of new purification plant.

UKL 20 million was granted to the North-West Water Authority for water supply and purification schemes, mainly concentrated in the Mersey river catchment area, which includes the conurbations of Manchester and Liverpool. The existing water and sewerage systems are now obsolete and unable to cope with current requirements and the demands of new industries in a region hit by a decline in its traditional industries.

UKL 5 million went towards the installation of more sophisticated equipment and systems to improve safety in the increasingly busy UK airspace and facilitate links within the Community. Projects include landing equipment at 10 airports, 25 beacons, a new control room and equipment at London Heathrow and a new building near Gatwick Airport to centralize the UK Civil Aviation Authority's Air Safety Services Group.

Germany

2.4.21. In Germany DM 50 million was granted in the form of a global loan to the Westdeutsche Landesbank Girozentrale to help finance small and medium-scale investments, mainly in North Rhine-Westphalia, which contribute to the Community's priority objectives for environmental protection and the rational use of energy. The main emphasis will be on schemes that reduce pollution, particularly where these involve the collection, treatment, disposal or recycling of solid, gaseous and liquid waste, industrial and domestic. Investments involving the manufacture and installation of equipment to protect or improve the environment, such as measuring and monitoring systems, will also be eligible. Energy

projects to be financed by the global loan include the use of alternative or renewable sources of energy and schemes for more rational use of energy at the extraction, production and consumption stages, as well as the installation of equipment designed to save energy.

France

2.4.22. In France the EIB lent FF 150 million for energy-saving projects to be carried out by local authorities with support from the Caisse d'aide à l'équipement des collectivités locales (CAECL). The loan will help finance equipment for municipalities, departments, regions, urban communities, joint or intermunicipal associations and districts to promote energy saving in France.

In line with Community objectives, the projects financed will involve the use of renewable energy sources (geothermal, biomass), the replacement of oil by fuels such as coal, the distribution of electricity, heat recovery, heat distribution systems or the construction of small hydroelectric power stations.

Outside the Community

ACP States

2.4.23. The EIB lent 12.6 million ECU in two ACP States from risk capital resources provided for under the third Lomé Convention and managed by the Bank.

In Zambia 10.5 million ECU was lent for small business:

(i) a global loan of 10 million ECU to the Development Bank of Zambia (DBZ), which will on-lend the proceeds in support of ventures selected with EIB agreement or finance equity participation in small businesses either by DBZ itself or by the Zambia industrial holding company Indeco where

the businesses concerned are Indeco subsidiaries; the terms and conditions of the loan will vary according to the use actually made of the funds;

(ii) equity participation equivalent to almost 500 000 ECU in the share capital of DBZ on behalf of the Community.

60% of the capital of DBZ, established in 1972, is owned by the Zambian public sector; other shareholders include the Deutsche Finanzierungsgesellschaft für Beteiligungen in Entwicklungsländern GmbH, the African Development Bank, the International Finance Corporation (a World Bank group) and commercial banks. In 1978 the EIB subscribed the equivalent of 500 000 ECU towards the Bank's capital on behalf of the Community. In 1978 and 1981 DBZ received and deployed the proceeds of two global loans from the EIB with a combined value of 10.5 million ECU.

2.4.24. In addition, a loan of 2.1 million ECU was granted for a palm oil mill in Sao Tome and Principe. The project is to be carried out at Ribeira Peixe, at the southern end of the island of Sao Tome, as part of a plantation programme designed to make the country self-sufficient in edible oil. The funds have been advanced to the State via the Banco Nacional in the form of a conditional loan (20 years at 1%). The project, costing at 6.9 million ECU, involves extending the oil palm plantations from 440 to 600 hectares, using European Development Fund resources, and the related infrastructure, as well as constructing the oil mill for which the EIB loan is earmarked. The mill will have a capacity of three tonnes per hour and produce 1 400 tonnes of palm oil a year from 8 400 tonnes of fresh fruit. Start-up is scheduled for the end of 1988.

The operation follows on from a feasibility study financed by a 40 000 ECU conditional loan granted by the EIB in 1984, also from risk capital resources, under the second Lomé Convention.

PART THREE

DOCUMENTATION

1. ECU

Values in national currencies of one ECU

31 March 1987 ¹	
Belgian franc and Luxembourg franc (convertible)	42.9222
Belgian franc and Luxembourg franc (financial)	43.0457
Danish krone	7.83076
German mark	2.07221
Greek drachma	152.390
Portuguese escudo	160.725
French franc	6.90315
Dutch guilder	2.33947
Irish pound	0.776488
Italian lira	1 477.24
Spanish peseta	145.743
Pound sterling	0.715957
United States dollar	1.14804
Swiss franc	1.72837
Swedish krona	7.25904
Norwegian krone	7.82502
Canadian dollar	1.50680
Austrian schilling	14.5709
Finnish mark	5.08523
Japanese yen	167.728
Australian dollar	1.62611
New Zealand dollar	2.01587

¹ OJ C 86, 1.4.1987.

NB. Explanatory notes on the ECU and 'green' rates can be found in Bull. EC 7/8-1982, points 3.1.1 to 3.1.3, and Bull. EC 10-1984, point 3.1.1.

Representative rates ('green' rates)

Conversion rates into national currencies for the ECU used in connection with the common agricultural policy

March 1987	
National currency	Value in national currency of one ECU
Belgian franc and Luxembourg franc	47.3310 ¹ 46.8712 ²
Danish krone	8.58163 ¹ 8.54064 ² 8.62351 ³
German mark	2.41047 ⁴ 2.39792 ⁵ 2.38516 ⁶
Greek drachma	116.673 ⁶ 130.674 ⁷ 117.078 ³
Portuguese escudo	151.812 ² 162.102 ⁷
French franc	7.31248 ⁴ 7.58228 ³ 7.20771 ⁸ 7.20131 ¹ 7.09967 ² 7.54539 ^{9, 7}
Dutch guilder	2.71620 ⁴ 2.70178 ⁵ 2.68749 ⁶
Irish pound	0.817756 ¹ 0.782478 ² 0.821639 ³
Italian lira	1 539.00 ¹⁰ 1 554.00 ⁶ 1 562.00 ³
Spanish peseta	147.208 ¹ 145.796 ² 151.806 ⁷ 147.886 ³
Pound sterling	0.656636 ³ 0.635626 ¹ 0.626994 ² 0.668197 ⁹ 0.652575 ⁷

¹ For livestock products.

² For crop products.

³ For pigmeat.

⁴ For milk and milk products.

⁵ For cereals.

⁶ For other products.

⁷ For sheepmeat and goatmeat.

⁸ For wine.

⁹ For beef/veal.

¹⁰ For cereals and oilseeds.

2. Additional references in the Official Journal

3.2.1. This section lists the titles of legal instruments and notices of Community institutions or organs which have appeared in the Official Journal since the last Bulletin was published but relating to items appearing in earlier issues of the Bulletin; the references were not available when the Bulletin went to press.

The number of the Bulletin and the point to which this additional information refers is followed by the title shown on the cover of the Official Journal, the number of the issue and the date of publication.

Bull. EC 9-1986

Points 1.1.1 to 1.1.8

Draft for a resolution of the Council of the European Communities on the continuation and implementation of a European Community policy and action programme on the environment (1987-92)
OJ C 70, 18.3.1987

Bull. EC 10-1986

Points 2.4.42 and 2.4.43

Opinions adopted by the Economic and Social Committee during its session on 21, 22 and 23 October
OJ C 333, 29.12.1986

Bull. EC 11-1986

Points 2.1.84

Commission Decision of 12 November 1986 on a FIM loan to a mineral-water and glass-bottle manufacturer
OJ L 77, 19.3.1987

Bull. EC 12-1986

Points 1.3.8 to 1.3.13

Proposal for a Council Decision on financing major Community infrastructure projects
OJ C 80, 27.3.1987

Bull. EC 3-1987

Point 2.1.34

Proposal for a Council Regulation on fees payable to the Community Trade Mark Office
OJ C 67, 14.3.1987

Point 2.1.118

Commission Decision of 3 December 1986 on a proposal by the Belgian Government to grant aid for investments by a flat-glass producer at Moustier
OJ C 77, 19.3.1987

Point 2.1.126

Proposal for a Council Directive on the coordination of laws, regulations and administrative provisions relating to the compulsory winding-up of direct insurance undertakings
OJ C 71, 19.3.1987

Point 2.1.288

Commission Decision of 23 December 1986 relating to a specific programme concerning the processing and marketing of fish and fish products in the French overseas departments for the period of 1986 to 1990 forwarded by France pursuant to Council Regulation (EEC) No 355/77
OJ L 76, 18.3.1987

Points 2.4.32 to 2.4.40

Opinions adopted by the Economic and Social Committee during its session on 16 and 17 December
OJ C 68, 16.3.1987

Bull. EC 1-1987

Points 2.4.34 to 2.4.41

Opinions adopted by the Economic and Social Committee during its session on 28 and 29 January
OJ C 83, 30.3.1987

Bull. EC 2-1987

Point 2.1.138

Point 2.1.98

Proposal for a Council Directive amending for the fourth time Directive 76/768/EEC on the approximation of the laws of the Member States relating to cosmetic products
OJ C 86, 1.4.1987

Commission Decision of 11 March 1987 withdrawing the status of Unterfranken in the Federal Republic of Germany with regard to classical swine fever
OJ L 80, 24.3.1987

3. Infringement procedures

Initiation of proceedings for failure to implement directives

3.3.1. In March the Commission sent letters of formal notice for failure to incorporate directives into national law (the Commission not having been informed of national implementing measures) in the following cases:

Environment and consumer protection

Council Directive of 9 October 1984¹ on limit values and quality objectives for discharges of hexachlorocyclohexane (Italy, Netherlands).

Commission Directive of 22 July 1985² adapting to technical progress the Council Directive of 6 December 1984³ on the supervision and control within the Community of the transfrontier shipment of hazardous waste (Denmark, Germany, United Kingdom).

Commission Directive of 25 July 1985⁴ amending the Council Directive of 2 April 1979⁵ on the conservation of wild birds (Belgium, Denmark, France, Germany, Italy, United Kingdom).

Council Directive of 17 September 1984⁶ on the approximation of the laws of the Member States relating to the permissible sound power level of compressors (Denmark, Germany, Ireland, Italy).

Council Directive of 17 September 1984⁶ on the approximation of the laws of the Member States relating to the permissible sound power level of tower cranes (Denmark, Germany, Ireland, Italy).

Council Directive of 17 September 1984⁶ on the approximation of the laws of the Member States

relating to the permissible sound power level of welding generators (Denmark, Germany, Ireland, Italy).

Council Directive of 17 September 1984⁶ on the approximation of the laws of the Member States relating to the permissible sound power level of power generators (Denmark, Germany, Ireland, Italy).

Council Directive of 17 September 1984⁶ on the approximation of the laws of the Member States relating to the permissible sound power level of powered hand-held concrete-breakers and picks (Denmark, Germany, Ireland, Italy).

Commission Directive of 11 July 1985⁴ adapting to technical progress the Council Directive of 17 September 1984⁶ on the approximation of the laws of the Member States relating to the permissible sound power level of compressors (Denmark, Germany, Ireland, Italy).

Commission Directive of 11 July 1985⁴ adapting to technical progress the Council Directive of 17 September 1984⁶ on the approximation of the laws of the Member States relating to the permissible sound power level of welding generators (Denmark, Germany, Ireland, Italy).

Commission Directive of 11 July 1985⁴ adapting to technical progress the Council Directive of 17 September 1984⁶ on the approximation of the laws of the Member States relating to the permis-

¹ OJ L 274, 17.10.1984.

² OJ L 272, 12.10.1985

³ OJ L 326, 13.12.1984.

⁴ OJ L 233, 30.8.1985.

⁵ OJ L 103, 25.4.1979.

⁶ OJ L 300, 19.11.1984.

ible sound power level of power generators (Denmark, Germany, Ireland, Italy).

Commission Directive of 11 July 1985¹ adapting to technical progress the Council Directive of 17 September 1984² on the approximation of the laws of the Member States relating to the permissible sound power level of powered hand-held concrete-breakers and picks (Denmark, Germany, Ireland, Italy).

Council Directive of 10 September 1984³ relating to the approximation of the laws, regulations and administrative provisions of the Member States concerning misleading advertising (United Kingdom).

Reasoned opinions

3.3.2. The Commission delivered reasoned opinions in the following cases of failure to inform the Commission of national measures to give effect to directives:

Environment and consumer protection

Council Directive of 17 December 1979⁴ on the protection of groundwater against pollution caused by certain dangerous substances (Greece).

Council Directive of 22 March 1982⁵ on limit values and quality objectives for mercury discharges by the chlor-alkali electrolysis industry (Greece).

Council Directive of 3 December 1982⁶ on a limit value for lead in the air (Netherlands).

3.3.3. The Commission delivered reasoned opinions in the following cases:

Internal market and industrial affairs

Technical obstacles to imports of refrigerators (France).

Agriculture

Importation of fresh meat and live animals; authorization required from the Belgian authorities (Belgium).

Computerized data files for olive oil (Greece).

Computerized data files for olive oil (Italy).

Additional levy — national implementing measures (France).

Budgets

Exemption of services supplied by veterinary surgeons (Italy).

Exemption of services supplied by the medical and paramedical professions (Ireland).

Customs union and indirect taxation

Tax arrangements applying to automatic amusement and gaming machines (France).

Excise duties on rum (Italy).

Taxation of travel agencies (United Kingdom).

¹ OJ L 233, 30.8.1985

² OJ L 300, 19.11.1984.

³ OJ L 250, 19.9.1984.

⁴ OJ L 20, 26.1.1980.

⁵ OJ L 81, 27.3.1982.

⁶ OJ L 378, 31.12.1982.

4. European integration in education and culture

French Government Blue Paper

3.4.1. To celebrate the 30th anniversary of the Treaties of Rome, the French Government proposed to its partners in the Community and to the Commission that more progress should be made towards building up Europe in two areas in which as yet little has been achieved: education and culture.

The text of the introduction to the Blue Paper is given below:

From an economic Community to a people's Europe

Since 1957 the European Community has registered the following considerable achievements:

- (i) abolition of the main restrictions to the freedom of movement of persons; in particular, the mutual recognition of qualifications in many fields, in particular in the medical sectors (doctors, dentists, pharmacists, midwives and nurses);
- (ii) abolition of customs duties between the Member States and the introduction of a Common Customs Tariff for products imported from non-member countries;
- (iii) the introduction of a common agricultural policy which, despite its current difficulties (due largely to its inordinate success), has made it possible for agriculture to develop along modern and competitive lines;
- (iv) abolition of the main obstacles to the free movement of goods, even though progress still has to be made to arrive at a single European market;
- (v) harmonization of the Member States' economic policies and introduction of back-up measures aimed at alleviating structural problems (regional policy, Social Fund).

All too often we hear it said, however, that these achievements, however positive, only affect those engaged in business activities, in other words that they are confined to the trader's Europe.

These criticisms, although exaggerated, are not without some foundation. They reveal the extent of the task which still remains to be accomplished to arrive at genuine European union which, far from being confined to economic matters, is concerned with all matters of human concern.

This idea of European citizenship, put forward at the 1974 Paris Summit, has become a central theme of Community discussion. Since the 1984 European

Council in Fontainebleau, and since the submission of the proposals by the Adonnino Committee,¹ each government, and also each individual, has become aware of the need to add to the concept of the trader's Europe the new dimension of a people's Europe.

The French Government is convinced — as are its partners — that closer European cooperation in the field of education and culture will make an important contribution to 'a people's Europe'.

It is also necessary to improve such cooperation if we wish to enrich the content and practices of education in our countries and maintain and develop cultural creativity in Europe.

Too little achievement

The need to improve European cooperation in the field of education and culture is accepted with so little hesitation that for years numerous initiatives have been taken to reinforce progress in this direction whether in meetings of the Ministers concerned at Council level, by the conclusions of the European Council, the work of the European Parliament on European union, the conclusions of the Adonnino report or by the Commission's constant efforts to implement joint action.

In both education and culture, we are, however, forced to note that the efforts have not yet produced all the tangible results hoped for.

Cooperation has remained at an embryonic stage.

All too often, cooperation has encountered financial or institutional difficulties, preventing the Member States from engaging in common action on the scale necessary to develop the initiatives proposed in educational or cultural circles.

There is no question here of inquiring into the relevance of the reasons given. Each of the principles defended by the various Member States or by the Commission is an honourable one.

Given the consensus which exists on the objectives to be reached, we can only regret this situation and consequently make an effort to remedy it. The Single European Act,² the latest amendment to the Treaties of Rome, made no reference to education and culture; it is up to those who consider this field important to try and overcome the diffi-

¹ Supplement 7/85 — Bull. EC.

² Supplement 2/86 — Bull. EC.

culties resulting from the positions adopted by one or other country.

France wishes to praise the perseverance and dynamism of the Commission which has succeeded in awakening the educational and cultural conscience of the Member States, revealed the European dimension of each of these activities in our countries and, especially, persisted in its efforts without ever becoming discouraged in the face of the failures or indecision it may have encountered.

Without this will and perseverance, no progress is possible towards a Europe-wide education and culture.

A new approach

The French Government is convinced that new progress is possible. It considers, of course, that political will is essential but it is also convinced that, to reinforce the breadth and effectiveness of European cooperation in education and culture, a very pragmatic approach should be adopted, avoiding any form of preliminary debate on the legal form or institutional framework of this cooperation.

Rather than wonder about the legal structures (Council of Europe, Community, European Foundation, special international agreements between governments), we should strive for the consensus which exists on practical measures which are likely to be implemented in the near future.

The measures which could be implemented would be achieved in a framework — whether Community or not — which would enable us to assemble as swiftly as possible the largest possible number of active participants.

It is in this spirit that on 19 and 20 February this year the French Government invited experts from the cinema and audio-visual professions in the 11 other States to set up a European mechanism for supporting the programme industry, intended to help make and disseminate films and television programmes. This initiative has been an undeniable success since nine States have already agreed in principle to setting up this mechanism.

Openness to the outside world

Each proposal for cooperation adopted will be open to the participation of European countries not belonging to the Community, as is the mechanism for supporting the programme industries.

'A la carte' cooperation

Lastly, the cooperation envisaged will have to be entered into on a voluntary basis wherever this

permits the swift and effective implementation of concrete measures.

This means that rather than exhausting ourselves trying to reach agreement among 12 States on principles and on each of the means of implementing such a measure, we will try to take swift action together with those Member States who wish to be involved.

This means taking as a model the principles which contributed to the success of Ariane, Airbus and Eureka. It is clear that if, before setting up the European Space Agency, we had had to await the agreement of all the European countries, it would never have been possible to launch the Ariane rocket and even less to conquer half the market for launching civilian satellites. It is equally clear that the Airbus-Industrie consortium would not have been the success it is if the four countries which cooperated on it had had to wait for the other eight to join in. Even the success of Eureka depends on the fact that each project is developed by industrialists who wish to be involved without being forced to await the cooperation of all 12 Member States.

The French Government proposes applying this method to European cooperation in education and culture. The recent success experienced by the conference on setting up a European mechanism for supporting the programme industries appeared to be a very encouraging sign.

This approach does not aim at excluding Community action or the action of its institutions or structures.

France was one of the Member States which, during the preparatory negotiations on the Single Act proposed that education and culture should be included as one of the areas in which the Community and the Member States would also be competent.

France is still willing to pursue the discussions on other proposals in a spirit of openness and hopes that the Commission will persevere in its task of discussion, providing impetus and motivation.

'A la carte' cooperation, far from being an end in itself, represents a means of making rapid progress which can then be extended to include the rest of the Twelve, and then possibly expanded further to cover other countries, on measures initially undertaken by only a few Member States.

Development of action programmes

This approach would mean that the main areas to be covered and the principal measures to be implemented could be determined and very practi-

cal, flexible projects put forward in response to the concerns of educators, pupils and students and those active in creative and cultural circles.

With this in mind, France is submitting a programme of action to its partners likely to be implemented in the short term and capable, by its knock-on effect, of giving new impetus to European cooperation in education and culture. The action programme is a collection of entirely negotiable proposals, accompanied by data sheets intended merely to explain each project, not to establish it in any fixed form.

Ideally other measures proposed by other governments or by the Commission should be added.

*

This approach is intended as a contribution to Europe.

In presenting this Blue Paper, the French Government hope to open a debate which will lead swiftly to the launching of European cooperation in education and culture. It further hopes that the proposed approach and the concrete measures envisaged may be the subject of detailed discussion between the relevant Ministers and proposes that informal meetings be held with this in view.

The relevant French Ministers will be pleased to invite, with the President's agreement, their colleagues for discussions which will be all the more wide-ranging since they will be free of any legal or institutional considerations.

If the 30th year of the Community's existence is to mark a new stage of development, Europe needs the determination of everyone: teachers, creative artists, the entire European cultural world and especially young people in all the countries of Europe.

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