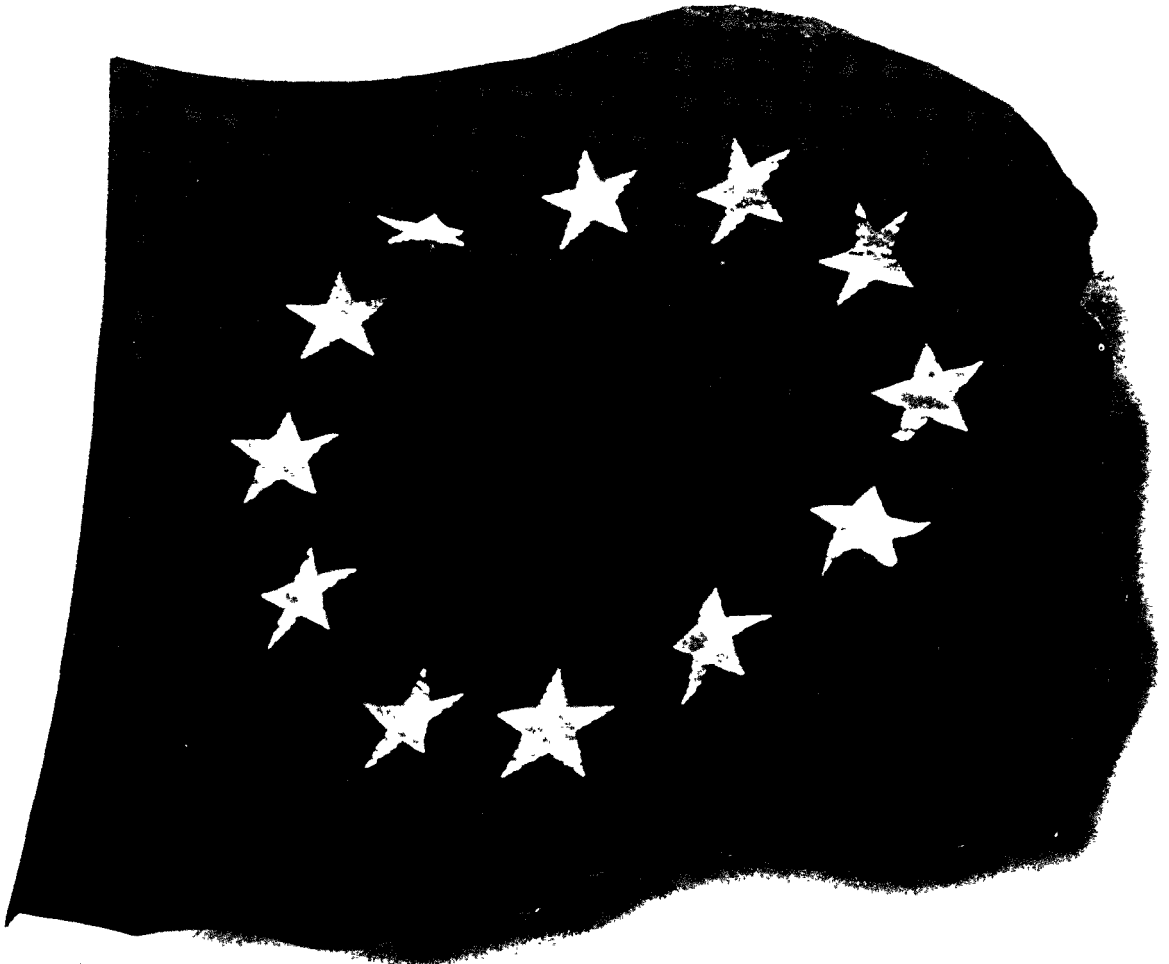


Bulletin of the European Communities

Commission



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No 9 1987 Volume 20

The Bulletin of the European Communities reports on the activities of the Commission and the other Community institutions. It is edited by the Secretariat-General of the Commission (rue de la Loi 200, B-1049 Brussels) and published eleven times a year (one issue covers July and August) in the official Community languages.

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Bulletin of the European Communities

Commission

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contents

SPECIAL FEATURES

1. Mr Peter Schmidhuber appointed Member of the Commission 7
2. Retirement of Mr Emile Noël, the Commission's Secretary-General 8
3. Measures to strengthen the EMS 12
4. Special programme for low-income, highly indebted countries in sub-Saharan Africa 14
5. Agricultural stabilizers 15

ACTIVITIES IN SEPTEMBER 1987

1. Building the Community 18
 - Economic and monetary policy 18
 - Internal market and industrial affairs 19
 - Businesses 20
 - Steel 21
 - Research and technology 25
 - Telecommunications, information technology and innovation 30
 - Customs union and indirect taxation 31
 - Competition 33
 - Financial institutions and company law 34
 - Employment, education and social policy 35
 - Regional policy 38
 - Coordination of structural instruments 38
 - Environment and consumers 38
 - Agriculture 42
 - Fisheries 54
 - Transport 57
 - Energy 59

2. External relations	60
— New round of multilateral trade negotiations	60
— Commercial policy	60
— Relations with industrialized countries	62
— Relations with other countries and regions	63
• Mediterranean countries	63
• Asia	64
• Latin America	65
• State-trading countries	65
— Development	65
— International organizations and conferences	71
— Diplomatic relations	72
3. Financing Community activities	73
— Budgets	73
— Financial operations	73
4. Political and institutional matters	74
— European political cooperation	74
— European policy and relations between the institutions	74
— Institutions and organs of the Communities	75
• Parliament	75
• Council	82
• Commission	83
• Court of Justice	86
• Economic and Social Committee	95
• ECSC Consultative Committee	100
• European Investment Bank	101

DOCUMENTATION

1. ECU	106
2. Additional references in the Official Journal	108
3. Infringement procedures	108
4. The Community at the UN	109

Supplements 1987

- 1/87 The Single Act: A new frontier—Programme of the Commission for 1987
- 2/87 25 March 1987—30th anniversary of the signing of the Treaties of Rome
- 3/87 European Economic Interest Grouping (EEIG)

AT ONE

SPECIAL FEATURES

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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. Mr Peter Schmidhuber appointed Member of the Commission

1.1.1. On 22 September the Representatives of the Governments of the Member States appointed Mr Peter Schmidhuber as a Member of the Commission of the European Communities to replace Mr Alois Pfeiffer, who died on 1 August 1987, for the remainder of his term of office, namely until 5 January 1989.¹

1.1.2. Biographical details:



Peter Schmidhuber

Born 15 December 1931 in Munich
Widower, one child.

Studies in law and economics at the University of Munich

Bachelor of Economic Science Examination (1955),
First State examination in law (1956),
Second State examination in law (1960).

Since 1952 member of the CSU (Christian Social Union).

1961-72: employed in the Bavarian State Ministries of Finance (Legal Department), Economics and Transport (Tax Law and Competition Law); finally, head of sub-division for competition.

1969-71: head of department in an industrial federation.

Since 1972 lawyer in Munich.

1960-66: honorary councillor of Munich.

1965-69 and 1972-78: member of the Bundestag.

Member of the Economic Committee (responsible for competition law and issues concerning small businesses and of the Tax Law Reform Committee and the Economic Crime Prevention Committee; member of the Council of Europe and of the WEU (Western European Union) Assembly.

Since 1978 member of the Bavarian Parliament.

Since 9 November 1978 Bavarian State Minister for Federal Affairs and representative of Bavaria to the Federal Government.

Since 1978 member of the Bundesrat, of the Mediation Committee of the Bundestag and Bundesrat and of the North Atlantic Assembly.

¹ OJ L 279, 2.10.1987.

2. Retirement of Mr Emile Noël, the Commission's Secretary-General

1.2.1. To mark the retirement of Mr Noël,¹ on 18 September the Commission organized a special symposium attended by former Presidents, Vice-Presidents and Members of the European executives, Permanent Representatives, Members of the European Parliament and leading Community figures.

The subject was 'Crises and progress: the bricks and mortar of Europe.' Mr Jacques Delors, President of the Commission, opened the proceedings and Mr Roy Jenkins, Mr François-Xavier Ortoli, Mr Gaston Thorn, Mrs Irmgard Adam-Schwaetzer, Mr Franco Maria Malfatti and Mr Leo Tindemans all spoke.

1.2.2. Mr Noël gave the following address:

"'Crises and progress: the bricks and mortar of Europe'" is the theme of this symposium and the distinguished speakers we have listened to have given examples from the episodes of Community history in which they took part. An official cannot claim to be a full participant, but he becomes more than a witness, more than a collaborator, once he commits himself to the highly political process of European integration. I should like to share with you some thoughts and lessons derived from the almost 30 years I have spent working for the Communities and my 38 years of activity in the wider context of Europe as a whole.

*

My first thought springs from the subject-matter of the symposium itself. It is no longer certain that crises in the Community will advance its progress. It is true that they often did so in the past; sometimes they were awaited like the poet's "fresh showers" but the last few years have shown that this was no longer the case in the Community of Ten and it will be even less true in the Community of Twelve.

The long crisis which tore the Community apart between 1979 and 1984 is indicative of this. The few advances which it secured are insignificant when set against the damage which it did to the Community system as a whole. Since then, the governments and the institutions have, quite rightly, tried to defuse the tensions which have

inevitably arisen and prevent them turning into confrontations.

Why has this new situation arisen? In the Community of Six., nobody could really deny that Community membership provided all kinds of mutual benefits for all Member States. In the classic phrase, the Six were "condemned to live together".

The substantial differences between the economies of the Twelve and, more generally, the greater political, social and societal differences mean that this is no longer the case in the enlarged Community. For some countries, Community membership is more a long-term investment than a source of immediate benefits and it will be a good investment only if Community policies provide adequate guarantees of the correction of imbalances, both those which already exist and those which will be created by Community legislation, particularly on the opening-up of markets. This means that crises in the Community of Twelve, particularly those which lead to confrontation between North and South, will result in deterioration rather than progress.

In these difficult times, the two hands on the Community tiller, i.e. the Commission and the Council, will have to set a course aimed at defusing tensions and keeping crises under control.

Talking of the differences within the Community leads me to another point: Community legislation will become increasingly differentiated. Differentiation is the key to progress in the Community.

To make such a statement is to fly in the face of the generally-accepted wisdom. The unity of Community law was the golden rule in the Community of Six, as is conclusively demonstrated by the traditional formula "This Regu-

¹ Mr Noel was appointed Executive Secretary of the Commission of the European Economic Community in March 1958 when Mr Walter Hallstein was President. In 1967, following the merger of the ECSC High Authority and the EEC and Euratom Commissions, he was appointed Secretary-General of the Single Commission led by Mr Jean Rey. He served in this post under Mr Franco Maria Malfatti and Mr Sicco Mansholt (1970-72), Mr François-Xavier Ortoli (1973-76), Mr Roy Jenkins (1977-80), Mr Gaston Thorn (1981-84) and Mr Jacques Delors (since 1985). On 20 November 1986 he was appointed President designate of the European University Institute in Florence. He will take up his new post in October.

lation shall be binding in its entirety and directly applicable in all Member States”.

The enlargement to Nine led to some undermining of this rule. In 1978 and 1979 a considerable differentiation was needed to permit introduction of the European Monetary System in a field which at that time, it is true, was not fully part of the Community's remit. Since then the possibility of differentiation has been enshrined in the Single European Act, for example, for the purposes of completion of the internal market, research, and the protection of social progress and the environment. This was simply a recognition of the facts. However, the institutions, and particularly the Commission, have still to come to terms with this new state of affairs. Hitherto, the Commission has left it to the Council to come up with formulas entailing differentiation, rather than proposing them itself, which would have enabled it to frame them better and limit their scope. The recent proposals for the harmonization of excise duties are based on this approach to some extent.

Napoleon saw it as a virtue that throughout France all schoolchildren were studying the same subject at the same time ... the Community legislature is reluctant to admit that in many cases it is difficult to apply the same rule from Rhodes to Jutland. In future, the preparatory work for all major Community legislation will have to include an analysis of the differences to be respected and taken into account. If we can recognize these differences and respond to them in a Community context, we shall gain the confidence of citizens who wish to retain their identity, and we shall facilitate the legislative process and so, in the end, assist the development of the Community and make it more coherent in the long run.

*

I have just mentioned the role of the Commission. I have had the honour to serve it and eight Presidents over a period of almost 30 years. The experience of discovering their personalities and those of the other Members of the Commission and the extent of their commitment to Europe, which transcends differences in political outlook or intellectual approach, has been constantly fresh and constantly stimulating. Over the years I have become increasingly convinced that this institution is irreplaceable and its role vital. A strong Commission may sometimes annoy one government or another, or even the Council but, all things considered, it will be that Commission which best serves both the Community and its Member States. The Commission must be a living force, that is it must assert itself

politically, it must know how to say no, so that it can listen more freely and it must know how to oppose shabby compromises, so that it can subsequently put forward solutions based on agreement within the Community.

Over 20 years the abuse of unanimity within the Council has undermined the Commission's institutional position. It has survived this period in the wilderness, and even chalked up some noteworthy successes, thanks to the courage and tenacity of its Members, the unswerving support of certain Member States and the critical support of Parliament. Today the Commission is as if rejuvenated by systematic voting in the Council and the opportunities offered by the Single European Act. A Commission which is strong, united and clear-sighted and which refuses to be dogmatic or glib, will find nothing impossible.

It can convince hesitant governments, reconcile points of view and create the political conditions for agreement. The bricks and mortar of Europe are not in fact crises or progress but the way in which the Commission copes with crises and what it achieves from the progress made. Preparations for the Copenhagen European Council will shortly provide the Commission with another opportunity to put forward its thoughts on how to overcome North-South tensions and implement in their entirety the commitments contained in the Single European Act.

*

It is easy to talk about the Commission's role but that of the Permanent Representatives Committee (Coreper) is more controversial: there are many in the Community who see the Commission and Coreper as opponents or regard Coreper as the last bastion of the bureaucrats and an obstacle to any progress.

Some of you may remember the favourite adage of Jean Rey, who described the Permanent Representatives as the mothers-in-law of the Community and its institutions. Even though “mother-in-law” jokes are not heard quite so often these days, this description illustrates clearly the misgivings about Coreper which were prevalent in the 1960s. I shall not pursue this any further. Having often represented the Commission during the discussion of many sensitive matters, I can testify that at certain critical moments Coreper can play a unique part. To be sure, every Permanent Representative has to put forward the views of his government and Coreper could turn into a carbon copy of the Council. It has not done so. The Permanent Representative also represents the Community to his government, explains the reasons behind what the Commission

is doing, the concerns of the other governments and the importance of reaching a conclusion.

The representatives play this role as individuals, but Coreper as a body can play a similar role *vis-à-vis* the Council, putting forward the interests of the Community as a whole and ensuring that they prevail. Coreper has had its great moments and its more difficult periods but it has chalked up enough successes to overcome any doubts that it is a genuine Community institution. Direct discussions between the Commission — by which I mean the President and its other Members — and Coreper, in which each side respects the prerogatives and positions of the other, can make a major contribution towards progress on an issue and securing a Council decision. This procedure must not be abused, but equally there should be no hesitation in employing it at the crucial moment, without formalities and without standing on institutional niceties. A high level of understanding between the Commission and Coreper and the importance of collaboration between the Commission and the Presidency of Coreper are established elements of Community procedure which can be harnessed in the common interest.

*

I do not wish to set myself apart from the body of officials and other staff working for the Commission and I should like to associate all my colleagues and all our administration with this event.

In 1958 the then President, Walter Hallstein, said that he wanted to create “a great administration”, an administration whose expertise would be equal if not superior to that of national civil services, an independent administration, answerable to the institution alone. I believe that this objective has been achieved. Our Commission now has a great administration, the envy of many ministers and governments of the Member States and elsewhere. It is not great in numbers — its size is only modest compared with that of national civil services, taking into account what it has to do and its special problems, particularly in the linguistic sphere. It is great in the professionalism of its officials, in their dedication, their independence and their commitment to the institution and to the Community.

But this is a two-way process. Whenever the Commission speaks out, whenever it sets clear political objectives, whenever it defends these objectives with authority and determination, whenever any of its Members demonstrates his independence, objectivity and political courage, this commitment will call forth a response from

Commission staff and there is no sacrifice of their time, their family life and sometimes their health that they will not be ready to make.

Having said that, I do not wish to lapse into self-satisfaction. The administration can be improved. It must remain constantly alert to avoid being bogged down in routine, it must be modernized to increase productivity, it must be properly managed so as to make the best use of everybody's talents and develop initiative and a sense of responsibility. The Members of the Commission, the Directors-General, the entire hierarchy and the representatives of the staff all have a part to play in this complex process which requires continuous review. Here I shall simply say that these efforts, even though they may seem thankless and slow to bear fruit, deserve to be undertaken and continued.

*

I should now like to look beyond the Community to consider the future of Europe as a whole. This is not a form of escapism. The difficulties we have — policy reform, greater cohesion, assured financing — have to be solved by the Community and its institutions in the weeks and months ahead and all concerned must shoulder their responsibilities.

Once this has been achieved, with determination and success, I hope, indeed I am sure, what will tomorrow bring? The Commission cannot avoid this question. In the last year of its term of office, its duty will be to bring together the lessons of its experience and leave a message, for its successors but also for all Europeans who, in a rather confused way, hope for more from Europe but would like to have clear objectives and a convincing programme laid before them. The first answer to be given concerns the internal market and the 1992 deadline. While it may be possible to implement the main points of the programme over the next five years, using the new provisions contained in the Single Act, the question will still remain of how we are to manage after that date the economic, financial and commercial area which will have been created without it breaking up and falling apart at the first whiff of trouble. Are our institutions able to meet these needs quickly, effectively and flexibly? Mr Padoa Schioppa's excellent report described the nature of the problem but did not offer any solution.

I cannot overemphasize that this will be the responsibility of the Twelve, which they will have to take on as a body. Altiero Spinelli left this point out of account when he imagined that his European Union proposal could be

implemented without all the Twelve joining in. This does not meet the needs of the establishment and management of the internal market and the resulting economic area. Since the 1992 deadline will be at the forefront of the European elections to be held in 20 months' time, it is time for the Commission to say what else must be done to the framework of Europe to enable the Community to shoulder the responsibilities which its Member States are going to confer on it.

The second answer to be supplied goes well beyond the 1992 deadline. The fresh vigour which the Community has enjoyed since 1984 — to which the Commission you have led has contributed greatly — has given new life to the ideas of the political Community and European defence which had been taboo since 1954. The existing political situation means that these can be of interest only to certain Member States but nobody can ignore the exceptional importance that such a development would have for the future of our entire continent, and further afield. And there can be no doubt that the Europe of Twelve would be strengthened economically and institutionally if some of the Member States committed themselves, as they did in 1950, to real political integration.

Some Heads of State or Government are talking about such prospects and the responsibility is theirs. Gatherings of eminent persons discuss them and prepare reports and motions. Why do our institutions and their members have to remain silent at this critical period? Parliament's proposal is too general and too vague on defence to answer all questions. If the Commission as such cannot voice an opinion, you yourself, perhaps with some of your colleagues, and leading figures in the Member States, could surely sketch out

the main ideas on this subject, as Robert Schuman and Jean Monnet did in their day, so that an organized Europe can make its contribution to public discussion, enlighten opinion and put forward what may become the basis for an understanding.

Are you not able, have you not got the duty to put forward a vision of a second-generation Europe, a Europe involving political commitment and security matters which will unite those countries which wish to go beyond mere economic solidarity in the expectation that their partners will catch up later?

These are requests which it is not the task of an official to make, but a former official may be more daring, particularly when he is about to embark on an academic career. I hope that the Florence Institute will have its own thoughts and studies to contribute to the discussion on the post-1992 situation and Europe's political future.

*

I would not wish to conclude without expressing my gratitude to you and to the other Members and former Members of the Commission who are here today. Your trust has enabled me to dedicate most of the last thirty years and most of my energy to serving, at a humble level, the most imaginative, the most far-reaching project which our democracies conceived at the end of World War II. I have indeed been fortunate in being able to combine my work with my personal commitment in the service of such an enterprise. I can assure you that, wherever I may be, my devotion to the institution and to those who direct and represent it is no less than as on the day I joined.'

3. Measures to strengthen the EMS

Informal meeting in Nyborg

1.3.1. At their informal meeting in Nyborg, Denmark, on 12 September, the Ministers for Economic and Financial Affairs endorsed the agreement reached within the Committee of Central Bank Governors on measures to improve the operation of the EMS without making any institutional changes to the system. As a result, the central banks will be able to set the new mechanisms in place without requiring any formal decision by the Council.

The substantial technical progress that the package of measures represents has to be seen in the light of the much improved, but by no means perfect, convergence of economic policies and performances in the Community, on the one hand, and the risks posed to the system's cohesion by the Community's move towards the liberalization of capital movements, on the other.

Four measures to achieve a two-fold objective

1.3.2. Together, the measures to strengthen the EMS pursue a two-fold objective: an increase in convergence in order to avoid conflicting economic policies that could threaten the system's cohesion, and improvements to the EMS intervention mechanism. When it comes to increasing convergence, the two measures envisaged are the introduction of procedures for monitoring the economic and financial situation in Member States and the coordinated and flexible use of the interest rate instrument. As for improvements in the intervention mechanism, intramarginal intervention and, subject to certain conditions, a 100% ECU acceptance limit for monthly settlements are the two means chosen.

Monitoring of the economic and financial situation

1.3.3. Surveillance will be exercised both by the Monetary Committee, notably on

the basis of a battery of indicators (global, multilateral surveillance), and by the Committee of Central Bank Governors (intensified surveillance, or monitoring).

The Monetary Committee will introduce a six-monthly surveillance procedure using economic indicators and projections (in line with the Group of Seven (G7) framework) in order to highlight any policy inconsistencies between EMS countries and any incompatible approaches *vis-à-vis* third currencies. It will also conduct a monthly examination of the latest exchange rate and interest rate developments in order to consider what conclusions could be drawn. The Committee of Central Bank Governors' monthly monitoring procedure will basically involve simultaneous consideration of intervention, exchange rate and interest rate policies in order to permit discussion of appropriate policy responses regarding not only EMS currencies but also third currencies and the ECU.

Use of interest rate differentials

1.3.4. These procedural improvements are backed by a consensus that emphasis should be placed on the use of interest rate differentials to defend the stability of the EMS parity grid and to use the permitted fluctuation margins flexibly in order to deter speculation and to avoid prolonged bouts of intramarginal intervention. In this way, realignments should be infrequent and as small as possible. Furthermore, any approach *vis-à-vis* a major third currency that is potentially incompatible with the cohesion and stability of the EMS will be kept under close review.

Intramarginal intervention

1.3.5. Intramarginal intervention (i.e. intervention before a currency's exchange rate reaches the limit of its fluctuation margin) will from now on be an important

instrument in managing the system, and the means available have been expanded (borrowing facilities, duration and size of loans) in order to provide the countries concerned with more effective instruments.

In future, there will be a presumption that, for a limited period, the very short-term financing (VSTF) facility under the European Monetary Cooperation Fund (EMCF) may be used within specified limits¹ for such intervention. Up to now, such financing via the EMCF, with the intervening central bank borrowing a strong currency from the issuing central bank, has been available only when the currencies were at their margins, at which point intervention was compulsory and very short-term financing automatic. In the past too, intramarginal intervention has normally been funded by the weak-currency central bank from its reserves (usually in DM), subject to the agreement of the other central bank concerned, such agreement generally being forthcoming. Under the new formula, intramarginal intervention will not be automatic. Authorization from the issuing central bank will still be required, but there will be a presumption that intramarginal intervention will qualify for very short-term financing, subject to certain conditions (concurrent use of the borrowing country's reserves, reimbursement in the creditor country's currency).

In addition, the maximum duration of very short-term financing will be extended from two-and-a-half months to three-and-a-half months. The initial financing operation will still be automatically renewable for a further three months, but the ceiling on automatic renewal will be raised to twice the debtor quota under the short-term monetary support mechanism.¹

100% acceptance limit for the ECU

1.3.6. The acceptance limit for monthly settlement in official ECU of debts under the VSTF facility has been raised from 50% to 100% for a trial period of two years.

Conditions and consequences of the measures

1.3.7. The presumption of very short-term financing for intramarginal intervention is potentially by far the most important of the measures, but its impact will have to be seen in the light of experience, since it is not automatic. Even so, the availability of such financing will 'officialize' intramarginal intervention, which was not explicitly foreseen in the original EMS texts but which has become standard practice. In addition, it will become more symmetrical in its monetary impact in the strong-currency and weak-currency countries and it will add to the central banks' defences against speculative capital movements. Lastly, extending the duration of very short-term financing and raising the ceiling for its renewal take account of the larger capital flows and the tendency for them to take longer to be reversed in the case of small realignments. Raising the official ECU acceptance limit will increase access to the official ECU, which effectively provides a way of using dollar and gold reserves to obtain credit against Community currencies; its practical effect, therefore, will be to enlarge the potential funds available for intervention purposes.

1.3.8. This agreement marks a substantial step forward for monetary cooperation in the Community. It constitutes the beginning of a new phase for the EMS, creating a better-balanced system in a flexible way while retaining the primary objective of achieving a greater degree of internal (prices) and external (exchange rates) stability in the Community. It incorporates the G7 indicator exercise, adapting it to EMS circumstances by placing more emphasis on the maintenance of exchange rate stability,

¹ The amount may not be more than twice the debtor quota under the short-term monetary support mechanism (Germany, and France: 3 480 million ECU; Italy: 2 320 million ECU; Belgo-Luxembourg Economic Union, and Netherlands: 1 160 million ECU; Denmark: 520 million ECU; Ireland: 200 million ECU).

and thereby takes account of international discussions.

However, this latest, general strengthening of the EMS, which follows minor adjustments made in 1985,¹ will not change the system fundamentally. The primary necessity for convergence will, however, be reinforced in a balanced way through the surveillance and monitoring procedures, and the potential need for greater resources for intervention in an environment of vol-

atile, large-scale capital movements will be satisfied through the amendments to the financing mechanisms. The EMS will, therefore, be in a better position to cope with the challenge posed by the liberalization of capital movements without sacrificing exchange rate stability.

¹ Bull. EC 3-1985, point 2.1.6; Bull. EC 4-1985, point 2.1.1; Bull. EC 6-1985, point 2.1.6, OJ L 290, 1.11.1985; Bull. EC 10-1985, point 2.1.4.

4. Special programme for low-income, highly indebted countries in sub-Saharan Africa

The follow-up to the Venice Western Economic Summit

1.4.1. Particular attention was paid to the debt problem at the Western Economic Summit held in Venice in June.¹ Community representatives made a decisive contribution to the discussion on this subject on the basis of an informal communication from the Commission.² It was agreed that special treatment should be accorded to low-income, highly indebted countries, particularly in sub-Saharan Africa, and that by the end of the year a decision should be taken on the different proposals put forward to that end.

1.4.2. In this connection the Commission presented a communication to the Council on 15 September concerning the implementation of a special 100 million ECU Community programme in the form of quick-disbursing aid for this group of countries, in addition to financing available under Lomé III.³ To finance this programme the Commission proposes that 40 million ECU should come from the outstanding balances remaining from the previous Conventions.

As for the remaining 60 million ECU, the Commission is presenting a proposal for a Decision to finance this amount by partially recycling interest and capital payments made by the ACP States relating to the special loans and risk capital provided by the Community.

Special programme 1988-89

1.4.3. In its communication the Commission proposes both concerted action by the Member States and action by the Community itself. The Member States are called on to use a whole range of measures, including the further easing of debt repayment terms agreed by the Club of Paris,⁴ the continued retroactive adjustment of aid terms and the provision of additional bilat-

¹ Bull. EC 6-1987, points 1.2.6 and 3.7.21 to 3.7.28.

² Bull. EC 6-1987, point 2.2.30.

³ COM(87) 418 final.

⁴ The Club of Paris is made up of industrialized countries which have lent official funds to debtor countries. Its composition varies according to the debtor countries in question.

eral and multilateral resources in the form of non-project quick-disbursing aid. As for action by the Community itself, besides its proposal to set up a special 100 million ECU programme, it confirms its intention to speed up disbursements for normal Lomé III financing, above all by increasing, with the agreement of the recipient countries, the proportion of sectoral import programmes, so that this type of aid represents—in overall terms—20% of the programmable aid received nationally by these countries.

1.4.4. The beneficiaries of this Community action would be ACP African countries which fulfil three criteria of eligibility:

- (i) low per capita income and no access to capital markets, characteristics which are reflected in their eligibility for access to financing from the International Development Association (IDA);
- (ii) high level of indebtedness, the burden of which seriously affects their capacity to

import and hence any renewed development;

- (iii) engagement in major policy adjustment and reform measures that merit and justify Community support.

1.4.5. The funds provided in the form of quick-disbursing grants will be used either for sectoral import programmes as provided for in the conclusions of the Council meeting of December 1982¹ or in Lomé III, or for general import programmes.

All these programmes should cover essential imports and correspond to the reciprocal priorities and undertakings agreed between the Community and each of the ACP States concerned during the programming exercise. Moreover, especially in the case of general import programmes, they will take account of the adjustment programmes and reforms decided on with the World Bank or the International Monetary Fund.

¹ Bull. EC 11-1982, point 2.2.17.

5. Agricultural stabilizers

1.5.1. In its communication 'Review of action taken to control the agricultural markets and outlook for the common agricultural policy', sent to the Council on 4 August,¹ the Commission described in detail the content and effects of the stabilizers already introduced, in respect of various product groups, to control both output and expenditure. Although, for some product groups, the stabilizers had exerted real constraint and had definitely been effective in controlling expenditure, for others the effect had been limited, mainly because of the complexity of the decision-making process prior to implementation. Consequently, the Commission outlined the main

ways in which the arrangements could be improved and in which stabilizers could be introduced for other product groups as well. It stated it would table specific proposals in the Council in the autumn: with a view to the preparation of the European Council to be held in Copenhagen in December, it felt that all the information necessary for a proper assessment of the machinery to be introduced for effective stabilization of agricultural expenditure should be available to the Council in good time.²

¹ Bull. EC 7/8-1987, points 1.1.11 to 1.1.15.

² Bull. EC 7/8-1987, point 1.1.7.

In line with this commitment, the Commission sent to the Council on 30 September¹ a communication concerning the agricultural stabilizers with the relevant legal instruments for sugar, milk, sheepmeat and goatmeat, cereals, protein plants, wine, fruit and vegetables, and tobacco.²

These proposals follow those relating to oilseeds, which had already been sent to the Council.³ For beef/veal, however, the Commission is not making new proposals at this stage: the market situation for this product group is heavily dependent on action taken with regard to milk. It will none the less submit practical proposals for beef/veal before the end of 1988, notably in the light of experience gained in the implementation since this year of the new intervention arrangements.

The Commission stresses that the proposals form an interrelated whole and that there can be no question of adopting some parts and ignoring others: it has taken great care to forestall expenditure transfers, by extending its action to all the product groups.

It also recalls that the proposals form part of a wide range of provisions having the same objectives, the adoption or application of which is indispensable if the exercise is to succeed, namely:

(i) more stringent market management and increased budgetary rigour, which are achievable mainly through the proposed amendments⁴ to the Financial Regulation of 21 December 1977 applicable to the gen-

eral budget of the European Communities.⁵ The Commission would draw attention in this respect to its communication of 30 July 1987 concerning budgetary discipline;⁶

(ii) socio-structural reforms: these relate to measures adopted on 15 June,⁷ income aid and the 'pre-pension' proposed on 15 April,⁸ and lastly, reforms now being prepared concerning the structural Funds, including the EAGGF Guidance Section,⁹ land use, and the future of rural areas;

(iii) control of aspects external to the common agricultural policy, and in particular the stabilization of world markets, to be dealt with in a forthcoming Commission communication to the Council on the GATT negotiations.

The Commission has also drawn the Council's attention to the general question of the powers available to it for the purpose of achieving stabilization objectives. It is requesting, for this purpose, that, under pre-established rules, wider powers of intervention should be conferred upon it than those it at present enjoys.

¹ COM(87) 452 final.

² These arrangements are described in greater detail under the relevant headings in the section on agriculture (→ points 2.1.121 (cereals), 2.1.123 (sugar), 2.1.129 (protein plants), 2.1.131 (milk and milk products), 2.1.133 (sheepmeat and goatmeat), 2.1.138 (fruit and vegetables), 2.1.143 (wine), 2.1.150 (tobacco)).

³ OJ C 89, 3.4.1987.

⁴ Bull. EC 7/8-1987, point 2.1.10.

⁵ OJ L 356, 31.12.1977.

⁶ Bull. EC 7/8-1987, points 1.1.5 to 1.1.9.

⁷ OJ L 167, 26.6.1987; Bull. EC 6-1987, point 2.1.180.

⁸ OJ C 236, 2.9.1987; Bull. EC 4-1987, point 1.2.1 *et seq.*

⁹ OJ C 245, 12.9.1987; Bull. EC 7/8-1987, point 1.1.2.

PART TWO

**ACTIVITIES
IN SEPTEMBER
1987**

1. Building the Community

Economic and monetary policy

European Monetary System

Development of the EMS

2.1.1. At their informal meeting in Nyborg (Denmark) on 12 September, the Ministers for Economic Affairs and Finance agreed on a series of measures to strengthen the European Monetary System (EMS) (→ point 1.3.1 *et seq.*).

2.1.2. On 17 September Parliament gave its opinion on the development of the EMS as agreed at the above informal meeting (→ point 2.4.13).¹

Community borrowings

Annual report

2.1.3. On 18 September the Commission sent to the Council and to Parliament its seventh annual report on the Community's borrowing and lending activities, dealing with the year 1986.²

The report covers all the activities of Euratom, the NCI, the ECSC and the EIB. In 1986 the total volume of loans granted from the various instruments was 8 583.5 million ECU (10.8% higher than in 1985), while borrowing intended for structural investment projects totalled 9 312 million ECU (14% higher than in 1985). The year saw a change in the trends observed in 1984 and 1985: stabilization — albeit at a high level — of loans to the productive sector (33% of the total, as against 40% in 1985) and strong growth of individual loans to small and medium-sized firms plus a significant increase in loans for infrastructure projects (up 10%) and a sharp rise in those to the energy sector (up 23.7%).

Development of new financial instruments — Financial engineering

2.1.4. Parliament adopted an opinion¹ on 16 September on the proposal for a Council Decision on financing major Community infrastructure projects,³ in which it firmly supported the measures which the Community intends to take in this field.

Monetary Committee

2.1.5. At its 336th meeting, held in Brussels on 2 September with Mr Tietmeyer in the chair, the Monetary Committee continued its examination of the measures to strengthen the operation of the European Monetary System (→ point 1.3.1 *et seq.*). It also held an exchange of views concerning preparation of the annual meetings of the IMF and the World Bank (→ point 2.1.6).

Monetary meetings in connection with the annual meetings of the IMF and the World Bank

2.1.6. The annual meetings of the IMF and the World Bank were held from 29 September to 1 October in Washington DC. They were preceded by meetings of the IMF Interim Committee⁴ and the World Bank/IMF Development Committee⁵ on 27 and 28 September, and by

¹ OJ C 281, 19.10.1987.

² COM(87) 413 final. Previous report: Bull. EC 5-1986, point 2.1.5.

³ OJ C 80, 27.3.1987; Bull. EC 12-1986, points 1.3.8 to 1.3.13.

⁴ The Interim Committee is an advisory body to the IMF's Board of Governors.

⁵ The Development Committee is an advisory body to the Board of Governors of the World Bank and the IMF.

meetings of the Groups of Five¹ and Seven² on 26 September, and the Group of Ten³ on 27 September. The Community was represented by Mr Palle Simonsen, President of the Council, and Mr Abel Matutes, Member of the Commission responsible for credit, investment and financial engineering.

The main outcome of the meetings of the Groups of Five and Seven was reaffirmation of all aspects of the Louvre agreements.⁴ Nevertheless, in view of the poor world economic outlook, the need for continuation of the concerted adjustment efforts in conditions of growth was stressed. Although the participants differed to some extent in their assessment of international debt problems, they all concluded that certain elements of the strategy for dealing with debt should be reinforced, in particular external private financial support to countries in difficulties. The role of multilateral institutions was still seen as vital, as were continued reform and adjustment policies in the debtor countries.

The IMF Interim Committee recognized that solving the problems associated with international debt would take longer than expected and would require appropriate adjustment programmes for each country. In particular, the Committee favoured the idea of reducing the debt burden of the poorest countries by applying lower interest rates.

The World Bank/IMF Development Committee examined in particular a plan put forward by Japan to encourage direct investment in the indebted countries by institutionalizing the principle of debt conversion. Such conversion enables firms to buy claims on countries from commercial banks and to negotiate with the countries concerned the conditions of possible investment.

Internal market and industrial affairs

Free movement of persons — Freedom to provide services

Mutual recognition of diplomas — Access to occupations

Veterinary surgeons

2.1.7. The *ad hoc* group of senior officials responsible for the free movement of veterinary surgeons met on 10 and 11 September and reviewed the application in the enlarged Community of the veterinary Directives.⁵ It also continued its discussions on the difficulties, and possible solutions to the problems facing veterinary surgeons providing services in another Member State when they import medicinal products for the treatment of animals in their care. Information was exchanged on the implementation of the Council statement on prophylaxis and the inspection of animal foodstuffs and foodstuffs of animal origin⁶ made when the Directives were adopted.

Finally, the group reviewed the statistical tables showing the number of veterinary surgeons in the Community up to 1985 and adopted the necessary measures to update them to 1986.

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2.1.8. On 18 September the European Parliament adopted a resolution on the

¹ The Group of Five meetings are attended by Finance Ministers and Central Bank Governors from the United States, Japan, the Federal Republic of Germany, France and the United Kingdom.

² The Five plus representatives of Italy and Canada.

³ The Seven plus representatives of Switzerland, Belgium, Sweden and the Netherlands.

⁴ Bull. EC 6-1987, point 1.2.6, footnote 3.

⁵ OJ L 362, 23.12.1978.

⁶ OJ C 308, 23.12.1978.

activities of dental technicians¹ (→ point 2.4.13).

Free movement of goods

Technical standards and regulations

2.1.9. With Directive 85/210/EEC the Council of the European Communities regulated the introduction of unleaded petrol on the European market.² The Directive also contained some requirements for unleaded petrol: octane numbers for the premium grade and the maximum lead and benzene contents.

In order to specify additional requirements for unleaded petrol in the form of a European standard the Commission gave a mandate to CEN (European Committee for Standardization) to carry out this task. The work has now been accomplished and the European standard EN 228 has been adopted.

However, as important characteristics of unleaded petrol have still to be harmonized by this standard, the work of CEN continues in this area.

2.1.10. On 24 September the Economic and Social Committee adopted (→ point 2.4.24) an opinion on the proposals for directives concerning the provision of information in this connection.³

Removal of technical and administrative barriers to trade

Industrial products

2.1.11. On 18 September¹ the European Parliament adopted a legislative resolution embodying its opinion in first reading on the Commission proposal⁴ for a Directive on the approximation of the laws of the Member States relating to certain components and characteristics of wheeled agricultural or forestry tractors.

2.1.12. On 24 September the Economic and Social Committee issued its opinion on this proposal (→ point 2.4.25).⁵

Pharmaceutical products

2.1.13. On 23 September the Economic and Social Committee delivered a favourable opinion on the proposal for a Directive relating to the transparency of measures regulating the pricing of medicinal products for human use and their inclusion within the scope of the national health insurance systems⁵ (→ point 2.4.26).

Businesses

Improving the business environment

Economic and commercial law

Publication of accounts by company branches

2.1.14. At its September session the Economic and Social Committee gave an opinion on the proposal for an 11th Directive concerning disclosure requirements in respect of branches opened in a Member State by certain types of companies governed by the law of another State (→ point 2.4.27).⁶

Public procurement

Public works contracts

2.1.15. At its September session the Economic and Social Committee gave an opinion on the proposal⁷ amending the Council

¹ OJ C 281, 19.10.1987.

² OJ L 96, 3.4.1985; Bull. EC 3-1985, point 2.1.70.

³ OJ C 71, 19.3.1987; Bull. EC 2-1987, point 2.1.8.

⁴ OJ C 218, 17.8.1987; Bull. EC 4-1987, point 2.1.9.

⁵ OJ C 17, 23.1.1987; Bull. EC 12-1986, point 2.1.31.

⁶ OJ C 203, 12.8.1986; Bull. EC 7/8-1986, points 2.1.16 and 3.5.1.

⁷ Bull. EC 12-1986, point 2.1.35.

Directive of 26 July 1971 concerning the coordination of procedures for the award of public works contracts (→ point 2.4.28).¹

Business flexibility

Creation and development of business and innovation centres

2.1.16. At its September session the Economic and Social Committee gave an opinion on the proposal for a Decision concerning a Community programme to create and develop a network of business and innovation centres (→ point 2.4.29).²

Steel

The Community steel industry

Market management

Crisis measures

New steel plan 1988-90

2.1.17. The Council meeting of Industry Ministers on 21 September carried out a preliminary examination of a Commission communication containing proposals concerning steel policy for the period 1988-90.³ Having heard a report on the Commission's contacts with Eurofer and the steel firms and governments concerned,⁴ the Council reaffirmed its support for the current Aid Code.⁵ As regards the future, the Council noted and approved the link established by the Commission between the proposed new quota system, which should apply for three years as from 1 January 1988, and the commitment on the part of the steel industry to undertake adequate restructuring. The quota system will not come into force until the industry provides sufficient guarantees of its intention to restructure.

The Council exchanged views on the funds that would need to be made available for

restructuring and noted that the system of buying and selling quotas could bring in considerable sums which could be topped up with the proceeds of the levies proposed by the Commission under Article 58(2) of the ECSC Treaty. Some delegations also mentioned the possibility of Member States granting national aid for closures, which would require an amendment to the current Aid Code.

The Council called on the Commission to set up a Working Party of 'Three Wise Men' with the task of seeking information on how to obtain sufficient guarantees from the undertakings that they would reduce production capacities, assuming that the quota system would continue to apply for a limited period and that financial incentives for closures would be adopted. The 'Three Wise Men' are to report to the Commission by mid-November.

On the subject of social and regional support measures, the Council expressed the opinion that a transfer from the EEC to the ECSC budget could only be considered if the measures required funds in excess of available ECSC resources managed to best advantage.

Finally, the Council undertook to take decisions at its next meeting, scheduled for 8 December, on the rules to be applied concerning steel as from 1 January 1988.

2.1.18. At its meeting on 15 September the ECSC Consultative Committee examined the Commission's comprehensive steel policy proposals for the period 1988-90,⁶ and issued its opinion (→ point 2.4.45) which was transmitted to the Council.⁷

Production quotas

2.1.19. On 21 September the Commission adopted the provisional abatement

¹ OJ L 185, 16.8.1971.

² OJ C 33, 11.2.1987; Bull. EC 1-1987, point 2.1.13.

³ Bull. EC 7/8-1987, point 2.1.25.

⁴ Bull. EC 5-1987, point 2.1.26.

⁵ Bull. EC 10-1985, point 1.2.3.

⁶ Bull. EC 7/8-1987, point 2.1.25.

⁷ OJ C 271, 9.10.1987.

rates for the fourth quarter of 1987.¹ Although lower than those for the second quarter,² the volumes thereby released onto the market are sufficient, and even slightly in excess of the amounts released during the corresponding period of 1986. In several sectors the economic situation in the Community remains favourable and it is probable that there will be the usual seasonal increase in demand for steel after the lull during the holiday period. The economic analysis and market assessment in the forward programme for steel (→ point 2.1.24) served as a guide for fixing the abatement rates for the fourth quarter, as set out in Table 1.

Table 1 — *Provisional rates of abatement for establishing the production quotas for the fourth quarter of 1987*

Product	Production	in %	
			Proportion of the quotas which may be delivered in the common market
Ia Hot-rolled strip and sheet	50	56	
Ib Cold-rolled sheet	46	49	
II Reversing-mill plate	41	56	
III Heavy sections	51	56	
IV Wire rod	37	36	
VI Merchant bars	40	38	

Market situation

Production

2.1.20. For a year now the 24 member countries of the OECD have been producing less steel than the rest of the world, whose combined production has been falling since 1985. The Eastern bloc has strengthened its position as the world's leading steel-producing region by increasing output by 8.2% in seven years. With a production of some 5.5 million tonnes, China and North Korea are catching up on the United States

which like Europe, is constantly losing ground (31.5% in the case of the United States and 15% in the case of Europe) whilst new producers are gaining ground. Two-thirds of the world's excess steel capacity (forecast as 200 million tonnes in 1990) is in OECD countries. This is an alarming state of affairs and several countries which have already carried out structural adjustments will now be forced to cut back even further. The social consequences will be enormous. Since 1974 the number of jobs in steel has decreased by 43% (i.e. 850 000) in the OECD area.

External trade balance in steel

2.1.21. Eurostat rapid reports show that during the first six months of 1987 Community imports decreased by 16.8% and exports increased by 8.6% compared with the same period in 1986. The drop in imports was more pronounced in sensitive products such as hot-rolled sheet, imports of which decreased by 39%. The ratio between imports and consumption dropped from 9.3 in 1986 to 8.2 in 1987 in spite of a decrease of 5.8% (on a six-monthly basis) in apparent steel consumption.

Forward programme

2.1.22. On 23 September, with a view to transmission to the ECSC Consultative Committee for an opinion, the Commission approved the forward programme for steel for the fourth quarter of 1987. The general economic analysis for the Community indicates a trend towards a moderate upswing after the downturn at the end of 1986 and beginning of 1987.

2.1.23. Steel production should be similar to that for the fourth quarter of 1986. Nevertheless, demand will not be as high as it was in the second quarter of 1987 before the seasonal lull. Private-sector consumption is the main growth factor; the building sector shows promise, demand in the motor

¹ OJ L 269, 22.9.1987.

² OJ L 118, 6.5.1987; Bull. EC 5-1987, point 2.1.29.

industry has not decreased and car registrations confirm that the level of activity is stable — in fact, in the United Kingdom there has been a record number of new registrations. Import and export prospects

do not indicate any major changes as compared with the third quarter.

Table 2 indicates estimated supply and demand for crude steel for the 12 Member States.

Table 2 — *Estimated crude steel supply and demand (Community of Twelve)*

	Out-turn		Estimate			Forecast
	4th quarter 1986	1st quarter 1987	2nd quarter 1987	3rd quarter 1987 initial	3rd quarter 1987 revised	4th quarter 1987
Real consumption		26.81	29.78	24.55	25.40	27.00
Stock change		-0.30	-0.70	-0.70	+1.00	+0.35
Apparent consumption	25.64	26.51	29.08	23.85	26.40	27.35
Imports	2.45	2.32	2.90	2.45	2.40	2.45
Exports	7.83	6.96	6.80	6.60	6.50	6.60
Output	31.02	31.15	32.98 ¹	28.00	30.50	31.50

NB: The factor used to convert crude steel into finished products is 1.16.

Source: Monthly figures published by the Commission.

¹ Provisional figures.

2.1.24. The forecast for the fourth quarter is that crude steel production will amount to 31.5 million tonnes, giving 126.13 million tonnes for the whole year, or an increase of 0.4% over the 125.61 million tonnes recorded in 1986.

2.1.25. Prices remained stable throughout the summer. During the fourth quarter a slight increase in prices for flat and long products is on the cards, as they are more sensitive to short-term factors. Import prices are no longer exerting such strong pressure. World export prices for flat products are still below Community prices whilst there is practically no difference between world and Community prices for long products.

2.1.26. The rate of job losses, based on figures for a 12-month period was 7.8% as compared with 5.14% in the preceding 12 months (July 1985-July 1986), although

there were differences between the Member States. It is expected that in the fourth quarter of 1987 the rate of job losses in the Community steel industry will be between 7 and 9%.

Table 3 indicates changes in employment in the Community's steel industry between July 1985 and July 1987.

Social measures

Steel workers

2.1.27. In Madrid on 22 September the Commission signed a convention with the Spanish Government defining the conditions for granting ECSC redeployment aid to workers in the steel industry (Article 56(2)(b) of the ECSC Treaty).

Table 3 — *Employment in the steel industry, July 1985 to July 1987*

	July 1985 ¹		July 1986 ¹		July 1987	Jobs lost in 1987 (to end July)
	1 000 employees	% change ²	1 000 employees	% change ²	1 000 employees	
Belgium	35.235	-8.29	32.314	-12.08	28.409	1 827
Denmark	1.671	+2.57	1.714	-15.11	1.455	237
Germany (FR)	144.509	-3.12	139.994	-8.16	128.569	4 130
Greece	4.137	+5.58	4.368	-7.39	4.045	194
Spain	—	—	52.684	-9.31	47.781	1 756
France	81.712	-11.52	72.298	-12.16	63.506	4 877
Ireland	0.630	-17.14	0.522	+10.73	0.578	9
Italy	69.774	-1.73	68.569	-6.34	64.225	1 323
Luxembourg	12.010	+2.35	12.292	-8.66	11.228	818
Netherlands	18.902	-0.24	18 857	-0.19	18.822	111
Portugal	—	—	5.933	-2.56	5.781	31
United Kingdom	58.959	-6.59	55.073	-2.86	53.500	957
Average annual rate		5.14		7.8		

¹ The figures for Spain and Greece are for May whilst those for Portugal are for April.

² By comparison with the same month in the previous year.

The measures will apply for five years, with effect from 1 January 1986, and some 25 000 workers whose jobs will be affected by restructuring will be able to benefit, like steel workers in the other Member States, from tideover, vocational training and mobility allowances. Compared with several current conventions between Member States and the Commission this one is innovative in that it emphasizes measures to provide an active framework to facilitate re-employment. It provides for a redeployment subsidy, a higher tideover allowance when a worker helps create his own employment and provides for support from the Funds to promote employment in Spanish steel.

Research

Social research

2.1.28. Under Article 55 of the ECSC Treaty, on 14 September the Commission granted financial aid amounting to 1 494 500 ECU, part of which is earmarked

for seven research projects forming part of the fifth ergonomics programme for the steel industry.¹

Trade with non-member countries

Imports

Autonomous measures

Anti-dumping duty

2.1.29. On 17 September the Council adopted² a Regulation extending the anti-dumping duty imposed on imports of ferro-silico-calcium/calcium silicide from Brazil.³

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

² OJ L 268, 19.9.1987.

³ OJ L 129, 19.5.1987; Bull. EC 5-1987, point 2.1.39.

Research and technology

Community R&D policy

Council

2.1.30. On 28 September the Council formally adopted the framework programme of research and technological development (1987-91) (→ point 2.1.32). It also adopted a number of common positions on research programmes in the fields of medicine and health (→ point 2.1.45), science and technology for development (→ point 2.1.48) and telecommunications technologies (RACE programme (→ point 2.1.52).

Eureka Ministerial Conference

2.1.31. Mr Narjes and Mr Matutes represented the Commission at the fifth Eureka Ministerial Conference,¹ held in Madrid on 18 September. Discussions and statements related chiefly to the following matters: private funding, support measures, the participation of countries that are not Eureka members and future prospects for Eureka. Agreements were also concluded on 58 new projects.

In his speech, Mr Narjes stressed that the Commission was anxious to take active measures to eliminate any risk of duplicated effort, particularly in the context of the European Committee for Electrotechnical Standardization (Cenelec) and the European Committee for Standardization (CEN). He took the view that participation of non-Eureka members should be assessed on a case-by-case basis in the light of information supplied by the candidate country and examined in accordance with pre-established criteria. Mr Matutes, for his part, illustrated his talk on private funding with references to the new financial instruments aimed at channelling private investment into high-technology projects.

Framework programme

New programme (1987-91)

2.1.32. On 28 September the Council formally adopted² the framework programme of research and technological development (1987-91),³ on which it had arrived at a common position on 23 July.⁴ Before adopting the framework programme, it had a meeting with a delegation from Parliament, which voiced the latter's main concerns in this field.

The amount estimated as necessary to achieve the Community's scientific and technical objectives breaks down as shown in Table 4 between the eight activities that make up the framework programme.

Leaving aside the 1 084 million ECU estimated as necessary for research programmes already adopted or underway, the total amount estimated as necessary for Community participation in the achievement of the programme's scientific and technical objectives, and therefore the amount to be allocated to specific programmes adopted during the period in question, is set at 5 396 million ECU, of which not more than 4 533 million ECU is estimated as necessary to be committed for the execution of specific programmes before the end of 1991.

Of the abovementioned 5 396 million ECU, the amount estimated as necessary for specific programmes to be adopted between 1987 and 1991 is provisionally fixed at 4 979 million ECU. The Council, acting unanimously, will subsequently decide on the addition of the remaining 417 million ECU to the amount of 4 979 million ECU.

¹ Bull. EC 7/8-1985, point 2.2.210; Bull. EC 11-1985, point 2.1.182; Bull. EC 6-1986, point 2.1.47. The fourth Conference was held in Stockholm on 16 and 17 December 1986.

² OJ L 302, 24.10.1987.

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

⁴ Bull. EC 7/8-1986, point 2.1.49.

Table 4 — *Breakdown of amount deemed necessary to implement the framework programme*

<i>million ECU</i>	
Research activity/field	Amount
<i>Quality of life</i>	375
• Health	80
• Radiation protection	34
• Environment	261
<i>Towards a single market and an information and communications society</i>	2 275
• Information technology	1 600
• Telecommunications	550
• New services of common interest (including transport)	125
<i>Modernization of industrial sectors</i>	845
• Science and technology (manufacturing industry)	400
• Science and technology (advanced materials)	220
• Raw materials and recycling	45
• Technical standards, measurement methods and reference materials	180
<i>Exploitation and optimum use of biological resources</i>	280
• Biotechnology	120
• Agro-industrial technologies	105
• Competitiveness of agriculture and management of agricultural resources	55
<i>Energy</i>	1 173
• Fission: nuclear safety	440
• Controlled thermonuclear fusion	611
• Non-nuclear energy sources and rational use of energy	122
<i>Science and technology for development</i>	80
<i>Exploitation of the seabed and use of marine resources</i>	80
• Marine science and technology	50
• Fisheries	30
<i>Improvement of European scientific and technical cooperation</i>	288
• Stimulation, enhancement and use of human resources	180
• Use of major installations	30
• Forecasting and assessment and other back-up measures (including statistics)	23
• Dissemination and utilization of scientific and technical research results	55
	5 396
Research programmes already adopted or in hand	+ 1 084
	6 480

2.1.33. The Commission had previously decided, on 9 September, both to make representations to the Council and Parliament and start work on research projects,

with a view to speeding up effective implementation of the framework programme, and to take suitable steps to facilitate swift adoption of the specific

research and technological development programmes.

2.1.34. With that sole end in view, the European Parliament adopted, on 17 September, a resolution¹ (→ point 2.1.40) in which it agreed, in order not to cause further delay or a freeze on new research work, not to initiate at all costs the conciliation procedure on the framework programme, on the sole condition that its President and the chairman of the relevant committee could express their anxieties in person at the Council meeting of 28 September. Taking the view that the 6 500 million ECU requested for the framework programme was an absolute minimum, it denounced the irresponsible attitude and 'budgetary short-sightedness' of the Council and announced its intention of initiating a revision of the framework programme in the months ahead. In the meantime, it expected the amount of 417 million ECU, which could not at present be used due to the opposition of one Member State, to be released by the end of the year.

Joint Research Centre

2.1.35. On 25 September, in the context of its remote sensing programme, the Ispra Establishment of the Joint Research Centre published,² a call for proposals for carrying out a semi-operational project on crop inventories at regional level.

Coordination of national policy

2.1.36. At its meeting in Copenhagen on 10 and 11 September the Scientific and Technical Research Committee (Crest) discussed the procedure for the final approval of the 1987-91 framework programme (→ point 2.1.32) and expressed its wish to see the procedure completed at the earliest opportunity. In that context, it was informed by the Commission departments concerned of the scientific and technical content of a number of proposals that had been or were in the process of being sent to the Council concerning the following

programmes: phase II of the Esprit programme,³ revision of the Brite programme,⁴ the Delta⁵ and Drive⁶ programmes and the Community support plan to facilitate access to large-scale scientific facilities of European interest.⁷ It also discussed two other proposals, made under the Euratom Treaty, relating to controlled thermonuclear fusion⁸ and radiation protection.⁹

The Committee was also informed by the Director-General of the Joint Research Centre (JRC) of the Commission's position concerning the latter's future programme.

International cooperation

2.1.37. On 25 September the Commission sent the Council a proposal for a Decision¹⁰ concerning the conclusion of a new cooperation agreement between the Community and Switzerland on research and development in the field of wood, including cork, as a renewable raw material.¹¹ In the context of the implementation of the framework agreement for scientific and technical cooperation between the Community and Switzerland,¹² the latter has expressed its desire to continue cooperating with the Community in this area, which is covered by a subprogramme of the multiannual research programme on materials (raw materials and advanced materials) (1986-89).¹³

¹ OJ C 281, 19.10.1987.

² OJ C 255, 25.9.1987; OJ S 186, 25.9.1987.

³ Bull. EC 7/8-1987, point 2.1.65.

⁴ OJ C 238, 4.9.1987; Bull. EC 7/8-1987, point 2.1.59.

⁵ Bull. EC 7/8-1987, point 2.1.67.

⁶ Bull. EC 7/8-1987, point 2.1.68.

⁷ Bull. EC 7/8-1987, point 2.1.62.

⁸ OJ C 247, 15.9.1987; Bull. EC 7/8-1987, point 2.1.55.

⁹ Bull. EC 7/8-1987, point 2.1.61.

¹⁰ OJ C 282, 20.10.1987; COM(87) 405 final.

¹¹ OJ L 58, 26.2.1985; Bull. EC 2-1985, point 2.1.125.

¹² OJ L 313, 22.11.1985; Bull. EC 11-1985, point 2.1.183;

Bull. EC 1-1986, point 2.1.15; OJ L 71, 14.3.1987; Bull.

EC 2-1987, point 2.1.32.

¹³ OJ L 159, 14.6.1986; Bull. EC 6-1986, point 2.1.65.

Framework agreements

EFTA countries

2.1.38. The Joint Committee set up under the framework agreement for scientific and technical cooperation between the Community and Norway¹ held its second meeting² in Oslo on 25 September. It reviewed the latest developments in R&D work conducted by both parties and examined in detail progress made in the concrete implementation of cooperation between Norway and the Community in the areas covered by Community scientific and technical research programmes.

COST

2.1.39. In the course of the month Memoranda of Understanding were signed in respect of COST projects 307 (Rational use of energy in transport) by Switzerland on 9 September and 216 (Optical switching and routing devices) by the Federal Republic of Germany on 17 September; on the same date, a Memorandum of Understanding concerning a new project on the use of strato-tropospheric radar networks for improving weather forecasts in Europe (COST 74) was signed by the Federal Republic of Germany, France, the Netherlands and the United Kingdom and entered into force.

Sectoral R&D

Energy

Non-nuclear energy

2.1.40. The tenth meeting of contractors for the photovoltaic solar energy subprogramme of the Community research programme in the field of non-nuclear energy (1985-88)³ was held in Hamburg from 16 to 18 September. Researchers taking part in the programme thus had an opportunity to present the latest results of their work on photovoltaic technology (crystalline silicon,

amorphous silicon and other promising new materials). The meeting took place in the context of the ISES Solar World Congress 1987, one of the most important international events in the field this year.

Industry

New technologies⁴

Brite programme

2.1.41. At the end of September, the Commission selected, out of the 471 proposals submitted in response to the call for proposals⁵ concerning the second phase of the Brite programme,³ 112 projects involving 573 organizations, of which 60% are industrial firms (40% of which are small and medium-sized firms), 25% are research institutes and 16% are universities.

Initially, 46 of these 112 projects will receive Community funding equivalent to 50% of the cost of each project, the average cost per project being approximately 2 million ECU, while the Community's contribution will total some 45 million ECU. The other 66 projects will qualify for funding under a total budget of some 60 million ECU as soon as the Council has formally approved the revision of the Brite programme, as proposed by the Commission.⁶

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Industrial technologies

2.1.42. On 25 September Mr Narjes sent his fellow Commission Members an information memo on superconducting materials in which he sets out the best way of incorporating the latest scientific and technical developments — as presented at Genoa in

¹ OJ L 78, 24.3.1986; Bull. EC 3-1986, point 2.1.39; Bull. EC 6-1986, point 2.1.52.

² Bull. EC 11-1986, point 2.4.45.

³ OJ L 83, 25.3.1985; Bull. EC 3-1985, point 2.1.141.

⁴ For information technology and telecommunications see point 2.1.52.

⁵ OJ C 153, 19.6.1986; Bull. EC 6-1986, point 2.1.63.

⁶ OJ C 238, 4.9.1987; Bull. EC 7/8-1987, point 2.1.59.

July¹ — into its research activities, particularly in view of the United States' initiative aimed at achieving a predominant position in this technology, if necessary by imposing restrictions on the free flow of scientific information.

Traditional industries

Scientific standards — reference materials and methods

2.1.43. At the beginning of October the Commission sent the Council a proposal for a Regulation² adopting a new³ research and development programme in the field of applied metrology and chemical analysis (1988-92) for the Community Bureau of Reference (BCR).

As the BCR programme must provide technical back-up for harmonization work in the Community, and in particular that necessary for completing the internal market, the Commission has given priority to the requirements of the White Paper.⁴ In drawing up the new programme, it also took account of the fact that Community policy on the environment and health also calls for considerable improvements in chemical analysis. Lastly, it recommends that work be continued in the metrology field (dimensional, electrical and optical measurements), in which the aim of the programme is to ensure that calibrations provided by national metrology laboratories are equivalent throughout the Community. Also taking into account the mid-term results of the previous programme,⁵ the Commission has selected five priority areas for the proposed BCR programme:

- (i) foodstuffs and agricultural produce;
- (ii) the environment;
- (iii) health;
- (iv) metals;
- (v) physical measurements for trade and industry (applied metrology).

Agriculture and fisheries

2.1.44. On 29 September the Council reached agreement on the Regulation on

the coordination and promotion of fisheries research and on the necessary procedures⁶ and on the Decision adopting Community research and coordination programmes for the period 1988-92⁷ in which the Community contribution is estimated at 30 million ECU. The programmes cover the following fields: fisheries management, fishing methods, aquaculture and the upgrading of fishery products.

The Commission nevertheless challenged the Council's unanimous decision to make the execution of such programmes subject to the management committee procedure: it regards its responsibility over such matters, which concern the implementation of Article 205 of the EEC Treaty (execution of the budget), as exclusive.

*Health and safety*⁸

2.1.45. On 28 September the Council adopted a common position on the new multiannual programme for coordinating R&D in the field of medicine and health (1987-91).⁹ The amount estimated as necessary for the Community's contribution to such coordination is 65 million ECU.

2.1.46. On 17 September the European Parliament adopted a legislative resolution¹⁰ embodying its opinion in first reading on the Commission's proposal for the programme.⁹ It calls in particular for the Community's contribution to be increased to 80 million ECU, for a budget of 28.5 million ECU (instead of 5.45 million ECU) to be assigned to the fight against AIDS and

¹ Bull. EC 7/8-1987, point 2.1.60.

² COM(87) 444 final.

³ OJ L 26, 28.1.1983; Bull. EC 12-1982, point 2.1.182.

⁴ Bull. EC 6-1985, point 1.3.1 *et seq.*

⁵ Bull. EC 9-1986, point 2.1.39.

⁶ OJ C 243, 22.9.1980; Bull. EC 7/8-1980, Bull. EC 2.1.107; OJ C 312, 3.12.1985; Bull. EC 11-1985, point 2.1.197.

⁷ Bull. EC 11-1985, point 2.1.197; OJ C 111, 25.4.1987; Bull. EC 4-1987, point 2.1.39.

⁸ Social research in the steel sector is covered in point 2.1.28.

⁹ OJ C 50, 26.2.1987; Bull. EC 10-1986, point 2.1.49.

¹⁰ OJ C 281, 19.10.1987.

for the duration of the programme to be extended from three to five years.

2.1.47. In the light of this opinion, on 28 September the Commission transmitted to the Council a proposal¹ amending its original proposal.²

Development aid

2.1.48. The Council also adopted a common position on the new multiannual R&D programme in the field of science and technology for development (1987-91).³ The cost of the programme is estimated at 80 million ECU, broken down into 55 million ECU for the tropical and subtropical agriculture subprogramme and 25 million ECU for the subprogramme on medicine, health and nutrition in tropical and subtropical areas.

2.1.49. On 17 September the European Parliament adopted a legislative resolution⁴ embodying its opinion in first reading on the Commission's proposal for the programme.⁵ It presses for increased coordination with the other competent international organizations and for the programme to be carried out in agreement with the recipient developing countries once their needs have been identified.

2.1.50. In the light of this opinion, on 28 September the Commission transmitted to the Council a proposal¹ amending its initial proposal.⁶

Improvement of European scientific and technical cooperation

2.1.51. The Commission sent the Council at the beginning of October a communication⁶ together with a proposal for a Regulation adopting a five-year (1988-92) plan to stimulate the international cooperation and interchange needed by European research scientists (Science). With a budget of 167 million ECU, the plan should make it possible to involve between 7 000 and 8 000 researchers (full-time equivalent) in

scientific and technical interchange and cooperation activities by the year 1992.

The new plan follows on from the 1985-88 stimulation plan,⁷ of which the Commission proposed a review in May 1986,⁸ in particular in the light of the results of the experimental phase (1983-84) of the action to stimulate scientific and technical cooperation and interchange. Since 1983, 950 teams have taken part in over 350 joint projects, and 33 networks have been started up. The plan should also make it possible to take up the challenge from the United States in particular—between 1982 and 1985, some 6 800 European researchers emigrated to the United States, while 9% of the scientific and technical staff employed in American industry in 1985 were of Community origin—and afford European scientists opportunities for intra-European cooperation on new topics.

Telecommunications, information technology and innovation

Telecommunications

RACE

2.1.52. On 28 September the Council adopted a common position on action by the Community in the field of telecommunications technologies (RACE).⁹ Over an initial five-year period starting on 1 June 1987, 550 million ECU are to be devoted to promoting the competitiveness of the Council's telecommunications industry, operators and service providers. This com-

¹ COM(87) 460 final.

² OJ C 50, 26.2.1987; Bull. EC 10-1986, point 2.1.49.

³ OJ C 24, 31.1.1987; Bull. EC 10-1986, point 2.1.50.

⁴ OJ C 281, 19.10.1987.

⁵ OJ C 24, 31.1.1987; Bull. EC 10-1986, point 2.1.50.

⁶ COM(87) 443.

⁷ OJ L 83, 25.3.1985; Bull. EC 3-1985, points 2.1.141 and 2.1.143.

⁸ Bull. EC 5-1986, points 2.1.32 and 2.1.34.

⁹ OJ C 304, 28.11.1986; Bull. EC 10-1986, point 2.1.44.

mon position is to be transmitted to the European Parliament under the cooperation procedure provided for in the Single Act.

2.1.53. On 17 September Parliament adopted a legislative resolution¹ embodying its opinion in first reading on the Commission proposal.² In its amendments to the proposed text it included the strengthening of the Community's economic and social cohesion among the aims of the RACE programme, and highlighted the need for close coordination with Esprit as well as with Eureka, and for greater attention to be given to the needs of consumers in the various areas of the programme affecting them.

Information technology

Esprit programme

2.1.54. The fourth Esprit conference was held in Brussels from 28 to 30 September³ It marked the transition between the first and second phases of the 10-year programme. Esprit II was accordingly one of the main discussion topics at the conference, which was an impressive demonstration of the commitment of Europe's information technology industry to the Esprit programme: over 4 000 delegates took part and 130 technical reports were presented. For the first time, a major exhibition of the technologies developed under Esprit accompanied the conference and comprised over 50 technical demonstrations. The theme of the all-day forum on 30 September was 'Technology and the market'.

2.1.55. On 28 September the Commission amended⁴ the proposal for a Regulation in question, in the light of Parliament's opinion.

Promotion of information services

Information services market

2.1.56. A joint meeting of the Information Services Provider's Group and the Infor-

mation Services User's Group took place in Brussels on 29 September to discuss with the Commission the establishment at Community level of a policy and a plan of priority measures for the development of an information services market.⁵ Both groups expressed support for the Commission's initiatives in these fields.

Removing language barriers

2.1.57. The Commission took part in an international conference on machine translation (the MT Summit) in Hakone, Japan from 16 to 19 September. Participants from Europe, Japan and the United States agreed to try to coordinate their efforts in future so as to improve the machine translation system currently being developed.

Customs union and indirect taxation

Customs union

Simplification of customs formalities

International Convention of the Harmonization of Frontier Controls of Goods

2.1.58. The International Convention on the Harmonization of Frontier Controls of Goods⁶ came into force in the Community on 12 September.⁷

Community transit

2.1.59. A Regulation on the documents to be used for the purpose of implementing

¹ OJ C 281, 19.10.1987.

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

³ Bull. EC 10-1986, point 2.1.43.

⁴ COM(87) 460 final.

⁵ OJ C 249, 17.9.1987; Bull. EC 7/8-1987, point 2.1.71.

⁶ OJ L 126, 12.5.1984, Bull. EC 4-1984, point 2.1.28; Bull. EC 2-1984, point 2.1.35.

⁷ OJ L 259, 9.9.1987.

Community measures entailing verification of the use and/or destination of goods was adopted by the Commission on 18 September.¹

It incorporates specific provisions of Community legislation on Community transit and the Control Copy T 5, which is used for checks on the use and/or destination of goods.² It also replaces forms used for establishing the Control Copy T 5 with new models aligned on the single document.

Customs procedures with economic impact

Inward processing

2.1.60. A Regulation concerning the application of Article 7 of the Regulation of 16 July 1985 on inward processing arrangements⁴ was adopted by the Commission on 1 September.⁵ It lays down that for the application of this Article the economic conditions should be considered as being fulfilled for durum wheat where the pasta products resulting from the processing are to be exported to the United States for home use there.

2.1.61. The Commission also adopted on 1 September⁴ a Regulation derogating from the prohibition on the use of equivalent compensation for durum wheat in the case of production of pasta products for export to the United States for home use there.⁶

The Regulation was amended on 29 September to incorporate simplified provisions relating to the triangular traffic system.⁷

Common Customs Tariff

CCT Regulation

2.1.62. On 24 September the Commission adopted, for transmission to the Council, a proposal⁸ amending the Regulation of 24 November 1986 on the Common Customs Tariff.⁹ The purpose of the amendment is to guarantee the preference granted in the past to Norwegian products, following a

decision of the CCT Nomenclature Committee which, by changing the heading under which certain Norwegian exports were classified, had nullified the effect of the preferential arrangements agreed in an exchange of letters between Norway and the Community in 1973.

Nomenclature

2.1.63. Following its decision of 7 April concerning the conclusion of the International Convention on the Harmonized System (HS), the Council formally designated the Director-General for Customs Union and Indirect Taxation, Mr Emilio Rui Vilar, to deposit the instruments of ratification of the Convention on behalf of the Community.¹⁰ Mr Vilar deposited these instruments at a ceremony organized by the Customs Cooperation Council in Brussels on 22 September. Most Community Member States and the EFTA countries took part in the ceremony. In addition to the Community, 25 countries had ratified the Convention by that date¹¹ and the minimum number of 17 contracting parties required for the HS to enter into force on 1 January 1988 has thus been easily achieved.

Economic tariff matters

Tariff quotas

2.1.64. On 21 September the Council adopted a Regulation opening and provid-

¹ OJ L 270, 23.9.1987.

² OJ L 38, 9.2.1977; OJ L 179, 11.7.1985.

³ OJ L 79, 21.3.1985; Bull. EC 12-1984, point 1.6.1.

⁴ OJ L 188, 20.7.1985; Bull. EC 7/8-1985, point 2.1.40.

⁵ OJ L 251, 2.9.1987.

⁶ OJ L 351, 12.12.1986; Bull. EC 11-1986, point 2.1.67.

⁷ OJ L 278, 1.10.1987.

⁸ COM(87) 447.

⁹ OJ L 345, 8.12.1986; Bull. EC 11-1986, point 2.1.68.

¹⁰ OJ L 198, 20.7.1987; Bull. EC 4-1987, point 2.1.49.

¹¹ Australia, Austria, Bangladesh, Belgium, Botswana, Czechoslovakia, Denmark, Finland, France, Germany, India, Israel, Japan, Jordan, Lesotho, Mauritius, the Netherlands, Norway, Swaziland, Sweden, Switzerland, the United Kingdom, Yugoslavia, Zambia and Zimbabwe.

ing for the administration of a Community tariff quota for aubergines falling within CCT subheading ex 07.01 T II, originating in Cyprus (1987).¹

Community surveillance of imports

2.1.65. On 30 September the Commission adopted a Regulation establishing ceilings and Community surveillance for imports of certain products originating in the African, Caribbean and Pacific States or in the overseas countries and territories (1987/88).²

Indirect taxation

2.1.66. The Commission informed the Council on 18 September of its decision to withdraw its proposals for a Directive on the harmonization of the laws of the Member States relating to turnover taxes—deferred payment of the tax payable on importation by taxable persons (14th VAT Directive)³ and for a Directive imposing a standstill on VAT and excise duties.⁴

The two proposals had been rendered superfluous by the package of proposals⁵ drawn up in connection with the White Paper and transmitted to the Council on 7 August.

Competition

Restrictive practices, mergers and dominant positions: specific cases

Distribution

Distillers

2.1.67. In September the Commission closed the file on a dual-pricing system which the Distillers Company London (DCL) had been operating on sales of its Johnnie Walker Red Label whisky brand, after DCL had decided to abandon the system.

DCL had notified the scheme—a special ‘promotion equalization charge’ levied on whisky sold in the UK for export—for exemption under Article 85(3) of the EEC Treaty and had begun operating it in 1983. According to DCL, the charge represented the average cost of promoting the product on the markets of other Member States and was intended to prevent parallel importers from other Member States who purchased the whisky in the UK, where promotion expenses were much lower, from undercutting DCL’s established distributors in those States. The money received from the charge was spent on promoting DCL’s products in other Member States.

From the outset the Commission had been doubtful whether it could allow the system, in view of the fact that it had condemned a similar practice in 1978.⁶ Nevertheless, it had contemplated authorizing the promotion equalization charge for a very short period when DCL indicated that it wanted to bring Johnnie Walker Red Label back on to the UK market, from which it had been withdrawn. Finally, after a thorough investigation the Commission concluded that to exempt the special surcharge would conflict with well-established Community law and policy, and DCL thereupon decided to abandon the practice.

Abuse of dominant positions

2.1.68. After intervention by the Commission in response to a complaint by an Italian firm, Volvo Italia lifted its restrictions on the issue of certificates of conformity to firms modifying its cars for use as ambulances and hearses.

Volvo Italia had restricted the issue of such certificates to two firms that it had authorized to carry out such modifications of its

¹ OJ L 272, 25.9.1987.

² OJ L 278, 1.10.1987.

³ OJ C 201, 5.8.1982; Bull. EC 6-1982, point 2.1.57.

⁴ OJ C 313, 4.12.1985; Bull. EC 11-1985, point 2.1.65; OJ C 30, 7.2.1987; Bull. EC 1-1987, point 2.1.39.

⁵ Bull. EC 7/8-1987, point 1.2.1 *et seq.*

⁶ OJ L 50, 22.2.1978.

cars for the Italian market. The certificate in question establishes that the conformity of the car to the rules in force in Italy will not be lost because of the modification. Such rules have not yet been harmonized between the EEC Member States.

Refusals by a car maker or its importers to supply certificates of conformity, or measures hindering the obtaining of such certificates, have already been dealt with in Commission decisions¹ which have been confirmed by the Court of Justice.² It is clear from them that a car maker or its importers have a dominant position in the supply of certificates of conformity, and a refusal, or an equivalent measure hindering their supply, would constitute an abuse of that dominant position under Article 86 of the EEC Treaty.

Recognizing these principles, Volvo Italia has abandoned the restrictions before they could have any effect on trade between Member States.

State aid

General aid schemes

Aid for research and development

Denmark

2.1.69. On 23 September the Commission took its first decision on national aid for Eureka projects.

It approved four proposals for aid totalling DKR 11.6 million to research projects in Denmark. Two concerned research into standards for ultra-micro filtration and computer-aided medical diagnostics, while the other two related to software development and computerization of road traffic management.

The aid proposals were notified to the Commission in accordance with the guidelines set out in the Community framework for R&D aid.³ The Commission considered that the level of aid (40% to 50% of gross

project cost) was compatible with the competition rules and that the projects were in line with the Community's R&D and technology policies.

Financial institutions and company law

Financial institutions

Other banks and financial institutions

2.1.70. At its September session, the Economic and Social Committee adopted an opinion on a proposal for a Directive on the obligations of branches established in a Member State by credit institutions and financial institutions having their head offices outside that Member State regarding the publication of annual accounting documents⁴ (→ point 2.4.30).

Insurance

2.1.71. At its September session, the Economic and Social Committee adopted an opinion on a proposal for a Directive on the annual accounts and consolidated accounts of insurance undertakings⁵ (→ point 2.4.32).

2.1.72. The Economic and Social Committee also adopted an opinion on a proposal for a Directive on the coordination of laws, regulations and administrative provisions relating to the compulsory winding-up of direct insurance undertakings⁶ (→ point 2.4.31).

¹ *General Motors Continental*, OJ L 29, 3.2.1975; *British Leyland*, OJ L 207, 2.8.1984.

² *Case 26/75 General Motors Continental*, judgment of 13.11.1975, [1975] ECR 1367; *Case 226/84 British Leyland*, judgment of 11.11.1986, OJ C 318, 11.12.1986.

³ OJ C 83, 11.4.1986; Bull. EC 12-1985, point 2.169.

⁴ OJ C 230, 11.9.1986; Bull. EC 7/8-1986, point 2.1.86.

⁵ OJ C 131, 18.5.1987; Bull. EC 12-1986, point 2.1.125.

⁶ OJ C 71, 19.3.1987; Bull. EC 12-1986, point 2.1.126.

Stock exchanges and transferable securities

2.1.73. Following the opinions delivered by Parliament¹ and the Economic and Social Committee,² the Commission sent to the Council on 4 September an amended version³ of its proposal for a Directive on information to be published when major holdings in the capital of a listed company are acquired or disposed of.⁴

Company law, company taxation and capital movements

Taxes on transactions in securities

2.1.74. In September the Economic and Social Committee adopted an opinion on an amended proposal for a Directive⁵ relating to indirect taxes on transactions in securities (→ point 2.4.33).

Employment, education and social policy⁶

Employment

Employment and labour market

2.1.75. From 24 to 26 September the Commission held a conference in Fontevraud (France) on the use of 'manpower surveys as an instrument of employment policy'.

2.1.76. From 24 to 26 September a symposium on the employment problems of young people was held in Marseilles (France). It provided the opportunity for a comparison of the results and conclusions reached by researchers from all Community countries.

2.1.77. Under the programme of exchanges of national placement service officials, some 40 such officials studied two topics of common interest to all Member

States: 'recent attempts to improve the functioning of the labour market' and 'youth unemployment: how to ensure the transition from training to employment'. On 28 and 29 September, a seminar was held in Brussels to evaluate the results, and the topic 'the search for and management of vacancies' was proposed for consideration by the Directors-General for Employment and the Directors of Employment Services at their meeting on 3 and 4 November.

Moreover, on a proposal by the Commission, it was also agreed to ask the Directors-General for Employment and the Directors of Employment Services to consider whether a demonstration project should be carried out on the opportunities offered by Member States to all those who are prepared to look for a job themselves. This action would take the specific form of a seminar at which *ad hoc* 'stands' set up by the Member States would indicate the range of measures implemented and the way in which the proposed mechanisms operate.

Education and vocational training

Higher education

2.1.78. On 18 September the European Parliament adopted a resolution on two petitions on individuals studying in a country other than their country of origin (→ point 2.4.13).⁷

Transition from school to working life

2.1.79. At their meeting on 24 and 25 September in Brussels, the national coordinators for the second programme on the transition of young people from school to

¹ OJ C 125, 11.5.1987; Bull. EC 4-1987, point 2.1.66.

² OJ C 263, 20.10.1986; Bull. EC 7/8-1986, point 2.4.41.

³ OJ C 255, 25.9.1987.

⁴ OJ C 351, 31.12.1985; Bull. EC 12-1985, point 2.1.83.

⁵ OJ C 115, 30.4.1987; Bull. EC 4-1987, point 2.1.70.

⁶ For measures to assist steel workers, see point 2.1.27; for the 1986 ECSC financial report, see point 2.3.2, for social research in the steel industry, see point 2.1.28.

⁷ OJ C 281, 19.10.1987.

adult and working life¹ endorsed the preliminary draft of the final report on this programme. This report will be presented to the Education Committee at its meeting in December.

2.1.80. From 16 to 18 September a high-level conference was held in Denmark to facilitate the dissemination of the results of the second programme on the transition of young people from school to adult and working life.¹ It also examined the possibilities of guaranteeing equal opportunities for boys and girls.

Vocational training

2.1.81. On 3 September a second meeting² was held for representatives of the liaison bodies responsible for implementing the Council Decision of 16 July 1985³ on the comparability of vocational training qualifications between the Member States. The main aim of this meeting was to establish a procedure for consulting the Member States which could serve as a model for the future.

2.1.82. The Irish 'Bord Iascaigh Mhara' (National Fisheries Organization) agreed to a request by the Portuguese and Spanish authorities to arrange a visit by its mobile training unit at the end of September. This visit completes the framework programme for the intra-Community exchange of experience on vocational training in the fisheries sector launched in 1985.

Fight against illiteracy

2.1.83. The first European symposium on the fight against illiteracy was held in Athens from 16 to 18 September. It was attended by 150 experts from the various Member States and forms part of the work programme for 1987-88 adopted by the Council on 14 May⁴ following the report by the Commission on progress achieved at national and Community level in the fight against illiteracy.

European Centre for the Development of Vocational Training

2.1.84. The annual meeting of the Cedefop information network, comprising representatives from all the Member States as well as associated organizations, took place in Berlin on 15 and 16 September. Among the items discussed were the automation of Cedefop's catalogues, the development of the thesaurus and the circulation of information concerning Community activities in the field of vocational training, in the Member States. Information was provided on Cedefop's future work programme.

Living and working conditions and social protection

Labour law — industrial relations

2.1.85. On 17 September the European Parliament adopted a resolution on the rights of workers in multinational companies (→ point 2.4.13).⁵

Equal opportunities for men and women

2.1.86. On 11 September the network on the diversification of vocational choices for young women and women held its second meeting of the year in Brussels.⁶ The meeting discussed the various initiatives over the past year in each Member State on the diversification of vocational choices for young women and women.

2.1.87. On 10 and 11 September a symposium on the new technologies and women was held in Paris with the support of the Commission. This is part of the series of national round tables that the Commission is supporting on this subject.

¹ OJ C 193, 28.7.1982; Bull. EC 7/8-1982, point 2.1.62.

² Bull. EC 10-1986, point 2.1.89.

³ OJ L 199, 31.7.1985; Bull. EC 7/8-1985, point 2.1.88.

⁴ Bull. EC 5-1987, point 2.1.93.

⁵ OJ C 281, 19.10.1987.

⁶ Bull. EC 3-1987, point 2.1.104.

2.1.88. On 17 and 18 September the Commission held a seminar on migrant women and employment covering the legal problems encountered and the vocational training and measures taken to help them. In their conclusions, those taking part in this seminar called on the Commission to promote a series of actions concerning the training of migrant women and the measures taken to help them.

Social integration of disabled persons

2.1.89. From 23 to 26 September the Commission held a full meeting in Birmingham of the Community network of rehabilitation centres.¹ The discussions covered the contribution of new technologies to vocational training and the employment of disabled persons.

2.1.90. On 16 September the European Parliament adopted a resolution on the transport of handicapped and elderly persons (→ point 2.4.13).²

Health and safety

Health and safety at work

2.1.91. Taking advantage of the provisions of Article 118A of the Single European Act, which allows the Community to step up its efforts in this field, the Commission adopted a new programme on safety, hygiene and health at work.

It submitted the programme to the Advisory Committee on Safety, Hygiene and Health Protection at Work for an opinion. The Committee discussed the programme at its 21st plenary meeting in Luxembourg on 9 September.³

The aim of the programme is to step up the measures adopted under the programmes of 29 June 1978⁴ and 27 February 1984⁵ so as to improve the working conditions and the standard of living of workers and to reduce industrial accidents and occupational diseases. It provides for action in

the following five areas: protecting the health and increasing the safety of workers at the workplace (including ergonomics), training and information policy, specific initiatives for small and medium-sized undertakings, and industrial relations.

2.1.92. On 18 September² Parliament adopted an opinion on the proposal for a Directive⁶ on the protection of workers against the risks associated with exposure to benzene at work. Parliament welcomed the proposal but asked the Commission to step up its research into the harmful effects of benzene on health, to promote the development of harmless or less dangerous substitutes and, once they exist, to ban the use of benzene.

2.1.93. On 23 September (→ point 2.4.34) the Economic and Social Committee adopted an opinion on the proposal amending⁷ the Council Directive of 27 November 1980⁸ on the protection of workers from the risks related to exposure to chemical, physical and biological agents at work.

Health and safety in the Euratom field

2.1.94. On 23 September the Economic and Social Committee also issued its opinion on the proposal⁹ to amend the Council Decision¹⁰ 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 (→ point 2.4.35).

¹ Bull. EC 11-1986, point 2.1.120.

² OJ C 281, 19.10.1987.

³ Bull. EC 7/8-1987, point 2.1.144.

⁴ OJ C 165, 11.7.1978.

⁵ OJ C 67, 8.3.1984; Bull. EC 2-1984, point 2.1.79.

⁶ OJ C 349, 31.12.1985; Bull. EC 11-1985, point 2.1.88.

⁷ OJ C 164, 2.7.1986; Bull. EC 6-1986, point 2.1.125.

⁸ OJ L 327, 3.12.1980; Bull. EC 11-1980, point 2.1.38.

⁹ OJ C 111, 25.4.1987; Bull. EC 3-1987, point 2.1.111.

¹⁰ OJ L 185, 9.7.1974.

Regional policy

Financial instruments

European Regional Development Fund

Fund Committee

2.1.95. The European Regional Development Fund Committee met on 14 and 15 September to give its opinion on the draft grant decisions under the fifth 1987 allocation.

The draft decisions concern 77 investment projects—including one for the development of endogenous potential under Article 15 of the ERDF Regulation—and 38 programmes (6 national programmes of Community interest (NPCIs), 14 Community programmes (including STAR¹ and Valoren)² and 18 non-quota programmes).

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2.1.96. At its September part-session, Parliament adopted a resolution on the revision of the present Regulation governing the ERDF (→ point 2.4.13).³

Aid for disaster victims

2.1.97. At its September part-session, Parliament adopted four resolutions calling for Community aid for the inhabitants of south-east and south-west Belgium, Lombardy and Trentino-Alto Adige (Italy), Vale da Campea and Vila Real (Portugal), and Emmendingen (Germany) (→ point 2.4.13).³

Coordination of structural instruments

Integrated Mediterranean programmes

2.1.98. On 30 September the Advisory Committee on IMPs delivered favourable

opinions on three draft IMPs for Greece, one for information technology in the country as a whole, one for northern Greece and one for western Greece and the Peloponnese. The draft IMPs had been adopted by the Commission on 29 July.⁴

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2.1.99. On 15 September Parliament adopted two resolutions, on coordination between the activities of the European Community's structural Funds and its lending instruments and on multisectoral measures to assist the peripheral maritime regions and islands of the Community (→ point 2.4.13).³

Environment and consumers

Environment

European Year of the Environment (EYE)

2.1.100. European Water Management Week took place from 20 to 27 September as part of the European Year of the Environment. The main activities at Community level included open days at water purification stations and sewage treatment plants, organized by the IULA.⁵ Advisory leaflets on the rational use of drinking water were distributed to households by the national member organizations of Eureau.⁶ In addition, various activities in schools were organized at national level and a conference was held in Berlin from 21 to 23 September

¹ Community programme for the development of certain less-favoured regions of the Community by improving access to advanced telecommunications services.

² Community programme for the development of certain less-favoured regions of the Community by exploiting endogenous energy potential.

³ OJ C 281, 19.10.1987.

⁴ Bull. EC 7/8-1987, points 2.1.154 and 2.1.155.

⁵ International Union of Local Authorities.

⁶ Union of Water Distribution Associations of the Member States of the EEC.

1987 on the impact of agriculture on water resources (→ point 2.1.101).

2.1.101. A conference on the impact of agriculture on water resources was held in Berlin from 21 to 23 September, and among those taking part was Mr Stanley Clinton Davis, Commission Member with special responsibility for the environment. The conference provided an opportunity for farmers, water authorities and representatives of the fertilizer industries to have an initial and fruitful discussion. It also made it possible to present the measures being contemplated at Community level for protecting freshwater resources and the new common agricultural policy approach to the problem of reducing the impact of agriculture on water resources.

2.1.102. The Community's commitment to stimulating technological innovation and to protecting jobs and markets continues to be expressed in terms of high-profile participation in specialized trade fairs.

The Commission was, for example, represented at the international industrial fair held at Thessaloniki on 4 September, at the 'comptoir suisse' in Lausanne (12 to 27 September) and at the Sittet in Toulouse (28 September to 4 October). Such participation creates considerable interest in EYE and in the Commission's environmental activities generally.

2.1.103. The European Trade Union Confederation organized two 'environmental missions' in connection with EYE. The first of these, from 17 to 19 September 1987, took place in northern Portugal and Galicia and focused on chemical pollution in the area. The second, from 27 September to 3 October, was a mission to the Scandinavian countries to study air and water pollution, and included visits to water purification stations and discussions between the unions and representatives of the Ministers for the Environment and of the competent authorities.

2.1.104. When it met in Copenhagen on 10 September, the EYE Steering Committee

discussed the progress made. The campaign to promote public awareness of environmental problems was beginning to achieve results in all the Member States. It was agreed that, where possible, some schemes should be continued after the end of the year.

Environment and employment

2.1.105. In September the Economic and Social Committee adopted an opinion on the proposal for a Decision establishing a five-year Community-wide programme of projects illustrating how actions in the environmental field can also contribute to employment creation (→ point 2.4.36).¹

Prevention and reduction of pollution and nuisance

Protection of the aquatic environment

Pollution by oil and other harmful substances

2.1.106. In September the Economic and Social Committee adopted an opinion on the proposal² amending the Decision³ of 6 March 1986 establishing a Community information system for the control and reduction of pollution caused by the spillage of oil and other harmful substances discharged at sea (→ point 2.4.37).

Barcelona Convention

2.1.107. On 21 September, the Council, acting on a proposal from the Commission,⁴ adopted a Decision authorizing the Commission to participate on behalf of the Community in the negotiations for the adoption of measures concerning mercury and cadmium discharges and the status of organosilicon compounds under the Con-

¹ OJ C 141, 27.5.1987; Bull. EC 2-1987, point 2.1.83.

² OJ C 108, 23.4.1987; Bull. EC 4-1987, point 2.1.91.

³ OJ L 77, 22.3.1986; Bull. EC 3-1986, point 2.1.103.

⁴ Bull. EC 7/8-1987, point 2.1.166.

vention on the Protection of the Mediterranean Sea against Pollution (Barcelona Convention).¹

2.1.108. The Community was represented at the fifth meeting² of the Contracting Parties to the Barcelona Convention, which was held in Athens from 7 to 11 September.¹ At the meeting it was decided to reorient the Mediterranean action plan (MAP) for which the 1988-89 budget was adopted with an annual increase of 5%.

Finally, in connection with the application of the protocol on pollution from land-based sources, various recommendations were adopted for standards for mercury and shellfish-breeding waters. The Community did not, however, agree to the removal of organosilicon compounds from Annex II to the protocol.

Protection of the Rhine

2.1.109. On 28 September,³ the Commission asked the Council to adopt the proposal from the International Commission for the Protection of the Rhine against Pollution concerning discharges of carbon tetrachloride into the Rhine. The proposal is intended to supplement Annex IV to the Convention for the Protection of the Rhine against Chemical Pollution.¹ The measures put forward are largely compatible with the provisions laid down in the Annexes to the Council Directive of 12 June 1986⁴ on limit values and quality objectives for discharges of certain dangerous substances included in List I of the Annex to the Directive of 4 May 1976 (particularly toxic substances).⁵ The proposal for a Decision is supplemented by a communication concerning the recommendations of the International Commission on the monitoring of such carbon tetrachloride discharges, which was sent to the Council by way of information.

New form of cooperation to combat water pollution

2.1.110. The Commission has set up a Community Task Force comprising a dozen specialists from the Member States to deal

with major pollution incidents at sea, such as shipwrecks and collisions.

Air pollution

Motor vehicle emissions

2.1.111. For the first time since the Single European Act⁶ entered into force, on 7 September the Council adopted a common position on two proposals for Directives — one on gaseous emissions from private cars,⁷ the other on gaseous emissions from heavy diesel-engined commercial vehicles.⁸ It had agreed to both of these in July.⁹

In line with Article 149 of the EEC Treaty, as amended by Article 7 of the Single European Act, this common position has been communicated to Parliament, together with the Commission's position.

The Commission's position is that:

- (i) the Council's common position on emissions from commercial vehicles is in line with the Commission proposal⁸ apart from the addition of a 10% tolerance on the limit values for the type-approval test, which the Commission accepts;
- (ii) the Council's common position on gaseous emissions from private cars is in line with the Commission's proposal on every point;⁷ the Commission therefore supports it.

Noise

2.1.112. On 18 September,¹⁰ Parliament adopted two legislative resolutions embodying its opinions in first reading on

¹ OJ L 240, 19.9.1977.

² Bull. EC 9-1985, point 2.1.80.

³ COM(87) 427 final.

⁴ OJ L 181, 4.7.1986; Bull. EC 6-1986, point 2.1.147.

⁵ OJ L 129, 18.5.1976.

⁶ OJ L 169, 29.6.1987, Supplement 2/86 — Bull. EC.

⁷ OJ C 257, 28.9.1987; OJ C 245, 26.9.1985; Bull. EC 6-1985, point 2.1.97 *et seq.*

⁸ OJ C 193, 31.7.1986; Bull. EC 5-1986, point 2.1.110.

⁹ Bull. EC 7/8-1987, point 2.1.169.

¹⁰ OJ C 281, 19.10.1987.

the proposals¹ to amend the Directive of 17 September 1984 on the approximation of the laws of the Member States relating to the permissible sound power level of lawnmowers.²

2.1.113. In September the Economic and Social Committee adopted an opinion on the proposal for a Directive³ amending the Directive of 17 September 1984 relating to the permissible sound power level of lawnmowers (→ point 2.4.38).²

Controls on chemical substances, industrial hazards and biotechnology

Chlorofluorocarbons (CFCs)

2.1.114. The protocol on chlorofluorocarbons (CFCs)⁴ to the Vienna Convention for the Protection of the Ozone Layer⁵ was signed in Montreal on 16 September by 24 countries including most of the Member States of the Community and by the Council Presidency and the Commission on behalf of the Community. In accordance with the Council mandate of 25 November 1986,⁴ the Commission had taken part in the negotiations for drafting this protocol,⁶ which provides for a freeze in the consumption and production of CFCs at 1986 levels. Production and consumption will later be cut to 80% and then (in July 1998) to 50% of those levels. The protocol contains special provisions covering the situation in developing countries and a special clause which enables the Member States of a regional economic integration organization, e.g. the European Community, to decide whether they wish to comply jointly with the conditions governing the consumption of CFCs where all the Member States concerned are signatories to the protocol.

External trade and dangerous chemicals

2.1.115. On 18 September,⁷ Parliament adopted an opinion on the proposal for a Regulation concerning export from and import into the Community of certain dangerous chemicals⁸ and on the rec-

ommendation for a Decision⁸ authorizing the Commission to negotiate on behalf of the Community, within the framework of the OECD and UNEP,⁹ the notification and consultation procedures concerning trade in certain dangerous chemicals.¹⁰ Parliament approved the Commission proposals but repeated its request that, in development aid programmes, the Commission should provide for technical assistance for setting up the administrative and technical facilities for recording notifications and assessing the conditions under which such products are to be imported and that such programmes should provide for closer cooperation with the exporting firms with a view to training customers in the safe use of such products.

Protection and use of resources

Flora and fauna

2.1.116. On 18 September Parliament adopted a resolution on the importation of kangaroo products (→ point 2.4.13).⁷

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2.1.117. On 18 September¹¹ Parliament also adopted two resolutions on the protection of the environment and wildlife in Antarctica and on the economic significance of Antarctica and the Antarctic Ocean (→ point 2.4.13).⁷

¹ OJ C 20, 27.1.1987; EC 12-1986, point 2.1.194, OJ C 113, 28.4.1987; Bull. EC 4-1987, point 2.1.92.

² OJ L 300, 19.11.1984; Bull. EC 9-1984, point 2.1.70.

³ OJ C 113, 28.4.1987, Bull. EC 4-1987, point 2.1.92.

⁴ Bull. EC 11-1986, point 2.1.159.

⁵ Bull. EC 3-1985, point 2.1.73.

⁶ Bull. EC 12-1986, point 2.1.197; Bull. EC 2-1987, point 2.1.93; Bull. EC 5-1987, point 2.1.145.

⁷ OJ C 281, 19.10.1987.

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

⁹ United Nations Environment Programme.

¹⁰ Bull. EC 2-1986, point 2.1.97.

¹¹ OJ C 86, 1.4.1987; Bull. EC 2-1987, point 2.1.98.

Consumers

Physical protection and product safety

Cosmetics

2.1.188. In September the Economic and Social Committee adopted (→ point 2.4.39) an opinion on the proposal for a Directive¹ amending for the fourth time the 1976 Directive² on the approximation of the laws of the Member States relating to cosmetic products.

Agriculture³

Continuing reform of the CAP

2.1.119. Following on from the undertaking given in its July communication entitled 'Review of action taken to control the agricultural markets and outlook for the common agricultural policy' to gain increased control over both production and agricultural expenditure, on 30 September the Commission forwarded to the Council a communication on the implementation of agricultural stabilizers (→ point 1.5.1).

Council

2.1.120. When it met to discuss agriculture on 22 September the Council noted the Commission communication of last July,³ which contains a review of the adjustments made to the common agricultural policy and outlines the additional measures which are needed to complete the reform of the policy and to ensure that budgetary discipline is observed. During the ensuing discussion the Council emphasized the considerable efforts which had already been made in recent years to bring about changes in the common agricultural policy by amending legislation or through better market management, as a result of which it had already been possible to make considerable savings in relation to estimated costs. With-

out minimizing the need to continue along this path in order to exercise greater control over agricultural production, the Council hoped that the Community would give its agriculture prospects for the future. Stress was also laid on the international aspects and the link between reform of the CAP and the negotiations to be conducted within GATT was highlighted during the discussion on stabilizers.

Pending Parliament's opinion, the Council confirmed the joint position adopted on 13 July⁴ on the Commission proposal⁵ introducing special rules for the financing of the common agricultural policy,⁶ which involves an adjustment of the system of advance payments to enable the EAGGF guarantee appropriation to be adhered to in 1987, in accordance with the conclusions of the European Council meeting in Brussels on 29 and 30 June.⁷

The Council succeeded in solving the difficult problem of the aids for conversion in the hops sector which are provided for in the agreement of 30 June on agricultural prices (→ point 2.1.151). It also took decisions concerning African and classical swine fever (→ point 2.1.153).

Lastly, the Commission drew the Council's attention to the dispute with the United States regarding the implementation of the Directive on hormones (→ point 2.2.10).

Market organizations

Cereals

2.1.121. In connection with its communication on the implementation of agricultural stabilizers (→ point 1.5.1), on 30 September the Commission proposed⁸ to the

¹ OJ C 86, 1.4.1987; Bull. EC 2-1987, point 2.1.98.

² OJ L 262, 27.9.1976; OJ L 149, 3.6.1986.

³ Bull. EC 7/8-1987, points 1.1.11 to 1.1.15.

⁴ Bull. EC 7/8-1987, point 2.1.182.

⁵ OJ C 137, 22.5.1987; Bull. EC 5-1987, point 2.1.177.

⁶ OJ L 94, 28.4.1970.

⁷ Bull. EC 6-1987, point 1.1.1 *et seq.*

⁸ COM(87) 452 final.

Council that it amend its Regulation of 29 October 1975 on the common organization of the market in cereals.¹ The purpose of this amendment is to give the Commission the power to adjust intervention prices or the level of the co-responsibility levy in the course of the marketing year or to delay the start of intervention buying if the cereals harvest exceeds the maximum guaranteed quantity set by the Council. For 1988/89 the Commission will propose that this quantity be set at 155 million tonnes.

2.1.122. In order to supply the market in breadmaking cereals, the Commission authorized several Member States to place on the internal market large quantities of rye² and common wheat³ of breadmaking quality which was stored by the intervention agencies.

Sugar

2.1.123. In connection with its communication on the implementation of agricultural stabilizers (→ point 1.5.1), on 30 September the Commission forwarded to the Council a report⁴ together with a proposal amending the basic Regulation of 30 June 1981 on the common organization of the market in sugar⁵ and a proposal for a Regulation introducing a special elimination levy for the 1987/88 marketing year.

The main objective of the proposals is to consolidate what has already been achieved and, from now on, to ensure the sector's financial autonomy on an annual basis, whatever the trend of world market prices during the period concerned. The measures involve:

- (i) maintaining quotas at their present level for the period from 1988/89 to 1980/91;
- (ii) introduction of a supplementary levy to ensure coverage of the deficit each year if the proceeds from the two production levies are insufficient;
- (iii) application of a special elimination levy for 1987/88, to be determined and

applied under the same conditions as for 1986/87.

2.1.124. On 30 September the Commission adopted a Regulation laying down for the period 1 January to 30 June 1987 compensation measures in respect of preferential raw sugar and raw sugar from the French overseas departments intended for refining in the Community.⁶ As an interim protective measure, this Regulation authorizes partial compensation for refiners of such sugar for the second half of the 1986/87 marketing year to enable them to pay a guaranteed price to ACP producers which is up to 0.15% for the period 1 April to 30 June 1987. This period was already extended on 12 February.⁷

Oils and fats

Market situation

2.1.125. Available production estimates for 1987/88 indicate a substantial rise in Community production, particularly of oil-seed rape but also of soya. This increase exceeded the maximum guaranteed quantities set by the Council for the Community as constituted at 31 December 1985.

	<i>thousand tonnes</i>	
	1986-87	1987-88
Rape	3 673	6 153
Soya	918	1 385
Sunflower	3 126	3 662
Total	7 717	11 182

¹ OJ L 281, 1.11.1975.

² OJ L 258, 8.9.1987; OJ L 264, 15.9.1987.

³ OJ L 275, 29.9.1987.

⁴ COM(87) 452 final.

⁵ OJ L 177, 1.7.1981; amended by the Council Regulation of 15 March 1986, see OJ L 87, 2.4.1986; Bull. EC 3-1986, point 2.1.121; Bull. EC 12-1985, point 2.1.163 *et seq.*

⁶ OJ L 278, 1.10.1987.

⁷ OJ L 43, 13.2.1987; Bull. EC 2-1987, point 2.1.112.

Applying the mechanism provided for under the system of maximum guaranteed quantities, the Commission fixed an abatement equal to 10% of the target price on institutional prices (intervention price, target price and buying-in price) and on aids, for rape¹ and sunflower¹ in the Community of Ten and for soya² in the Community of Twelve.

2.1.126. There are currently no major problems in disposing of the Community harvest. By 20 September, 2 095 482 tonnes of oilseed rape (against 1 424 548 tonnes at the same time the previous year) and 1 432 279 tonnes of sunflower (against 597 005 tonnes) had already been marketed.

In Spain there has been a marked increase in sunflower production: about 860 000 tonnes in 1986/87; about a million tonnes in 1987/88. This caused pressure on the prices of sunflower seed and oil in Spain in 1987.

Under the control arrangements provided for in the Act of Accession, no exports were authorized in 1986. In the first nine months of 1987 exports authorized amounted to 78 000 tonnes of oil, i.e. slightly less than 25% of Spanish production in 1986/87. The latest transactions were authorized at the end of August.³

2.1.127. The situation on the Community market led the Commission to make slight adjustments to the rules on the export of oilseeds. To enable the level of refunds to be better adapted to the market situation—but without exceeding the level of aid for seed crushed in the Community—the Commission, in a Regulation of 30 September,⁴ provided for the possibility of reducing the period of validity of advance fixing certificates. This possibility was made use of for the first time on 30 September. The refund, which was increased from 23.5 ECU per 100 kg to 24.3 ECU per 100 kg, applies for a period covering the current month plus one month.

2.1.128. In addition, following on from the Council Decisions on intervention for

oilseeds,⁵ on 30 September the Commission approved a Regulation on the detailed rules for such intervention.⁶ The market price recorded must be below the intervention price for two consecutive weeks before the Commission, by the management committee procedure, decides to trigger intervention.

Peas and field beans

2.1.129. In connection with its communication on the implementation of agricultural stabilizers (→ point 1.5.1), on 30 September the Commission proposed⁷ to the Council that it amend its Regulation of 18 May 1982 laying down special measures for peas, field beans and sweet lupins.⁸

Output of these products has expanded considerably in recent years and the Commission believes it necessary to ensure that expansion is more reasonable in the future. It therefore proposes introducing a maximum guaranteed quantity system and has announced its intention of proposing that the maximum guaranteed quantity be limited to 3.3 million tonnes for 1988/89.

2.1.130. On 28 September the Commission adopted a Regulation⁹ laying down rules for implementing the Council Decision¹⁰ in connection with the fixing of agricultural prices and related measures for 1987/88 which introduced differential amounts for peas, field beans and sweet lupins.

These rules are broadly similar to those in force in the oilseeds sector.⁹ The main differences are that the proposed system includes a neutral margin of 5% before

¹ OJ L 209, 31.7.1987.

² OJ L 273, 26.9.1987.

³ OJ L 267, 18.9.1987.

⁴ OJ L 252, 3.9.1987.

⁵ OJ L 183, 3.7.1987; Bull. EC 6-1987, point 2.1.152.

⁶ OJ L 278, 1.10.1987.

⁷ COM(87) 452 final.

⁸ OJ L 162, 12.6.1982.

⁹ OJ L 275, 29.9.1987.

¹⁰ OJ L 184, 3.7.1987; Bull. EC 6-1987, point 2.1.148 *et seq.*

the differential amounts apply and has no provisions which take account of forward exchange rates.

Milk and milk products

2.1.131. In connection with its communication on the implementation of agricultural stabilizers (→ point 1.5.1), on 30 September the Commission presented the Council with a report,¹ together with proposals, on the operation of the additional levy system designed to control milk production.²

In the report the Commission states that the existing quota system has been an efficient means of halting increases in production and causing decreases in deliveries. It should therefore be continued after the determination of the present five 12-month periods, subject to the following:

- (i) in order to take into consideration the difficulties for the dairies arising from the seasonality of milk production, it is proposed to extend the fifth period by six months, ending on 30 September 1989. The Community reserve will be changed accordingly;
- (ii) the compensation paid for the additional 1.5% quota to be suspended is 10 ECU/100 kg (the same amount for the suspension of 4% in 1987/89) during the first 12 months of the extended fifth period. It is proposed to reduce it to 8 ECU/100 kg during the last six months of this period;
- (iii) the super-levy remains at 100% of the target price;
- (iv) no change in the modified intervention system is proposed at the present time.

After the termination of the present extended quota system, the Commission proposes a transitional period which would extend the system by two additional 12-month periods, starting on 1 October 1989 and ending on 30 September 1991.

The modifications proposed during this period are as follows:

- (i) the suspended quotas are consolidated into permanent quota reductions. The compensation will amount to 7 ECU/100 kg in the first and 6 ECU/100 kg in the second period for producers whose deliveries do not exceed their reduced reference quantities. For producers whose deliveries go beyond that level, the compensation will be reduced accordingly;
- (ii) the super-levy of 100% of the target price is maintained, but should be kept under review;
- (iii) national reserves of 2% of the global guaranteed quantities must be established via linear general reduction of quota and/or generated through suppression of unused quotas and/or by taking over a part of reference quantities transferred between producers;
- (iv) no further transfers from direct sales to deliveries should in principle be contemplated and the guaranteed quantity for direct sales should be reduced to the level of actual direct sales in the third period (1986/87);
- (v) the extended period should be considered as a transitional period towards the attainment of market equilibrium, at the end of which the Commission intends to move to a more flexible quota system. The Commission will examine this question further and at the proper time will bring forward detailed proposals for abolishing the link between the quota and the holding.

On the basis of present prospects, the Commission believes that market equilibrium in the milk sector will be achieved by the end of the transitional period. Thereafter, the Commission also believes that the quota system should continue in the milk sector but, once market equilibrium is reached, opportunity should be provided for greater specialization in the sector through the application of a more flexible system.

2.1.132. On 17 September Parliament adopted a resolution on the application of

¹ COM(87) 452 final.

² OJ L 148, 28.6.1968.

milk quotas in the Community at the end of their first three years of operation (→ point 2.4.13).¹

Sheepmeat and goatmeat

2.1.133. In connection with its communication on the implementation of agricultural stabilizers (→ point 1.5.1), on 30 September the Commission forwarded to the Council a report,² together with proposals, on the operation of the market organization for sheepmeat and goatmeat.³

In the report, which was initially meant to be presented by October 1988, the Commission stresses that the sheepmeat regime has permitted only slow progress towards market unity. In view of the 1992 deadline for achieving the internal market,⁴ the Commission emphasizes the need to speed up the process of attaining market unity.

In order to achieve this objective the Commission proposes, without altering the basic mechanisms (premiums for producers and voluntary restraint agreements), to introduce a single ewe premium gradually by 1992, and gradually to eliminate the variable premium (and hence clawback) and intervention (although private storage will be retained).

In addition, the Commission, which is concerned about the rapid rise in expenditure in the sector, proposes the introduction of a budget-stabilizing mechanism by the fixing of a guarantee threshold (at the level of the 1987 flock).

Lastly, in order to support these efforts by a parallel effort in respect of imports, the Commission proposes to open discussions with the non-member countries which have signed voluntary restraint agreements, in order to stabilize the quantities imported and improve import prices.

Market situation⁵

2.1.134. Following the difficult year in the sheep and goat sector in 1986 it was not expected that 1987 would show a very sig-

nificant improvement and events to date are bearing out the accuracy of that expectation.

It will be recalled that production in 1986 declined by 4.0% on 1985 due to a combination of circumstances, the most important of which were post-Chernobyl product resistance in Greece and climatically delayed marketing in the United Kingdom and Ireland. The uptake of this slack, together with the return to the normal upward trend in production, is expected to increase Community production by 6% in 1987 to 391 000 tonnes. In volume terms most of this increase will come in the United Kingdom while French production is again set to decline. Fortunately, consumption is forecast to increase in 1987 by 2.7% to 1 154 000 tonnes, the increase being most notable in France and the Mediterranean countries.

2.1.135. Imports into the Community are now forecast at 240 000 tonnes in 1987 taking into account the increasing level of frozen lamb imports from traditional suppliers. Community exports are expected to remain unchanged from 1986 at 5 000 tonnes, but intra-Community trade will increase.

2.1.136. However, it is at the level of market prices with its knock-on effect on premium levels and therefore on total expenditure related to the 1987 marketing year that most concern is being expressed.

Eggs and poultrymeat

2.1.137. On 18 September the Commission adopted a Regulation⁶ under which the refund for certain products in the poultrymeat sector (slaughtered chickens, halves and quarters and chicken legs) is different depending on destination. The

¹ OJ C 281, 19.10.1987.

² COM(87) 452 final.

³ OJ L 183, 16.7.1980.

⁴ Bull. EC 6-1985, point 1.3.1 *et seq.*

⁵ Bull. EC 3-1987, points 2.1.155 to 2.1.159.

⁶ OJ L 268, 19.9.1987.

current market situation in certain non-member countries and competition in exporting to certain destinations made this measure necessary. It involves an increase in the refund for exports to Iraq, Egypt, the Canary Islands, Ceuta and Melilla.

Fresh fruit and vegetables

2.1.138. In connection with its communication on the implementation of agricultural stabilizers (→ point 1.5.1), on 30 September the Commission forwarded to the Council a proposal¹ amending the Regulation of 18 May 1972 on the common organization of the market in fruit and vegetables.²

In order to prevent excessive growth in the expenditure resulting from market intervention in this sector — the extent of which intervention may vary considerably from one marketing year to another — the possibility of fixing thresholds for the quantities taken into intervention, which was introduced for tomatoes in 1987,³ is to be extended to all products which are subject to the price and intervention arrangements.

These thresholds would not restrict the quantities taken into intervention but if they were exceeded the result would be a reduction either in the basic and buying-in prices valid for the following marketing year or, in respect of the marketing year in which the thresholds were exceeded, in the financial compensation granted to producers' organizations which had operated withdrawals or the compensation granted to individual producers in the event of public buying-in.

The products for which an intervention threshold must be fixed and the details of the corrective mechanism if the thresholds are exceeded must be determined by reference to the particular characteristics of each product.

The Commission has already undertaken, following the discussions on the 1987/88 prices package, to propose thresholds for the new products (clementines, satsumas

and nectarines) which are to be included in the price and intervention arrangements and also for mandarins, production of which is no longer in line with market requirements.

Processed fruit and vegetables

Market situation⁴

2.1.139. In July the Commission fixed,⁵ for almost all processed fruit and vegetables which qualify for production aid, the minimum prices and the Community aids granted to processors on condition they prove that they have:

- (i) concluded contracts with producers before the processing season;
- (ii) paid at least the minimum price fixed by the Community;
- (iii) obtained a finished product which meets at least the minimum Community quality requirements.

2.1.140. Compared with the previous marketing year, there is a general reduction in aids ranging from -9 to -1.4%, while for tomato juice and concentrate the increase is around 5%. The increases for the other products are as follows: pears +0.06%, dried figs +11.5%, dried grapes +0.48%, prunes +10.7%.

For cherries the Commission decided to grant zero aid in the light of the basic data by reference to which the aid is calculated.

The aid for pineapples had to be increased by 43.8% compared with the previous marketing year to enable Community production to be disposed of at competitive prices.

The changes in the aids are shown in Table 5.

¹ COM(87) 452 final.

² OJ L 118, 20.5.1972.

³ OJ L 183, 3.7.1987; Bull. EC 6-1987, point 2.1.158.

⁴ Bull. EC 10-1986, point 2.1.155 and 2.1.156.

⁵ OJ L 202, 23.7.1987.

2.1.141. There has been a general fall, ranging from -3.5 to -8% , in minimum producer prices. The minimum prices valid in 1986/87 were retained for 1987/88 in the case of dried grapes, dried figs and pine-apples only.

The changes in the minimum prices are shown in Table 6.

2.1.142. It should be pointed out that production of tomato-based products exceeded the threshold by a smaller margin in 1987/88 than in 1986/87 because output of finished tomato-based products was within the Community production quotas. The overrun was 16.75% for tomato concentrate, 0% for whole preserved peeled tomatoes and 28.61% for other tomato-based products. These overruns directly affect the level of the aids calculated for 1987/88.

Wine

2.1.143. In connection with its communication on the implementation of agricultural stabilizers (\rightarrow point 1.5.1), on 30 September the Commission proposed¹ to the Council that it amend its Regulation of 16 March 1987 on the common organization of the market in wine.²

The amendment aims to step up the deterrent effect of compulsory distillation by means of a sharper reduction in the price paid for such distillation depending on the quantity to be distilled. The reduction will be applied progressively over the next three wine years.

2.1.144. On 16 September the Commission forwarded to the Council a communication concerning the final supply balance for wine for the 1985/86 wine year.³

2.1.145. On 7 September the Commission extended certain deadlines for compulsory and support distillation in order to mitigate the difficulties encountered by some Member States and enable the measures to produce all their desired effects on the market.⁴

2.1.146. On 9 September the Commission laid down for the 1986/87 wine year detailed rules for the application of the additional measures applicable to holders of long-term storage contracts for table wine⁵ and applied them with effect from 18 September.⁶ Producers may deliver a quantity of wine under contract amounting to up to 10% of their table wine production for 1986/87 for so-called 'garantie de bonne fin' distillation and may conclude four-month storage contracts for all or the remainder of the quantities under contract.

2.1.147. On 18 September the Commission adopted a Regulation⁶ opening the preventive distillation provided for in Article 38 of the Regulation of 16 March 1987² for the 1987/88 wine year.

2.1.148. On 25 September the Commission decided,⁷ in order to simplify the management of the system whereby the price paid for wine delivered for distillation is reduced if the alcoholic strength has been enriched with subsidized must or sucrose, not to apply such reduction, in zones where the use of sucrose is prohibited, to the wines of producers who forego all aid for increasing the alcoholic strength.

¹ COM(87) 452 final.

² OJ L 84, 27.3.1987, Bull. EC 3-1987, point 2.1.167.

³ COM(87) 406 final.

⁴ OJ L 258, 8.9.1987.

⁵ OJ L 260, 10.9.1987.

⁶ OJ L 268, 19.9.1987.

⁷ OJ L 273, 26.9.1987.

Table 5 — Changes in the aid for processed fruit and vegetables

Product	Change (ECU/100 kg net)											% change
	1984/85		1985/86		1986/87				1987/88			1987/88 1986/87
	EEC 9	Greece	EEC 9	Greece	EEC 9	Greece	Spain	Portugal	EEC 10	Spain	Portugal	EEC 10
Tomato concentrate	30.98	30.87	27.00	23.88	28.258	25.981	15.731	18.428	29.727	17.270	19.441	5.20
S. Marzano whole, peeled:												
• preserved	15.21	9.16	12.41	8.31	11.746	8.733	3.917	—	11.584	3.566	—	- 1.38
• deep-frozen	—	—	10.38	6.94	8.817	6.555	3.917	—	8.270	3.566	—	- 6.20
Roma whole, peeled:												
• preserved	11.21	6.68	9.08	6.32	8.642	6.808	4.119	2.361	8.227	3.262	1.848	- 4.80
• deep-frozen	—	—	7.59	5.28	6.487	5.110	4.119	2.361	5.873	3.262	1.848	- 9.47
Peeled and deep-frozen, not whole	7.06	4.21	4.79	3.32	3.892	3.066	2.471	1.417	3.700	2.461	1.168	- 4.94
Tomato juice (Head. 20.02 CCT)												
• 7-8 %	10.58	8.38	6.85	6.05	6.300	5.793	4.068	4.766	6.593	4.466	5.028	4.65
• 8-10 %	12.69	10.05	8.22	7.26	7.560	6.951	4.882	5.719	7.911	5.360	6.033	4.64
• 10-12 %	15.51	12.29	10.04	8.88	9.240	8.496	5.967	6.990	9.670	6.551	7.374	4.65
Tomato juice (Head. 20.07 CCT)												
• 3,5-5 %	6.35	6.35	3.56	3.56	3.276	3.276	2.116	2.478	3.428	2.323	2.514	4.64
• 5-7 %	9.77	9.77	5.48	5.48	5.040	5.040	3.255	3.813	5.274	3.573	4.022	4.64
Tomato flakes	136.10	107.78	88.08	77.93	81.064	74.532	52.346	61.321	84.829	57.467	64.692	4.65
Peaches in syrup	22.23	13.18	19.50	12.46	14.625	9.482	10.553	14.625	14.363	11.242	14.363	- 1.79
Prunes	59.36	59.36	52.11	52.11	51.938	51.938	21.940	—	57.501	33.753	—	10.71
Williams pears in syrup	18.51	17.92	17.14	17.14	18.520	18.520	3.549	2.872	18.531	6.631	6.093	0.06
Cherries ¹ :												
• whitehart	14.20	13.00	16.27	16.27	16.585	16.585	1.987	16.585	0	0	0	—
• sour	14.20	13.00	16.27	16.27								
• other	14.20	13.00	16.27	16.27								
Sultanas	75.55	75.55	66.03	66.03	51.972	51.972	—	—	52.224	—	—	0.48
Dried figs, quality 'C'	39.95	39.95	35.46	35.46	32.505	32.505	32.505	32.505	36.247	36.247	36.247	11.51
Pineapples			51.07		62.505				89.884	89.884	89.884	43.80

¹ Stoned

Table 6 — *Changes in the price for processed fruit and vegetables*

Product	Change (ECU/100 kg net)											% change
	1984/85		1985/86		1986/87				1987/88			$\frac{1987/88}{1986/87}$
	EEC 9	Greece	EEC 9	Greece	EEC 9	Greece	Spain	Portugal	EEC 10	Spain	Portugal	EEC 10
Tomato concentrate	10.0238	8.3052	9.72	8.61	9.234	8.707	5.358	5.814	8.911	5.794	6.161	- 3.5
Peeled and deep-frozen, whole S. Marzano	16.7597	14.3540	16.26	14.70	15.447	14.706	7.939	—	14.752	8.776	—	- 4.5
Peeled and deep-frozen, whole Roma	12.7630	10.7035	12.38	11.05	11.761	11.129	7.413	6.175	11.349	7.853	6.857	- 3.5
Peeled and deep-frozen, not whole	10.5520	8.8518	10.24	9.14	9.472	8.963	6.935	5.729	8.911	6.922	5.977	- 5.9
Tomato juice (Head. 20.07 CCT)	10.0238	8.3052	9.72	8.61	9.234	8.717	5.358	5.814	8.911	5.794	6.161	- 3.5
Tomato juice (Head. 20.02 CCT):												
• 7-8 %	10.0238	8.3052	9.72	8.61								
• 8-10 %	10.0238	8.3052	9.72	8.61								
• 10-12 %	10.0238	8.3052	9.72	8.61								
Tomato flakes	12.7630	10.7035	12.38	11.05	11.761	11.129	7.413	6.175	11.349	7.853	6.857	- 3.5
Peaches in syrup	35.2935	29.9795	34.76	31.27	31.284	29.714	26.725	31.284	28.781	25.286	28.781	- 8.00
Prunes	172.19	172.19	172.19	172.19	167.024	133.609	—	—	158.673	132.222	—	- 4.99
Williams pears in syrup	33.8453	33.8453	33.34	33.34	31.673	17.097	16.438	—	30.215	18.629	18.105	- 4.60
Cherries ¹ :					58.341	40.812	58.341	—	55.424	41.547	55.424	- 4.99
• whitehart	58.341	58.341	58.341	58.341								
• sour	58.341	58.341	58.341	58.341								
• other	58.341	58.341	58.341	58.341								
Sultanas	133.17	133.17	133.17	133.17	133.170	—	—	—	133.170	—	—	0
Dried figs, quality 'C'	67.65	67.65	67.65	67.65	67.650	67.650	67.650	67.650	67.650	67.650	67.650	0
Pineapples			31.64		31.640	31.640	31.640	31.640	31.640	31.640	31.640	0

¹ Stoned

2.1.149. On 30 September the Commission corrected¹ errors involving the prices and aids for the distillation of the by-products of winemaking which had occurred when the measure was published.²

Tobacco

2.1.150. In connection with its communication on the implementation of agricultural stabilizers (→ point 1.5.1), on 30 September the Commission proposed³ to the Council that it amend its Regulation of 21 April 1970 on the common organization of the market in raw tobacco.⁴

The amendment provides for the fixing of an overall maximum quantity which would be 350 000 tonnes for the coming marketing year.

Within this overall maximum quantity there would be a maximum guaranteed quantity for each variety or varietal group on the basis of the following criteria:

- (i) the percentage share of production sent into intervention during the three preceding years;
- (ii) the percentage share of production which is exported with a refund;
- (iii) the need for a switch to varieties which are more sought after on the market;
- (iv) the possibility of changing over to other crops or other types of work;
- (v) increased demand on the part of European manufacturers;
- (vi) the socio-economic aspects of the region concerned;
- (vii) the existence of cultivation contracts;
- (viii) whether production and marketing are run by joint-trade organizations.

Subdividing the maximum quantity would allow the production of sought-after varieties to be encouraged while discouraging that of tobaccos which are difficult to dispose of.

Hops

2.1.151. On 22 September,⁵ acting on a proposal from the Commission⁶ and having received Parliament's opinion,⁷ the Council adopted a Regulation laying down, in respect of hops, the amount of aid to producers for the 1986 harvest and providing for special measures for certain regions of production.

The Council thereby succeeded in solving the difficult problem of the aids for conversion in the hops sector which were provided for in connection with the agreement of 30 June on agricultural prices.⁸

Structures

Income aid and incentives to cease farming

2.1.152. In September the Economic and Social Committee adopted an opinion on the three proposals for Regulations concerning aid to agricultural income and encouragement for the cessation of farming (→ point 2.4.40).⁹

Legislation

Veterinary and animal husbandry legislation

2.1.153. On 22 September,¹⁰ acting on proposals from the Commission,¹¹ the Council adopted four Decisions and Directives aimed at continuing the measures to eradicate classical swine fever for a further period of four years.

¹ OJ L 278, 1.10.1987.

² OJ L 213, 4.8.1987; Bull. EC 7/8-1987, point 2.1.211.

³ COM(87) 452 final.

⁴ OJ L 94, 28.4.1970.

⁵ OJ L 284, 7.10.1987.

⁶ OJ C 231, 29.8.1987; OJ C 267, 6.10.1987.

⁷ OJ C 281, 19.10.1987.

⁸ Bull. EC 6-1987, point 2.1.160.

⁹ OJ C 236, 2.9.1987; Bull. EC 4-1987, point 1.2.1 *et seq.*

¹⁰ OJ L 280, 3.10.1987.

¹¹ OJ C 295, 21.11.1986; Bull. EC 11-1986, point 2.1.198.

It had agreed in principle to these measures in June.¹

2.1.154. On 22 September,² acting on a proposal from the Commission,³ the Council amended the Directive of 22 January 1980 on animal health problems affecting intra-Community trade in meat products.⁴

The purpose of the amendment is to include a new treatment among the treatments already prescribed for destroying the germs of livestock diseases, in this instance African swine fever, in meat products.

2.1.155. On 18 September Parliament adopted an opinion⁵ on the proposal for a Directive laying down the health rules for fresh meat and the level of the fees to be charged in respect of such meat.⁶ It considers that the amount of the inspection fees should never exceed the actual cost of inspection, otherwise it would be tantamount to taxing the slaughterhouses.

Competition

2.1.156. Under the terms of Articles 92 to 94 of the Treaty the Commission decided to make no objection to the introduction of the following proposed schemes, which had been duly notified.

Germany

Lower Saxony

(i) Amendment of an aid measure for the eradication of certain livestock diseases such as Aujeszky's disease and atrophic rhinitis of swine.

(ii) Amendment of an existing aid measure for the halting of cultivation on fallowed farmland.

Bavaria

(i) Aids for village renovation.

(ii) Various aids for the environment, with limitation of farming, and for the preservation of the landscape.

Hesse

Aids for the installation of young farmers.

Italy

Sicily

Various aid measures for citrus growing and to compensate for the damage caused to holdings by bad weather from December 1986 to March 1987 (i.e. search for outlets, assistance with accounting and technical assistance for producer groups, advertising, crop protection, etc.).

Marche

Bill No 64/86 on improvements in beekeeping (in particular aid to offset the losses caused by bad weather).

Emilia-Romagna

Aid for research and innovation in agriculture in the general interest of the sector.

France

Aid in the form of an advance payment on the ewe premium, a measure authorized by the Council on 23 July⁷ pursuant to the third subparagraph of Article 93(2) of the Treaty.

Portugal

Application of Decree Law No 283-A/86 of 5 September 1986 on aid for investment for the preparation of almonds.

2.1.157. In accordance with the first sentence of Article 93(3) of the Treaty the Commission recommended the following:

¹ Bull. EC 6-1987, point 2.1.181.

² OJ L 279, 2.10.1987.

³ OJ C 55, 3.3.1987; Bull. EC 2-1987, point 2.1.137.

⁴ OJ L 47, 21.2.1980, Bull. EC 1-1980, point 2.1.46.

⁵ OJ C 281, 19.10.1987.

⁶ OJ C 302, 27.11.1986; Bull. EC 11-1986, point 2.1.199.

⁷ Bull. EC 7/8-1987, point 2.1.201.

*Italy**Sicily*

That the aids for the purchase of seed and of sheets of wax for beekeeping (Bill No 64/86) not be implemented.

2.1.158. The Commission decided to initiate the Article 93(2) procedure in respect of the following aid schemes.

*Italy**Sicily*

(i) Measure provided for in Article 9 of Bill No 86 (*norme stralciate*) and consisting of the grant of an aid equal to that determined by the Community for the industrial processing of 'Biondo commune' oranges.

(ii) Decree Law No 273 of 10 July 1987 providing for aid for the production of concentrated must.

*Germany**Bavaria*

Aids for the rearing of cows and female calves on grassland outside the less-favoured regions.

2.1.159. Under the Article 93(2) procedure the Commission handed down a final negative decision concerning the following aid scheme.

France

Aid consisting of a reduction of social security payments in respect of the employment of casual workers in six agricultural sectors in France. In its decision the Commission asks for the measure to be abolished.

Forestry

2.1.160. On 17 September, Parliament adopted a resolution on forest fires (→ point 2.4.13).¹

European Agricultural Guidance and Guarantee Fund**Guarantee Section**

2.1.161. In view of the appropriations remaining available for 1987, the Commission adopted a cautious attitude in making advance payments to the Member States. It covered only 62% of the requirements declared in respect of October, in order to still have enough resources to cover part of November's requirements.

Guidance Section

2.1.162. On 23 March the Commission amended² the criteria for the choice of projects to be financed under Regulation 355/77 of 15 February 1977 on improvement of the conditions under which agricultural products are processed and marketed.³ The purpose of the amendment is to permit the financing, in the milk sector, of investments in projects which do not involve intervention products and are not intended to increase production capacity.

Reimbursements to Member States

2.1.163. On 26 February the Commission adopted a Decision⁴ on applications for advance payment and repayment of aid granted by Greece to improve the structures of the wine sector under the Regulation of 1 April 1985 on a common measure to improve the structures of the wine-making sector in Greece.⁵

2.1.164. On 7 April⁶ and 26 May⁷ respectively the Commission adopted Decisions on applications for reimbursement and advance payments in respect of:

¹ OJ C 281, 19.10.1987.

² OJ C 79, 26.3.1987.

³ OJ L 51, 23.3.1977.

⁴ OJ L 92, 4.4.1987.

⁵ OJ L 97, 4.4.1985; Bull. EC 4-1985, point 2.1.75.

⁶ OJ L 112, 29.4.1987.

⁷ OJ L 181, 3.7.1987.

- (i) the replanting and conversion of olive groves damaged by frost in certain regions of the Community in 1985;
- (ii) the aids granted by Portugal under the Regulation of 20 December 1985 on a specific programme for the development of Portuguese agriculture.¹

Fisheries²

Council

2.1.165. On 29 September the Council reached unanimous agreement on several proposals, namely:

- (i) that introducing an autonomous interim programme for the surveillance of Community vessels fishing in the NAFO Regulatory Area;³
- (ii) that amending the Regulation of December 1986 fixing the TACs and quotas for 1987⁴ and raising to 19 000 tonnes the TAC for cod in the English Channel in ICES division VII, excluding VII a;
- (iii) that amending for the second time⁵ the Regulation of October 1986 laying down certain technical measures for the conservation of fishery resources⁶ and raising from 75 mm to 80 mm the minimum mesh size applicable in the English Channel from 1 January 1989.⁷

As regards the reform of the market organization for fishery products,⁸ the Council held preliminary discussions and stated its intention to reach agreement when it met again in November.

Lastly, the Council was briefed by the Commission on recent developments within the international organizations (including NAFO) to which the Community belongs and on the progress of negotiations with certain non-member countries, namely the United States, Canada, Morocco, Angola, Mauritania, Sao Tome and Principe, Gabon, Somalia, the Comoros, Kenya, Tanzania, Dominica and the State-trading countries of the Baltic Sea.

Resources

Internal aspects

Community measures

TACs and quotas

2.1.166. On 15 September the Commission sent to the Council a proposal⁹ amending the Regulation of December 1986 fixing, for certain fish stocks and groups of fish stocks, the total allowable catches for 1987 and certain conditions under which they may be fished.⁴ The proposal was drawn up in response to a request from the Irish authorities that 50 tonnes of pollack be transferred from the quota allocated to Ireland in divisions Vb (EC zone), VI, XII and XIV. The Council adopted this proposal on 5 October.¹⁰

2.1.167. The Scientific and Technical Committee for Fisheries met from 21 to 25 September and drew up a report¹¹ containing scientific notes for each species, with a breakdown by stock and by region, to serve as a basis for determining the optimum level of fishing in Community waters.

Prohibition measures

2.1.168. On the basis of the information available on the exhaustion of certain quotas, the Commission prohibited:

¹ OJ L 372, 31.12.1985.

² For fisheries research, see point 2.1.44.

³ Bull. EC 7/8-1987, point 2.1.251.

⁴ OJ L 376, 31.12.1986; Bull. EC 12-1986, point 2.1.252.

⁵ Bull. EC 6-1987, point 2.1.199.

⁶ OJ L 288, 11.10.1986; Bull. EC 10-1986, point 2.1.174.

⁷ OJ L 280, 3.10.1987.

⁸ OJ C 145, 3.6.1987; Bull. EC 4-1987, point 2.1.139.

⁹ COM(87) 415 final.

¹⁰ OJ L 285, 8.10.1987.

¹¹ Thirteenth Report of the Scientific and Technical Committee for Fisheries: SEC(87) 1557.

(i) Spanish vessels from fishing for pollack in ICES division VII with effect from 5 September;¹

(ii) United Kingdom vessels from fishing for sole in ICES divisions Vb (EC zone), VI, XII and XIV with effect from 22 September;²

(iii) Dutch vessels from fishing for sole in ICES divisions IIIa, IIIb, c and d (EC zone) with effect from 29 August;³

(iv) Belgian, German, French and Dutch vessels from fishing for 'other species' in ICES division IV (Norwegian waters) with effect from 5 September.⁴

National measures

Protection of local stocks

2.1.169. On 2 September the Commission, acting under Article 14 of the Council Regulation of 7 October 1986,⁴ took note of a draft United Kingdom by-law proposed by the North-West Water Authority the provisions of which would apply to those waters of the River Eden falling within the jurisdiction of that authority along the north-west coast of England and located within the baselines.

Implementation of Community rules

2.1.170. On 1 September the Commission took note of the following national measures:

(i) two Belgian Royal Decrees laying down management measures for 1987, one relating to plaice stocks in ICES divisions VIIIf and g and the other relating to sole stocks in ICES division VIIe and plaice stocks in ICES divisions VIIId and e; these measures conform to the provisions of Article 5(2) Council Regulation (EEC) No 170/83 of 23 January 1983 establishing a Community system for the conservation and management of fishery resources;⁵

(ii) a Belgian Royal Decree laying down measures for the management of national cod quotas in 1987; these measures conform

to the provisions of Article 5(2) of Council Regulation (EEC) No 170/83 of 23 January 1983.⁵

External aspects

Bilateral relations

Angola

2.1.171. On 17 September the Council, acting on a proposal from the Commission,⁶ adopted a Decision⁷ concerning the conclusion of an Agreement in the form of an exchange of letters on the provisional application of the Agreement between the Community and Angola on fishing off Angola as from 3 May.⁸ During the visit to the Commission of the President of the People's Republic of Angola, this exchange of letters was signed by Mr Antonio Henriques Da Silva, the Minister for Planning, and Mr Antonio Cardoso e Cunha, the Member of the Commission responsible for fisheries.

2.1.172. On 8 September the Commission sent to the Council a proposal for a Regulation concerning the conclusion of this Agreement.⁹

Dominica

2.1.173. On 17 September the Commission sent to the Council a proposal for a Regulation¹⁰ concerning the conclusion of the sea-fisheries agreement initialled by the Community and Dominica in May 1987.¹¹

¹ OJ L 254, 5.9.1987.

² OJ L 272, 25.9.1987.

³ OJ L 277, 30.9.1987.

⁴ OJ L 288, 11.10.1986; Bull. EC 10-1986, point 2.1.174.

⁵ OJ L 24, 27.1.1983.

⁶ COM(87) 391 final.

⁷ OJ L 268, 19.9.1987.

⁸ Bull. EC 4-1987, point 2.1.135.

⁹ OJ C 263, 2.10.1987; COM(87) 391 final.

¹⁰ COM(87) 431 final.

¹¹ Bull. EC 5-1987, point 2.1.193.

Mauritania

2.1.174. On 15 September the Commission sent to the Council a proposal for a Regulation concerning the conclusion of an Agreement between the Community and Mauritania on fishing off the coast of Mauritania.¹ The Agreement was initialled in May 1987.²

On 15 September the Commission also sent to the Council 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 Agreement with Mauritania as from 1 July.³

Sao Tome and Principe

2.1.175. On 23 September the Commission sent to the Council a proposal for a Regulation⁴ concerning the conclusion of the Agreement initialled by the Community and Sao Tome and Principe in May 1987⁵ and amending the Agreement of February 1984 on fishing off the coast of Sao Tome and Principe.⁶

On 23 September the Commission also sent to the Council a proposal for a Decision concerning the conclusion of an Agreement in the form of an exchange of letters on the provisional application, as from 1 June 1987, of the Agreement with Sao Tome and Principe.⁷

Multilateral relations

2.1.176. The Community participated as a member at the ninth annual meeting⁸ of the Northwest Atlantic Fisheries Organization (NAFO), which was held in Halifax, Canada, from 14 to 18 September and at the thirteenth annual meeting⁸ of the International Baltic Sea Fisheries Committee (IBSFC), which was held in Warsaw from 21 to 26 September.

Markets and structures*Market organization*

2.1.177. On 24 September the Economic and Social Committee issued its opinion on the proposal⁹ to amend the Regulation of 29 December 1981 on the common organization of the market in fishery products¹⁰ (→ point 2.4.41).

*Structures***State aid**

2.1.178. The Commission raised no objection to the following State aid:

(i) aid granted in the form of subsidies for management, supervision and farming of natural shellfish beds in Galicia, Spain. The subsidies are granted for the establishment of a network to monitor concessions for a period of not more than two years and for the purchase of equipment and machinery to improve the management and farming of concessions;

(ii) four aids granted by the Xunta of Galicia for sea-farming installations. These comprise aid for the promotion and expansion of oyster farms, aid for the promotion and expansion of intensive sea-farming, aid for young persons engaged in intensive sea-farming and aid for technological innovations at such establishments;

(iii) a Greek programme for the development of fisheries in 1987. This covers all aids granted in the fisheries sector. The funds set aside for such aids total DR 879

¹ OJ C 269, 8.10.1987, COM(87) 392 final.

² Bull. EC 5-1987, point 2.1.192.

³ COM(87) 392 final.

⁴ OJ C 276, 15.10.1987; COM(87) 414 final.

⁵ Bull. EC 5-1987, point 2.1.194.

⁶ OJ L 54, 25.2.1984, Bull. EC 7/8-1983, point 2.1.162;

OJ L 114, 27.4.1985; Bull. EC 4-1985, point 2.1.92.

⁷ COM(87) 414 final.

⁸ Bull. EC 9-1986, point 2.1.140.

⁹ OJ C 145, 3.6.1987; Bull. EC 4-1987, point 2.1.139.

¹⁰ OJ L 379, 31.12.1981; Bull. EC 12-1987, point 2.1.140.

million, including Greece's national contribution towards the schemes provided for in the Council Regulation of 18 December 1986 on Council measures to improve and adapt structures in the fisheries and aquaculture sectors;¹

(iv) three measures to bring existing United Kingdom aid schemes into line with the new Community rules on fisheries structures, and in particular the Commission Regulation of 18 December 1986.¹ These measures relate to the granting of subsidies for the purchase and modernization of fishing vessels (allocation of UKL 68.4 million for the period 1987-81), the granting of subsidies for exploratory fishing and joint ventures (allocation of UKL 0.2 million per year) and the granting of subsidies towards projects for the development of aquaculture pursuant to the Council Regulation of 18 December 1986¹ (allocation of UKL 0.6 million per year);

(v) aid granted by the United Kingdom towards a programme to promote the marketing and consumption of farm-reared trout in non-member countries, to be implemented by the British Trout Association. The government subsidy will cover 50% of the cost of the programme over a three-year period but will not exceed UKL 75 000;

(vi) the setting-up of a salmon fishermen's fund in Denmark, to be financed by a levy of DKR 1 per kg landed by Danish fishermen. Since the notification does not specify the exact purpose of this fund, the Commission has requested that it should be notified of any plans for its use.

Transport

Infrastructure

2.1.179. In the light of Parliament's opinion,² on 24 September the Commission amended³ its proposal for a Council Regulation on the granting of financial support within the framework of a medium-term

transport infrastructure programme.⁴ This change requires the Commission to give Parliament and the Council a description of all projects qualifying for financial support under the programme. This should give a clearer idea of the Commission's budget plans and thus help to support any subsequent budget request.

Inland transport

Railways

2.1.180. On 16 September Parliament adopted a resolution on a European high-speed rail network (→ point 2.4.13).⁵

Road transport

Taxation

2.1.181. On 16 September Parliament adopted a resolution on payment for the use of infrastructure in the framework of the common transport policy and elimination of distortions of competition by vehicle taxes, fuel taxes and road tolls (→ point 2.4.13).⁵

Technical aspects

Road safety

2.1.182. On 25 September the Commission sent to the Council a proposal for a Directive on the approximation of the laws of the Member States relating to the tread depth of tyres of certain categories of motor vehicles and of their trailers.⁶ The aim is to improve road safety by making it compulsory for all cars, light commercial

¹ OJ L 376, 31.12.1986; Bull. EC 12-1986, point 2.1.285.

² OJ C 125, 11.5.1987; Bull. EC 4-1987, point 2.1.141.

³ COM(87) 448.

⁴ OJ C 288, 15.11.1986; Bull. EC 6-1986, point 2.1.221.

⁵ OJ C 281, 19.10.1987.

⁶ OJ C 279, 17.10.1987; COM(87) 407 final.

vehicles and light trailers to have at least a set minimum tread depth over their entire tread surface.

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2.1.183. In September the Economic and Social Committee adopted an opinion (→ point 2.4.42) on the proposal¹ amending the Directive of 19 December 1984 on the weights, dimensions and certain other technical characteristics of certain road vehicles.²

Social conditions

2.1.184. On 16 September the Commission sent to the Council its Fourteenth Report³ on the implementation of the Council Regulation of 25 March 1969 on the harmonization of certain social legislation relating to road transport.⁴ This report sums up the information supplied by the Member States on the situation in 1984.

2.1.185. In response to a further request by the United Kingdom Government, on 9 September the Commission authorized the United Kingdom to exempt certain exceptional transport services from some of the provisions of the Council Regulations of 20 December 1985 on the harmonization of certain social legislation and the use of recording equipment in road transport.⁵

Access to the market

2.1.186. Also on 16 September Parliament adopted an opinion⁶ on the proposal for a Regulation on access to the market for the carriage of goods by road between Member States.⁷

Sea transport

2.1.187. On 17 September the Council adopted a Decision relating to maritime transport between Italy and Algeria.⁸ This Decision, which departs from the Com-

mission's proposal,⁹ authorizes Italy to ratify an agreement on maritime transport with Algeria on the understanding that Italy will take the necessary steps to accede as soon as possible to the United Nations Convention on a Code of Conduct for Liner Conferences and will remind Algeria that the arrangements made in the agreement must comply with the relevant Community legislation.

The Commission regretted that the Council Decision did not, in its view, guarantee correct implementation of Community legislation on maritime transport.

Air transport

2.1.188. On 15 September Parliament adopted a resolution on Community measures in the field of air transport safety (→ point 2.4.13).⁶

International cooperation

2.1.189. On 16 September the Commission sent to the Council a recommendation for a Decision on the opening of transport negotiations between the Community, Austria, Switzerland and Yugoslavia. These talks are to cover a wide range of issues, with particular emphasis on the obstacles hampering intra-Community transit traffic, e.g. infrastructure, weights and dimensions, quotas, taxes and tolls, traffic restrictions, delays at frontiers and any other aspect likely to facilitate transit services. The Community has every interest in resolving the problems encountered by traffic crossing these three countries. Completion of the internal market, implemen-

¹ OJ C 148, 6.6.1987; Bull. EC 5-1987, point 2.1.199.

² OJ L 2, 3.1.1985; Bull. EC 12-1984, point 2.1.200.

³ COM(87) 389 final.

⁴ OJ C 73, 17.3.1979 (codified version).

⁵ OJ L 370, 31.12.1985; Bull. EC 12-1985, point 2.1.214.

⁶ OJ C 281, 19.10.1987.

⁷ OJ C 65, 12.3.1987; Bull. EC 11-1986, point 2.1.228.

⁸ OJ L 272, 25.9.1987.

⁹ Bull. EC 7/8-1987, point 2.1.264.

tation of the common transport policy and fuller integration of Italy and Greece depend heavily on the outcome.

An action programme has been laid down for the first phase of the talks only. More detailed plans for the subsequent phases will be decided later, in the light of the results achieved and of progress in other areas. The first phase will focus on strengthening cooperation between the railways and on combined transport across the three countries transited.

Energy

Specific problems

Solid fuels

2.1.190. On 10 September the Commission updated its annual report on the solid fuels market (situation in 1986 and outlook for 1987).¹ The ECSC Consultative Committee was consulted on the revised report (→ point 2.4.46).

Energy saving

2.1.191. On 14 September the Commission sent the Council a proposal for a Directive on information on the energy efficiency of buildings.² This proposal contains the general principles of an information procedure whereby every prospective purchaser or tenant of a building is

suitably informed by the seller or the hirer of the building's energy efficiency.

Alternative energy sources

2.1.192. On 30 September the Commission sent the Council a communication on developing the exploitation of renewable sources of energy in the Community, accompanied by a proposal for a Council recommendation to the Member States.³ The aim of this proposal for a recommendation is to achieve the aims set out in the Council resolution⁴ of 26 November 1986 on a Community 'orientation' to develop new and renewable energy sources. To this end, it sets out priority measures regarding all renewable energy sources in the Community.

International cooperation

IAEA General Conference

2.1.193. The annual session⁵ of the General Conference of the International Atomic Energy Agency, which was 30 years old this year, was held in Vienna from 21 to 25 September. In the course of the Conference Commission representatives emphasized the many areas of Euratom-IAEA cooperation and the development of relations between the two organizations.

¹ OJ C 207, 4.8.1987; Bull. EC 7/8-1987, point 2.1.266.

² COM(87) 401 final.

³ COM(87) 432 final.

⁴ OJ L 316, 9.12.1986; Bull. EC 11-1986, point 2.1.233.

⁵ Bull. EC 10-1986, point 2.1.195.

2. External relations

New round of multilateral trade negotiations

Meetings of negotiating groups

Negotiating group on GATT Articles

2.2.1. At the third meeting¹ of the negotiating group on GATT Articles on 14 and 15 September the Community presented its arguments for a review of Article XXV.5 of the GATT (the provision enabling contracting parties to obtain a waiver from GATT obligations in certain circumstances). The discussions also covered Articles XVII (State-trading enterprises), XXIV (customs unions and free trade areas) and XXVIII (modification of tariff schedules).

Negotiating group on dispute settlement

2.2.2. At its third meeting from 21 to 24 September the negotiating group on dispute settlement continued discussions on ways of increasing the reliability and speed of the GATT system. Like other participants, the Community presented a written statement to the group setting out its initial negotiating approach on this matter.

Discussions centred on the following topics: easier access to the mediation/arbitration phase, speedier constitution of panels, including their composition and terms of reference; the fixing of deadlines for the work done by the panels; the question of the usual rule of consensus which determines adoption by the GATT Council of panel reports and recommendations; monitoring of disputes.

Negotiating group on MTN agreements and arrangements

2.2.3. At the third meeting¹ of this negotiating group, held on 17 September, numerous suggestions were made by participants for examining various codes, particularly

the anti-dumping and standards codes. The Community proposed consideration of the possibility of drawing up a conduct for private standards organizations and extending the main requirements of this code to local bodies.

Commercial policy

Implementing the common commercial policy

Commercial policy instruments

Easing of restrictive measures

2.2.4. 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

Italy-Hungary: non-driving axles (CCT subheading 87.06 B ex II); Trilex wheel rims (CCT subheading 87.06 B ex II);³

Benelux-Albania: textile products, outward processing traffic (Category 7);⁴

Benelux-Hungary: textile products, outward processing traffic (Category 6);⁴

Benelux-Poland: textile products, outward processing traffic (Category 7 and 8);⁴

Benelux-Romania: textile products, outward processing traffic (Category 7).⁴

Trade protection

2.2.5. Trade protection measures taken in September are shown in Table 7.

¹ Bull. EC 5-1987, point 2.2.1.

² OJ L 346, 8.12.1983.

³ OJ C 241, 8.9.1987.

⁴ OJ C 242, 9.9.1987.

Table 7 — Trade protection measures

Council ¹	Commission
<p>Anti-dumping proceedings</p> <p><i>New definitive anti-dumping duty on imports of:</i></p> <p>Vinyl acetate monomer originating in Canada OJ L 275, 29.9.1987 (initial anti-dumping duty: OJ L 170, 29.6.1984)</p> <p><i>Repeal of definitive anti-dumping duty on imports of:</i></p> <p>Styrene monomer originating in the United States (investigation terminated) OJ L 258, 8.9.1987 (definitive anti-dumping duty: OJ L 154, 13.6.1981)</p> <p><i>Extension of provisional anti-dumping duty on imports of:</i></p> <p>Urea originating in Czechoslovakia, the German Democratic Republic, Kuwait, Libya, Saudi Arabia, the USSR, Trinidad and Tobago and Yugoslavia OJ L 254, 5.9.1987 (provisional anti-dumping duty: OJ L 121, 9.5.1987)</p> <p>Ferro-silico-calcium/calcium silicide originating in Brazil OJ L 268, 19.9.1987 (provisional anti-dumping duty: OJ L 129, 19.5.1987)</p>	<p>Anti-dumping proceedings</p> <p><i>Initiation of anti-dumping proceeding with respect to imports of:</i></p> <p>Certain electronic scales originating in Japan OJ C 235, 1.9.1987</p> <p>Certain electronic typewriters originating in Japan OJ C 235, 1.9.1987</p> <p>Choline chloride into Spain, originating in Belgium OJ C 255, 25.9.1987</p> <p>Certain video cassette recorders originating in the Republic of Korea and in Japan OJ C 256, 26.9.1987</p> <p><i>Initiation of an anti-dumping review proceeding concerning imports of:</i></p> <p>Paracetamol originating in China OJ C 236, 2.9.1987 (undertaking accepted: OJ L 236, 11.8.1982)</p> <p>Surveillance</p> <p>Establishment by Spain of intra-Community surveillance to imports of certain textile products originating in certain non-member countries and put into free circulation in the Community OJ L 283, 6.10.1987</p>

¹ For steel products, see point 2.1.29

Treaties and trade agreements: extension or automatic renewal

2.2.6. On 28 September¹ the Council authorized the extension or tacit renewal of certain trade agreements concluded between Member States and other

countries, for which the date for giving notice falls between 1 August and 31 October (third batch for 1987).²

¹ OJ L 277, 30.9.1987.

² Bull. EC 7/8-1987, point 2.2.8.

Sectoral commercial policy matters

Textiles

Agreements and arrangements with non-member countries

MFA countries

2.2.7. Consultations between the Community and Indonesia took place in Jakarta from 10 to 12 September. This second round of consultations¹ resulted in an agreement to introduce a quantitative limit on Indonesia's exports of cotton fabrics (Category 2) to the Community in 1987 and for the period 1988-91.

2.2.8. Further consultations² also took place with Pakistan in Islamabad from 14 to 17 September. Agreement was reached on the introduction of quantitative limits on exports of synthetic fabrics (Category 3) to France and Italy for the remainder of 1987 and for the period 1988-91.

Mediterranean preferential countries

2.2.9. Consultations with Turkey took place in Istanbul from 14 to 17 September.³ Several issues arising from the implementation of the administrative cooperation arrangement were examined. Both sides also discussed the renewal of the administrative cooperation arrangement for textiles and agreed to resume talks at the end of October.

Relations with industrialized countries

United States

2.2.10. On 22 September the Council, after noting an oral statement from the Commission to the effect that the Community provisions concerning the use of hormones for anabolic purposes⁴ was being challenged by the United States under

the rules of the GATT, took the view that the Directive in question was in accordance with GATT rules and asked the Commission to continue the dialogue on this matter with the United States authorities.

2.2.11. Mr Willy De Clercq, Member of the Commission with special responsibility for external relations and trade policy, announced on 17 September that the Community would have to take retaliatory action against the United States if the bill introducing quotas on imports of textiles and footwear, which the House of Representatives had approved the day before, was eventually adopted. The proposed 1% limit on annual growth of US textile imports and the ceiling imposed on US footwear imports would violate US obligations under the GATT.⁵

2.2.12. On 26 September Mr De Clercq sent a letter to Mr Clayton Yeutter, the US Trade Representative, expressing the Community's concern about two trade bills which had already passed through Congress and were in the final stages of discussion between Congress and the US Administration.

Mr De Clercq pointed out that the Community had vital interests to defend in the event of such legislation being adopted, and that the United States shared with the Community a considerable responsibility to preserve the GATT. In this context, he stressed that the adoption of the provisions in question would seriously jeopardize the Uruguay Round negotiations and prompt the United States' trading partners to take retaliatory action or to adopt similar legislation. This would seriously disrupt the international trading system, which was a vital factor for world prosperity.

He explained that the Community was more particularly concerned by the provisions enabling US unilateral action to be

¹ Bull. EC 7/8-1987, point 2.2.13.

² Bull. EC 7/8-1987, point 2.2.9.

³ Bull. EC 7/8-1987, point 2.2.15.

⁴ OJ L 382, 31.12.1985; Bull. EC 12-1985, point 2.1.173.

⁵ Bull. EC 7/8-1986, point 2.2.1.

taken against countries which maintained what the United States considered to be unfair trading practices, the provisions requiring sectoral reciprocity (telecommunications) or creating new non-tariff barriers to trade and restrictions on foreign investment, and by numerous changes to anti-dumping and countervailing duty law.

2.2.13. On 17 September the European Parliament adopted a resolution on political relations between the Community and the United States (→ point 2.4.14)¹

Japan

2.2.14. Mr De Clercq visited Japan from 7 to 10 September to take part in the first-ever conference of Community and Japanese journalists, organized on the initiative of the Commission. During this visit, Mr De Clercq held talks with the Prime Minister, Mr Yasuhiro Nakasone, the Foreign Minister, Mr Tadashi Kuranari, the Minister for International Trade and Industry, Mr Hajime Tamura, the Minister for Agriculture, Mr Mutsuki Kato, the Deputy-Governor of the Bank of Japan, Mr Mieno, and two former Ministers, Mr Shintaro Abe and Mr Nobura Takeshita.

Mr De Clercq called on his hosts to implement quickly the various measures announced for sharing more evenly burdens and benefits in the international free trade system and reducing Japan's trade surplus, particularly with the Community.² In this connection, he urged that the recent decline in the growth of the Community's trade deficit be consolidated. In the area of banking, he called for the system of financing imports originating in the Community to be improved in cooperation with the Bank of Japan.

Relations with other countries and regions

First application of the procedures of the Single European Act in the sphere of external relations

2.2.15. Under Article 9 of the Single Act, which deals with external relations, Parlia-

ment applied for the first time on 16 September the new procedure for giving its assent — which must, for agreements based on Article 238 of the Treaty, be expressed by an absolute majority of its members — when it approved protocols making adjustments to the Mediterranean agreements following enlargement (→ point 2.2.16).¹

Mr Delors welcomed the way in which the new procedure had been applied and the interest shown in it by MEPs, who were present in force at the sitting. He added that the procedure was indicative of the close cooperation between the Community institutions, each of which had played an important part at each stage in the progress of a Community act. The increased responsibility exercised by Parliament was another step towards greater democracy in the Community's decision-making process.

Mediterranean countries

Mediterranean policy of the enlarged Community

2.2.16. On 28 September³ the Council adopted, on a proposal from the Commission⁴ and following an opinion delivered by Parliament (→ point 2.2.15),¹ Decisions concerning the conclusion of additional Protocols to the Cooperation Agreements between the Community and Algeria, Egypt, Jordan, Lebanon and Tunisia respectively.

2.2.17. On 3 September⁵ the Commission sent to the Council a recommendation for a Decision on the conclusion of a Protocol to the Association Agreement between the Community and Cyprus⁶ following the

¹ OJ C 281, 19.10.1987.

² Bull. EC 4-1987, point 2.2.17.

³ OJ L 297, 21.10.1987.

⁴ Bull. EC 3-1987, point 2.2.16; Bull. EC 4-1987, point 2.2.19.

⁵ COM(87) 421 final.

⁶ OJ L 133, 21.5.1973; OJ L 174, 30.6.1981.

accession of Spain and Portugal. This Protocol was initialled on 10 July.¹

Cyprus

2.2.18. On 3 September² the Commission sent to the Council a recommendation for a Decision on the conclusion of a Protocol laying down the conditions and procedures for the implementation of the second stage of the Agreement establishing an Association between the Community and Cyprus.³ The Protocol was initialled on 22 May.⁴

Morocco

2.2.19. In reply to the application for accession to the Community submitted officially by King Hassan II in July,⁵ the President of the Council recalled the points made when the application was submitted and emphasized the various factors which make Morocco a special partner of the Community. The agreements being negotiated between the Community and Morocco should enable cooperation to be strengthened and extended, taking into account the specific features of the relations between and the common interests of the two partners.

Tunisia

2.2.20. A Community delegation visited Tunis from 16 to 19 September with a view to programming Community aid under the third EEC-Tunisia Protocol on financial cooperation, which was initialled in June.⁶ The discussions, which took place at the Ministry of Planning and Financial Affairs, produced agreement on the sectors to be given priority for financial assistance under the Protocol. The Tunisian and Community delegations agreed to place emphasis on the development and diversification of agricultural production, with a view to reducing Tunisia's food dependence, and on cooperation in industry and services. Agriculture should thus receive over 60% of the total resources available under the Protocol and

industry and the services sector over 25%. Resources will also be allocated to economic and tourist infrastructure projects.

Syria

2.2.21. M Cheysson, Member of the Commission with special responsibility for Mediterranean policy, visited Syria from 4 to 6 September at the invitation of the Syrian Foreign Minister. He held talks with President Hafez el-Assad, the Prime Minister, Dr Abdul Rauf Kassim, the Foreign Minister, Mr Farouk al-Shara, the Minister for Economic Affairs, Mr Mohammed al-Imadi and the Minister for State Planning Affairs, Dr Riyad Bakjaji. The discussions covered the problems of the region and current and prospective cooperation between Syria and the Community under the Cooperation Agreement that has been in force since 1977.

Asia

South Korea

2.2.22. On 14 September the Council discussed the question of discriminatory treatment⁷ of European companies in South Korea from the standpoint of intellectual property. An agreement on intellectual property negotiated between South Korea and the United States accords US firms more favourable treatment than European firms.

On 22 September Mr Willy De Clercq, Member of the Commission with special responsibility for external relations and trade policy, had talks with Mr Choi Kwang Soo, the Korean Foreign Minister, whilst in New York for the United Nations General Assembly (→ point 2.2.44). Mr De Clercq stressed once again that the Community

¹ Bull. EC 7/8-1987, point 2.2.31.

² COM(87) 419 final.

³ OJ L 133, 21.5.1973, OJ L 174, 30.6.1981.

⁴ Bull. EC 5-1987, point 2.2.19.

⁵ Bull. EC 7/8-1987, point 2.2.35.

⁶ Bull. EC 3-1987, point 2.2.14.

⁷ Bull. EC 4-1987, point 2.2.27.

could not accept discriminatory treatment against it where intellectual property was concerned and reminded the Minister of the commitments entered into by the Korean authorities in this connection at the last EEC-Korea high-level meeting,¹ to the effect that the Korean Government would accord the Community non-discriminatory treatment as regards intellectual property. Mr De Clercq also stressed the importance that the Community attached to a positive outcome to the experts' meeting on this subject, due to take place in Seoul at the beginning of November. He said that if the outcome were not positive the Community would be forced to take appropriate measures.

Latin America

2.2.23. On 17 September Parliament adopted a resolution on the Esquipulas II Conference and the Peace Plan for Central America (→ point 2.4.14).²

State-trading countries

China

2.2.24. The Commission organized a Community presence — for the first time in China — at the specialized trade fair on telecommunications, information technology and office automation, Telecomp China 1987, which was held in Beijing from 8 to 13 September. The European pavilion housed 49 exhibitors, including large and small firms from eight Member States,³ and a Commission stand presenting the joint research programmes in the telecommunications sphere. Europe's participation was much appreciated. The inauguration by Vice-Premier Tian Ji Yun, the presence of numerous Chinese public figures and the coverage accorded by the media provided a clear demonstration of China's interest in the Community.

Poland

2.2.25. The Commission completed its exploratory talks with Poland on bilateral

links to be established between Poland and the Community. The Commission had in view a trade agreement covering industrial and agricultural products. However, the Polish delegation made clear its wish for a more extensive approach that would include economic and commercial cooperation. The Commission has now to decide on the nature of the agreement which it will propose to the Council when seeking negotiating directives.

Development

Special Community programme for highly indebted low-income countries in sub-Saharan Africa

2.2.26. A communication concerning a special Community programme to aid certain highly indebted low-income countries in sub-Saharan Africa, accompanied by a proposal for a Decision, was sent by the Commission to the Council on 15 September (→ point 1.4.1 *et seq.*).

Generalized tariff preferences

Proposals for 1988

2.2.27. On 14 September the Economic and Social Committee issued its opinion on a set of proposals for Regulations and a Decision on the application of generalized tariff preferences for 1988 (→ point 2.4.43).⁴

Commodities and world agreements

Coffee

2.2.28. A Decision on the conclusion on behalf of the Community of the 1983 Inter-

¹ Bull. EC 4-1987, point 2.2.27.

² OJ C 281, 19.10.1987.

³ Belgium, France, Germany, Greece, Italy, the Netherlands, Spain and the United Kingdom.

⁴ Bull. EC 6-1987, point 2.2.38.

national Coffee Agreement¹ and a Regulation on the application of the system of certificates of origin provided for under the Agreement when quotas are in effect, were adopted by the Council on 28 September² on the basis of proposals from the Commission.³

Cocoa

2.2.29. The International Cocoa Council held its 33rd regular session in London from 2 to 12 September. It examined the application of the provisions of the Agreement⁴ relating to the revision of the support prices prior to a resumption of buffer stock purchasing.⁵ This session followed the special meeting of the Council in July when the members decided that any decision involving price revision and a resumption of purchasing should be postponed until the September session.⁶

At this session the producer and consumer countries were unable to reach agreement on what price adjustment was needed to make the intervention mechanism correspond to real market trends. Because of this deadlock, buffer stock purchasing remained suspended and the whole problem was referred to the next session of the Council.

The Council elected Mr Albert Russchen (the Netherlands) Chairman for the 1987/88 cocoa year.

Sugar

2.2.30. Negotiations on a new International Sugar Agreement⁷ were concluded, and the text of the Agreement finalized, at a UN Conference held in London on 10 and 11 September.⁸ The new Agreement is essentially administrative but will permit the International Sugar Organization to extend the scope of its statistical activities and studies to cover all types of sweeteners. It will be open for signature at United Nations headquarters in New York from 1 November to 31 December. The Community, which was a signatory to the previous Agreement, is expected to sign.

Natural rubber

2.2.31. On 22 September the Commission sent the Council a proposal for a Decision concerning the signing and provisional application of the International Natural Rubber Agreement⁹ concluded on 20 March at the end of the fourth session¹⁰ of the UN Conference held in Geneva to renegotiate the 1979 Agreement,¹¹ which expires on 22 October.

The Agreement is open for signature from 1 May to 31 December and should enter into force on 23 October, either provisionally or definitively. It will enter into force provisionally if at least 75% of the exporting countries and the importing countries participate, and on a definitive basis if the figure rises to 80%.

The main aims of the Agreement are to contribute to the stabilization of the world market in natural rubber and facilitate the expansion of international trade in this commodity. Apart from the exchange of basic statistical data, the methods envisaged for achieving these aims include the setting-up of a price protection mechanism comprising a price range expressed in singgit/kg¹² and automatically readjustable on the basis of the volume of buffer stock transaction and/or price levels on the world market, and a buffer stock of a total capacity of 550 000 tonnes of natural rubber, made up of a normal buffer stock of 400 000 tonnes and a contingency buffer stock of 150 000 tonnes.

¹ Bull. EC 6-1983, point 2.2.58; OJ L 308, 9.11.1983; Bull. EC 9-1983, point 2.2.33, Bull. EC 10-1983, point 2.2.46.

² OJ L 276, 29.9.1987.

³ Bull. EC 5-1987, point 2.2.30; Bull. EC 6-1987, point 2.2.41.

⁴ Bull. EC 7/8-1986, point 2.2.32.

⁵ Bull. EC 4-1987, point 2.2.29.

⁶ Bull. EC 7/8-1987, point 2.2.42.

⁷ Bull. EC 6-1987, point 2.2.43.

⁸ OJ L 22, 25.1.1985; Bull. EC 12-1984, point 2.2.39.

⁹ COM(87) 428 final.

¹⁰ Bull. EC 5-1985, point 2.2.44; Bull. EC 5-1986, point 2.2.43; Bull. EC 10-1986, point 2.2.35.

¹¹ Thirteenth General Report, point 513.

¹² Singgit — average value of the Malaysian ringgit and the Singapore dollar.

The main changes in the new Agreement compared with that of 1979 relate to: the strengthening of procedures for the revision of the price range; the reduction from 18 months to 15 months of the interval at which the reference price must be revised; the ban on borrowing; the limitation of the powers of the Council and of the financial responsibility of the contracting parties to the Agreement; stricter conditions for the entry into force of the Agreement, given the financial and legal implications.

Campaign against hunger in the world

Food aid

Evaluation of the Operation Flood II programme designed to make India more self-sufficient in dairy products

2.2.32. A report to the Council and Parliament on Community support for the development of India's dairy industry was finalized by the Commission departments concerned on 8 September. The report follows the Commission's favourable evaluation of this ambitious development programme launched 15 years ago by the Commission, India and other donors.¹

The report combines various forms of evaluation and analysis with a view to examining the possibility of making renewed food aid contributions to India's dairy development programme. The Indian Government has officially requested the Community to cofinance a new phase of the dairy programme with the World Bank. The quantities requested for the seven-year programme are 75 000 tonnes of skimmed-milk powder and 25 000 tonnes of butteroil. Thus, the average allocation on a yearly basis would be less than 1 000 tonnes of skimmed-milk powder and 4 000 tonnes of butteroil, about a third of the average allocation for Operation Flood II.

On this basis, the Commission is in favour of granting the aid. It also recommends that the new commitment be made in accordance with the procedures set out in the Council Regulation of 22 December 1986 on food aid policy and food aid management,² which explicitly provides for multiannual commitments.

Emergency aid

Vietnam

2.2.33. In view of the devastating consequences of Hurricane Betty, which swept Vietnam in August, the Commission decided on 10 September to grant emergency aid of 200 000 ECU for the relief of the victims. The aid will be used to finance an action programme (food, blankets, mosquito nets, material for clothing, corrugated sheets, etc.) run by Trocaire, a non-governmental organization.

Colombia

2.2.34. In response to an appeal from the Colombian Government following the landslide in the town of Medellin, which affected 4 000 people in all, the Commission decided on 30 September to grant emergency aid of 25 000 ECU. The aid will be used by the Colombian authorities to provide basic necessities (mattresses, blankets, cooking utensils, etc.).

Laos

2.2.35. In response to an appeal by the Lao Government following an epidemic of haemorrhagic dengue which has killed many children, the Commission decided on 30 September to allocate up to 25 000 ECU in emergency aid. The aid will be channelled through the French and Lao Red Cross organizations and used to supply medicines and medical equipment.

¹ Bull. EC 3-1986, point 2.2.38.

² OJ L 370, 30.12.1986; Bull. EC 12-1986, point 2.2.31.

India

2.2.36. On 17 September Parliament adopted a resolution on the drought in India (→ point 2.4.14).¹

Venezuela

2.2.37. On 17 September Parliament adopted a resolution on the floods in Venezuela (→ point 2.4.14).¹

Financial and technical cooperation

ACP States

2.2.38. In September the Commission allocated resources totalling 101 863 000 ECU from the fifth and sixth EDFs to finance projects, programmes and emergency aid operations which it administers (Table 8).

¹ OJ C 281, 19.10.1987.

Table 8 — *Financing of fifth and sixth EDF operations*

		<i>million ECU</i>	
	Programme	Grants	Loans
<i>Economic infrastructure</i>			
Madagascar	Roads		10.000
	Roads	0.500	
Benin	Road infrastructure rehabilitation and maintenance programme	24.300	
Mauritania	Road maintenance programme	15.000	
<i>Rural production</i>			
Member States of the DLCO-EA	Locust control	0.400	
Mauritius	Agricultural development — Rodrigues Island	3.250	
Vanuatu	Fisheries	1.700	
	Livestock production	0.228	
Ethiopia	Programme of soil protection and conservation and agricultural development	22.000	2.000
Somalia	Rinderpest control	1.700	
Djibouti	Rinderpest control	0.700	
<i>Industrialization</i>			
Seychelles	Crafts	1.200	
Sierra Leone	Agricultural and food industries	1.250	
<i>Social development</i>			
Burundi	Education infrastructure	1.000	
Burkina Faso	Village water engineering	3.100	
Liberia	Health care infrastructure	2.500	

	Programme	million ECU	
		Grants	Loans
<i>Trade promotion</i>			
Swaziland	Integrated development of trade, tourism and crafts	2.700	
<i>Other</i>			
Ghana, Kenya, Somalia, Uganda, Zambia and Zimbabwe	Reintegration of skilled African nationals	7.300	
Benin	Household income survey	0.200	
<i>Emergency aid</i>			
Burundi	Contribution to the campaign to control the AIDS epidemic	0.185	
Various African countries	Locust control	0.650	
Total		89.863	12.000

Regional cooperation

European public awareness of development issues.

Colloquium of ACP regional organizations

2.2.39. A number of ACP regional organizations met at ACP House in Brussels from 7 to 11 September to discuss intra-ACP cooperation and regional cooperation under Lomé III. The Commission representative opened the meeting by tracing the Community's consistent support for cooperation between developing countries: since 1975 there had been specific provision in all three Lomé Conventions for intra-ACP cooperation and integration efforts — 340 million ECU under Lomé I, 630 million ECU under Lomé II and 1 000 million ECU under Lomé III.

Cooperation via non-governmental organizations

2.2.40. During the period from 1 January to 30 September the Commission committed 45.1 million ECU for the cofinancing of 329 projects put forward by 133 NGOs.

The Commission contributed a further 4 671 724 ECU to 68 operations to promote

Institutions

ACP-EEC

ACP-EEC Joint Assembly

2.2.41. The ACP-EEC Joint Assembly held its second meeting of the year in Lisbon from 28 September to 1 October.¹ It was attended by Mr Natali, Vice-President of the Commission with special responsibility for cooperation and development, and by Mr Fa Aso' Otauloa Saili, Samoa's Minister for Finance, and Mr Knud Erik Tygesen, Denmark's State Secretary for Foreign Affairs, representing the ACP-EEC Council of Ministers. The co-presidents were Mr Giovanni Bersani (Italian member (PPE) of the European Parliament) and Mr Ghebray Berhane (Ethiopian Assembly). The opening address was given by Mr Mario Soares, President of Portugal.

¹ OJ C 197, 27.7.1987, Bull. EC 2-1987, point 2.2.36.

The main topics dominating the debates were the annual general report, drawn up by Mr Hambayi (Zambia) and devoted to regional cooperation under Lomé III, southern Africa, commodities and human rights.

The general report, 'Regional cooperation in the ACP States', pointed to the need to support real economic integration of these countries and the importance of building up South-South trade. Regional cooperation was a way not only of speeding up the implementation of national economic strategies, but also of reducing political tensions. In his speech Mr Natali emphasized that the principles of Lomé III should be adhered to in regional cooperation and made specific mention of the problems encountered in the Pacific. He also touched on Unctad,¹ the debt problem and progress in the implementation of Lomé III, and outlined some ideas for the future.

On the issue of South Africa many members of the Assembly complained about the unsatisfactory application of the sanctions agreed on² and the absence of the written report requested from the ACP-EEC Council on initiatives taken to monitor and coordinate sanctions.³ The Assembly adopted a compromise resolution supported by the ACP parliamentarians and most of their European colleagues. The resolution underlined the role of the Community in coordinating and applying sanctions, called on the Member States to carry out their undertakings in the European political cooperation context and recommended an increase in aid to the SADCC countries.

The Joint Assembly also debated the final report drawn up by Mr Sene (Senegal) on rural development and the environment,⁴ on which a resolution was passed. A new working party on technology, training and development was set up.

Lastly, a large number of resolutions were adopted on a variety of topics ranging from cooperation between the Community and the ACP Pacific States to the ACP States' debt problem, and including commodities, the new European limits for aircraft noise

(liable to affect ACP interests), the coup in Fiji and the findings of the Assembly's information mission to Suriname.

The resolution on the Pacific arose out of European parliamentarians' disquiet following the meeting of the Assembly's Bureau in Samoa in July. The resolution was amended in the light of explanations from the Commission; criticism of the Commission was removed and the importance of real regional cooperation in the Pacific emphasized, albeit with flexible interpretation of the principles. The Assembly welcomed the favourable report on Suriname brought back by the mission.

Human rights were the subject of some fairly heated debates. A decision was taken on the procedural approach to be adopted on this issue subsequently.

Visits

2.2.42. The President of the World Bank, Mr Barber Conable, visited the Commission on 10 September. Coordination between the Commission and the World Bank was discussed in meetings with Mr Natali and Mr Cheysson, Member of the Commission responsible for North-South relations and Mediterranean policy.

The talks revealed great similarities in analysis and proposals for action, cooperation between the two institutions being particularly close in Africa. The Community's aim of promoting regional integration and its interest in seeing an increase in the Bank's capital were also touched on.

2.2.43. The President of Angola, Mr José Eduardo Dos Santos, paid an official visit to the Commission on 25 September for talks with Mr Delors, President of the Commission, and Mr Natali.

¹ Bull. EC 7/8-1987, point 2.2.38.

² Bull. EC 9-1986, point 2.4.2.

³ Bull. EC 2-1987, point 3.4.1.

⁴ Bull. EC 9-1986, point 2.2.40.

The talks focused on the political situation in Angola and southern Africa, and the state of bilateral cooperation with Angola. In this context, Mr Natali announced the setting-up of a sectoral import programme worth at least 25 million ECU and covering three sectors (agriculture, fisheries and small business). In this way funds to help Angola solve its debt problem could be disbursed speedily. As regards the country's food requirements, the Commission announced that it intended granting further aid of some 30 000 tonnes of cereals, worth 9 million ECU, in addition to the 26 000 tonnes of cereals initially proposed as food aid for 1987. The above aid was additional to the aid programmed under Lomé III (95 million ECU in grants and 10 million ECU in European Investment Bank loans) and the 100 million ECU accorded in the framework of financial cooperation with non-associated developing countries in the period 1979-85.

International organizations and conferences

United Nations

General Assembly

Opening of the 42nd session

2.2.44. The 42nd session of the United Nations General Assembly opened in New York on 15 September.¹ Although the agenda covered a wide range of political, economic, social and legal issues, the tone of the session was expected to be largely dominated by improving relations between East and West and the efforts of the super-powers to reach agreement on the global elimination of intermediate-range nuclear missiles. In his speech given on 22 September on behalf of the Community and its Member States, Mr Uffe Ellemann-Jensen, as President of the Council, expressed guarded optimism about the way world affairs were developing and called for

efforts to be intensified in other areas of arms control and disarmament.²

Mr Ellemann-Jensen also welcomed the fact that certain contemporary international problems such as Afghanistan, the Iran-Iraq war, the Arab-Israeli conflict, Cyprus, Kampuchea and Southern Africa were increasingly being examined in the framework of the United Nations, which was playing a crucial role in the active search for solutions. He paid tribute to this growing recognition of interdependence. Stressing the Community's fundamental commitment to this process, he drew attention to the Community's own efforts at regional integration.

The theme of interdependence was also taken up in the economic aspects of Mr Ellemann-Jensen's speech. He stressed the seriousness of many world economic problems linked to debt, protectionism, changes in the commodity sector and the state of the global natural resource base. However, he noted that the consensus on the Final Act of Unctad VII was a major achievement, the 140 participating countries recognizing their collective and individual responsibilities for revitalizing development growth and international trade.³ On the subject of financing the development efforts of Third World countries, he reaffirmed the Community's and its Member States' conviction that further efforts were needed to increase the effectiveness of aid and to reach agreed targets as quickly as possible. In addition, he stressed their support for the international efforts launched to solve the debt problem and, in particular, to alleviate the debt-servicing burden of the poorest countries, primarily in sub-Saharan Africa.

Mr Ellemann-Jensen also spoke about trade and agriculture, stressing the Community's determination to steer the new round of negotiations towards a successful and balanced conclusion. In his closing statements,

¹ Bull. EC 9-1986, point 2.2.44.

² Extracts from Mr Ellemann-Jensen's speech are contained in point 3.4.1.

³ Bull. EC 7/8-1987, point 2.2.38.

Mr Ellemann-Jensen praised the timeliness of the recent report of the World Commission on Environment and Development.¹

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2.2.45. All Member States participated, as did the Community as an observer at the UN disarmament and development conference in New York from 22 August to 11 September. Given the absence of the United States, the EC Member States were the main spokesman for developed countries, and played an important part in achieving a consensus. For the Community the particular interest, as the (together with its Member States) world's largest aid donor, was to ensure that development and cooperation imperatives were clearly identified: in respect of the latter the Community was keen to promote regional political and economic integration as solid guarantees for peace. These aims were to a large extent achieved. The final document recognizes that disarmament and development are 'distinct processes ... pursuit of development cannot wait for the release of resources from disarmament'. A further bonus for the Community was the recognition by some LDCs of the importance of regionalism.

Council of Europe

2.2.46. The Commission was invited to the first ministerial meeting (held in Athens on 22 and 23 September at the initiative of the Council of Europe) on an agreement for the prevention of major natural and technological hazards, protection against such hazards and the organization of relief, which would make it possible to cooperate on civil protection matters with European countries which are not Community Member States.

Conference on Security and Cooperation in Europe

2.2.47. The Conference on Security and

Cooperation in Europe (CSCE) reconvened in Vienna on 22 September, thus entering its fourth phase.² In their opening statements after the summer break, delegations from the 35 participating States expressed some optimism as to the possible outcome of the Vienna meeting. Speaking on behalf of the Member States of the European Community, the Presidency of the Council declared that the Community would continue to work towards a significant outcome for the CSCE meeting. In preparation for the drafting of texts to be included in the Concluding Document, a large number of proposals were examined by the participating States, particularly in the economic sphere (Basket II).

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2.2.48. The annual meetings of the IMF and the World Bank were held from 29 September to 1 October in Washington DC (→ point 2.1.6).

2.2.49. The annual session of the General Conference of the International Atomic Energy Agency (IAEA) was held in Vienna from 21 to 25 September (→ point 2.1.193).

Diplomatic relations

2.2.50. The following ambassadors presented their letters of credence to the President of the Council and the President of the Commission. Their appointments took effect on the dates shown.

15 September: HE Mrs Anna A. Amailuk, Head of Mission of the Republic of Uganda to the European Communities;

16 September: HE Mr Luís de Matos Monteiro Da Fonseca, Head of Mission of the Republic of Cape Verde to the European Communities.

¹ Bull. EC 5-1987, point 2.1.135.

² Bull. EC 7/8-1987, point 2.2.67.

3. Financing Community activities

Budgets

General budget

1988 budget

2.3.1. The Council met on 17 and 18 September to consider the 1988 budget. At the end of a long debate the President reached the conclusion that no agreement could be reached on the basis of the Commission's preliminary draft,¹ in which unavoidable expenditure was 5 750 million ECU higher than the revenue available under the current 1.4% VAT ceiling. Various compromise formulas devised by the Council Presidency were put to the vote but none obtained sufficient support.

The Commission upheld its preliminary draft,¹ including the proposed provisions for taking account of the limits on resources pending the decisions on the future financing of the Community.²

The President planned calling a further Council meeting on 1 October in a final effort to adopt the 1988 draft budget by 5 October, the deadline laid down in the Treaties.

Financial operations

ECSC

Financial report for 1986

2.3.2. On 1 October the Commission sent

the Council, Parliament and the Court of Auditors the ECSC financial report (borrowing and lending operations) for 1986,³ containing the ECSC financial statements at 31 December 1985 and 1986, on which the Court of Auditors delivered its opinion on 30 June.⁴

Loans raised

2.3.3. In September the Commission made a number of private placings in French francs and ECU for the equivalent of 8.9 million ECU.

Loans paid out

2.3.4. Acting under Articles 54 and 56 of the ECSC Treaty, the Commission made housing loans in September totalling 4.38 million ECU. The loans are for ECSC workers in Germany, France, the Netherlands and Belgium.

Euratom

Loans raised

2.3.5. The Commission made a private placing of 37.5 million ECU.

¹ Bull. EC 5-1987, points 1.1.5 to 1.1.11 and 2.3.2.

² Bull. EC 7/8-1987, points 1.1.4 to 1.1.10.

³ COM(87) 300 final. ECSC Report 1986, Office for Official Publications of the European Communities, Luxembourg.

⁴ OJ C 228, 26.8.1987.

4. Political and institutional matters

European political cooperation

2.4.1. On 3 September the Presidency issued the following statement on the conflict between Iraq and Iran and the situation in the Gulf:

'The 12 Member States of the European Community are seriously concerned by the continuation of the Iraq-Iran conflict and the resulting increase in tension in the Gulf. They deeply deplore the fact that, in spite of the ongoing efforts to implement Resolution 598 of the United Nations' Security Council, hostilities have once again been seriously escalated.

The Twelve wholeheartedly support Resolution 598 of the Security Council and call for its early implementation in full. The Twelve continue to support strongly the efforts of the Secretary-General to that end. They condemn all acts contrary to this Resolution and call on the parties to exercise the utmost restraint. Noting the positions of the two parties as expressed to date, they urgently call for a speedy acceptance of the Resolution and for the immediate observance of a cease-fire on land, sea and in the air. The Twelve strongly condemn recent attacks on merchant ships in the Gulf and reiterate their firm support for the fundamental principle of freedom of navigation, which is of the utmost importance to the whole international community.'

2.4.2. The Presidency published the text of a note deposited with the Paraguayan authorities in Asuncion on 9 September on the political situation in Paraguay:

'The Twelve are following very closely the political situation in Paraguay and express their concern about the arrests that have taken place in the last few days of numerous political leaders of the democratic opposition and about the decision of the Paraguayan authorities to close indefinitely the weekly "El Pueblo".'

The Twelve reiterate their conviction that full respect of all political and social rights is one of the indispensable conditions for the recognition and development of the democratic regime to which the Paraguayan people aspire. The Twelve specifically reject the closing of the weekly "El Pueblo" which constitutes a new attempt against freedom of expression to which the Twelve attach paramount importance.

The Twelve hope that measures will be taken to guarantee the full respect for and exercise of social and political rights in Paraguay and that the restric-

tions that the media face in that country in the exercise of their rights to freedom of expression should cease.'

2.4.3. On 14 September the Ministers, who were together for a Council (General Affairs) meeting, adopted the following statement on Israel's settlement policy:

'The Foreign Ministers of the 12 Member States of the European Community have noted with serious concern the continuing Israeli policy of establishing new settlements in the occupied territories, most recently at the Avnei Hefetz site on the West Bank.

They reiterate their strong conviction that progress towards a just, comprehensive and lasting peace in the region depends on the creation of a climate of confidence between the parties to the conflict. The Twelve believe that the opening of new settlements as well as the disturbing increase of the number of settlers in existing settlements pose a serious risk of jeopardizing the prospects for peace.

They consider that every new and every existing settlement is in violation of international law and call upon the Israeli Government to put an end to the illegal policy of settlements in the Occupied Territories.'

2.4.4. In his capacity as President of the Council, Mr Uffe Ellemann-Jensen, the Danish Foreign Minister, delivered the traditional speech to the United Nations General Assembly in New York on 22 September on behalf of the Community and its Member States (→ point 3.4.1).

2.4.5. At its September part-session Parliament adopted resolutions on political cooperation and the protection of human rights (→ point 2.4.14).¹

European policy and relations between the institutions

European policy

Implementation of the Single European Act

2.4.6. At its meeting on 14 September the Council (General Affairs) heard an intro-

¹ OJ C 281, 19.10.1987.

ductory statement by the President of the Commission, Mr Delors, concerning the documents which the Community had sent to the Council at the end of July on the subjects of budgetary discipline, the own resources system, amendment of the Financial Regulation, control of agricultural markets and the prospects for the common agricultural policy, and reform of the structural Funds.¹ During the ensuing policy debate delegations outlined the main aspects of their approach to the different questions. The discussions produced a general consensus, on the basis of the suggestions put forward by the Commission and the Presidency, as regards organization of the future work, with due regard to the importance and urgency of the matter.

The debate closed with an urgent appeal by the President of the Council to his colleagues for each delegation to be given sufficient margin for manoeuvre and flexibility for preparing the ground effectively for the first full substantive debate on the issue at the Council meeting on 19 October, in preparation for the discussions of the December European Council in Copenhagen on this matter of vital importance to the future of the Community.

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2.4.7. On 16 September, under Article 9 of the Single European Act on agreements concluded by the Council with non-member countries, Parliament gave its assent for the first time to the conclusion of Protocols to the Cooperation Agreements with Algeria, Egypt, Jordan, Lebanon and Tunisia following the accession of Spain and Portugal (→ point 2.2.15).²

2.4.8. For the first time since the Single European Act³ entered into force, on 7 September the Council adopted a common position on two proposals for Directives — one on gaseous emissions from private cars, the other on gaseous emissions from heavy diesel-engined commercial vehicles. It had agreed to both of these in July. This common position has been communicated to Parliament, together with the Commission's position (→ point 2.1.111).

Institutions and organs of the Communities

Parliament⁴

Strasbourg: 14 to 18 September

2.4.9. Parliament's September part-session was dominated by a host of technical matters involving in the main regional policy, environment policy and transport policy. It was also marked by the first application of the provisions of the Single Act to the Community's external relations. The President, Lord Plumb, emphasized the historic nature of the first vote giving Parliament's assent to the additional Protocols to the Cooperation Agreements with the Maghreb and Mashreq countries (→ point 2.2.15), following the accession of Spain and Portugal. Parliament also gave its opinion, under the cooperation procedure (first reading), on the first three specific programmes of the framework programme for research and technological development and on proposals in the field of approximation of laws.

Two major debates also took place during this part-session: one on the frequently contentious relations between the Community and the United States, the other on the framework programme of Community activities in the field of research and technological development (→ point 2.4.10).

¹ Bull. EC 7/8-1987, point 1.1.1 *et seq.*

² OJ C 281, 19.10.1987.

³ OJ L 169, 29.6.1987; Supplement 2/86 — Bull. EC.

⁴ The complete texts of the resolutions adopted by Parliament are reproduced in OJ C 281, 19.10.1987, and the report of the proceedings is contained in OJ Annex 2-355. 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). On 17 September, 12 Members (seven Spaniards of the Social and Democratic Centre, three Italians of the Radical Party, one Belgian and one Dutchman) formed the 'Group for the Technical Coordination and Defence of Independent Groups and Members (TCD)'.

Cuts in the European research budget

2.4.10. In his speech and in his report on behalf of the Committee on Energy, Research and Technology, Mr Bernhard Sälzer (PPE/D), scathingly recounted the saga of delays in giving the green light to the new framework programme of research and technological development (1986-91)¹ and identified the reasons for the cuts in its financial allocation. He reminded the House that, back in December 1986,² Parliament had supported the Commission's proposal to allocate 7 700 million ECU to the framework research programme and that, initially, three Member States had objected. Alluding to the compromise last March³ when 11 Member States came out in favour of an allocation reduced to the lowest acceptable figure of 6 500 million ECU, Mr Sälzer declared that it was only the British veto that had caused a further delay of four months in the decision-making process. He denounced the attitude of the United Kingdom, which was still holding out on a partial sum of 417 million ECU in order to get an agreement on reforming the future financing of the Community, thus inadmissibly confounding decisions which concerned, for some, the budget, and for others, research policy. He therefore proposed that Parliament initiate the conciliation procedure provided that the President of Parliament and the Chairman and the rapporteur of the Committee on Energy and Research could convey in person to the Council meeting on 28 September Parliament's concern about the framework programme and its implementation (→ points 2.1.32 to 2.1.34). Emphasizing that the allocation of 6 500 million ECU was the bare minimum, Mr Sälzer said that Parliament would do its duty as laid down in the Single Act and would insist on a review of the framework programme if it found that the objectives set were not being attained. For the moment, Parliament would support the attitude of the other Member States, which were fully determined to take a positive decision by the end of the year on the 417 million ECU frozen on account of the United Kingdom.

The debate threw up no basic differences with this appraisal. The fine principles had got lost in the maze of horsetrading, declared Mr Michel Poniatowski (L/F), Chairman of the Committee on Energy, Research and Technology, having reminded the House that the target set by the Milan European Council⁴ had been roughly 6% of the Community budget — i.e. 15 000 million ECU — before dropping to 10 000 million ECU in the Commission's original proposal,⁵ then to 7 700 million ECU in its final proposal¹ and being eventually adopted at 6 500 million ECU³ by a Council oblivious of its original promises.⁶ But the fact remained that this framework programme was an advance on the previous one.⁷ Yet, wondering whether the funds provided would be enough to meet the challenge, Mr Poniatowski was sorry that he could not give an unqualified yes. Nevertheless, in contrast to the Council's irresponsibility, Parliament would show what responsibility meant by not insisting on using all its powers, in other words by not asking for conciliation. Mr Poniatowski hedged this statement with four conditions and declarations of intent: first, Parliament would make full use of its budgetary powers; second, it would speed up its work on the specific programmes; third, it would prepare the review of the framework programme as early as mid-1988; fourth, and most important, it would insist that the Council unfreeze the 417 million ECU held in reserve because of the attitude of one Member State. Taking the floor, Mr Amédée Turner (ED/UK) tried to exonerate the United Kingdom from being entirely to blame for the delays by accusing the bureaucracies of the Treasuries of the three largest governments before he admitted that

¹ OJ C 275, 31.10.1986; Bull. EC 7/8-1986, point 1.2.1 *et seq.*

² OJ C 7, 12.1.1987, Bull. EC 12-1986, point 2.1.66.

³ Bull. EC 3-1987, point 2.1.39.

⁴ Bull. EC 6-1983, point 1.1.4.

⁵ Bull. EC 3-1986, point 1.1.4.

⁶ Bull. EC 4-1986, point 2.1.25 and Bull. EC 6-1986, point 2.1.46.

⁷ OJ C 208, 4.8.1983; Supplement 5/83 — Bull. EC; Bull. EC 6-1986, point 2.1.248.

the attitude of only one of them had caused a further delay of four months. But he was glad to see that they had gained nothing in the end and that Parliament could now try to make up the lost time.

Speaking for the Commission, Vice-President Narjes said that the cuts and delays had not irretrievably compromised any of the specific programmes, at least in their initial stages, but it was essential for Council and Parliament to decide as soon as possible upon those programmes so as to lose no more time. He appreciated the fact that Parliament, though forgoing the conciliation procedure on the framework programme, was unhappy with the results obtained, and was showing its determination to press on.

At the end of the debate Parliament unreservedly followed the recommendation of its Committee on Energy, Research and Technology by adopting Mr Sälzer's report.

2.4.11. Parliament passed legislative resolutions embodying its opinions in first reading on Commission proposals concerning:

(i) a Directive on the approximation of the laws of the Member States relating to certain components and characteristics of wheeled agricultural or forestry tractors (→ point 2.1.11);

(ii) a research and development coordination programme of the Community in the field of medical and health research (1987-90) (→ point 2.1.46);

(iii) a Regulation relating to a research and development programme in the field of science and technology for development (1987-90) (→ point 2.1.48);

(iv) a Regulation on a Community action in the field of telecommunications technologies — RACE (→ point 2.1.53);

(v) an amendment to the Directive of 17 September 1984 on the approximation of the laws of the Member States relating to the permissible sound power level of lawn-mowers (→ point 2.1.112).

2.4.12. Parliament gave opinions on the following Commission proposals:

(i) a Decision on financing major Community infrastructure projects (→ point 2.1.4);

(ii) a Directive on the protection of workers from the risks related to exposure to benzene at work (→ point 2.1.92);

(iii) a Regulation concerning export from and import into the Community of certain dangerous chemicals and a recommendation for a Decision authorizing the Commission to negotiate on behalf of the Community within the framework of the OECD and UNEP the notification and consultation procedures concerning trade in dangerous chemicals (→ point 2.1.115);

(iv) a Regulation laying down, in respect of hops, the amount of aid to producers for the 1986 harvest and on special measures for certain regions of production (→ point 2.1.151);

(v) a Directive laying down the health rules for fresh meat and the level of the fees to be charged in respect of such meat pursuant to the Directive of 29 January 1985 (→ point 2.1.155);

(vi) a Regulation on access to the market for the carriage of goods by road between Member States (→ point 2.1.186);

(vii) the conclusion of additional Protocols to the Cooperation Agreements with Algeria, Egypt, Jordan, Lebanon and Tunisia following the accession of Spain and Portugal (→ point 2.2.15).

2.4.13. Parliament also passed resolutions on the following subjects:

Strengthening the European Monetary System following the meeting of Finance Ministers in Nyborg on 12 September (→ point 1.3.1 *et seq.*). Parliament stressed the need for better coordination of monetary policies and the completion of the EMS. Welcoming the agreement reached in Basel between the central banks and at Nyborg between the Finance Ministers, the House noted with satisfaction the decision to make wider use

of the convergence indicators with a view to the adoption of common positions. It hoped that the Council would decide to strengthen the EMS further and called on the British Government to participate in the exchange rate parity mechanisms. Parliament asked the Member States to ensure greater monetary stability through more consistent economic policies rather than by introducing exchange controls.

The activities of dental technicians. Nothing that dental technicians would not be able with certainty to take advantage of the proposed Directive¹ on a general system for the recognition of higher education diplomas awarded on completion of vocational courses of at least three years' duration, Parliament considered that dental technicians should get together and agree on common qualifications and diploma standards throughout the EEC. The Commission was asked to give such assistance to the Federation of European Dental Laboratory Owners as might be reasonably required to complete such consultations. It would be premature to take either a positive or a negative position on the activities of dental technicians on a Community-wide basis. The House requested the Commission to carry out a study on the activities of dental technicians, which could serve as the basis for a future report at Community level of the criteria and permissible limits regarding this practice.

Two petitions concerning individuals studying in a country other than their country of origin. Parliament believed that it was essential to involve young people more closely in the construction of Europe by giving them practical evidence of Community solidarity. The House insisted that young students have the right to enjoy free movement within the Community and held that the progressive implementation of the Erasmus programme must be accompanied by national measures, coordinated at Community level, on the treatment of students. A Council directive was needed to consolidate established rights of students in various areas.

The rights of workers in multinational companies. Deploring certain problems encountered by these workers and the delays and obstruction blocking action by the Council and the Commission, Parliament urged both of them to institute mandatory procedures requiring workers to be briefed and consulted in the event of changes to the structure of the company, should these affect the number and nature of jobs in that company. The House stressed the importance of and the need for collective bargaining.

The transport of handicapped and elderly people. Parliament suggested various improvements, at Community level, with regard to access to means of transport for elderly and handicapped people, an essential condition for their integration in our society. The Commission was asked to carry out a study on the problems of transport for handicapped persons and the elderly living in the rural and disadvantaged areas of the Community, and to present practical proposals.

Peripheral maritime regions and islands of the Community. Parliament urged the Community to draw up and implement as a matter of urgency extensive and integrated multisectoral measures to help the peripheral maritime regions and islands overcome natural handicaps and enhance their development potential. The House pointed to the success of the integrated development programme for the Western Isles and called on the Community to exploit the experience gained there in other programmes.

Revision of the present Regulation governing the European Regional Development Fund. Parliament set out the main guidelines for the necessary review of the ERDF, in the context of boosting the efficiency of the structural Funds, in order to implement a regional policy which can contribute to the convergence of economies. A more effective ERDF would reduce the annual confrontations over the level of

¹ OJ C 345, 31.12.1985; Bull. EC 11-1985, point 2.1.41; OJ C 143, 10.6.1986; Bull. EC 5-1986, point 2.1.96.

appropriations allocated, and ERDF contributions should be planned on a multiannual basis.

Coordination between the activities of the Community's structural Funds and its lending instruments. Considering that the need to reduce the serious regional imbalances, which have worsened as a result of the latest enlargement, meant an immediate increase in the Community's structural resources, Parliament acknowledged and supported past efforts and noted with approval that the Commission recently formalized its commitment to coordinate its financial instruments and coordinate with the EIB. The House suggested measures it considered necessary to this end and urged the EIB to gear its activities to the implementation of the Single European Act.

Forest fires. Mindful of the fact that the Commission has still not informed the House of its proposals for the control of fires and that each year the South of France, Portugal, Greece, Spain and Italy have been hit by widespread fires that have devastated their heritage and endangered the lives of the inhabitants, Parliament again called on the Commission to indicate at the very next part-session what funds it has made available to control this scourge and the proposals it intends to make on the subject for the years ahead. The House requested that a special programme be drawn up with the French and Greek authorities to redevelop rural areas of Corsica and Rhodes.

The natural disaster in the Emmendingen area. Parliament called for aid to be given, as quickly as possible and with a minimum of red tape, to those affected and expected the Community to make an appropriate contribution from its disaster fund.

The damage caused by the violent storm that struck south-east and south-west Belgium. Stavelot, Trois-Ponts, Vielsalm and Gerpennes were devastated by torrential rain in August and September. Parliament called on the Commission and the Council to recognize these areas as disaster areas and to grant emergency aid from the Community's disaster fund to the flood victims.

The damage caused by flooding in Lombardy and Trentino-Alto Adige. Parliament expressed its solidarity with the families of the victims, the homeless and the provinces afflicted by this tragic event and its appreciation to the civil defence and rescue services. The Commission and the Council were asked to take urgent action, using every means at their disposal, to alleviate as far as possible the dire economic and social consequences of the flooding.

Measures to help farmers in Vale de Campa, Vila Real, who have suffered losses as a result of the storm of 6 July. Parliament declared its solidarity with the people concerned, and urged the Commission to grant prompt financial aid and take any other measures needed to compensate the farmers for losses sustained and help them repair the damage to their land and restore production to former levels.

The economic significance of Antarctica and the Antarctic Ocean. Parliament believed that maintaining the Antarctic Treaty System, which might come up for review in 1991, was in the Community's best interests, considered it unwise to subordinate the Antarctic to any UN regime and urged those Member States of the EC which have not yet done so to accede to the Antarctic Treaty. The House hoped that the Community itself would also accede and that the 1980 Convention on the Conservation of Antarctic Marine Living Resources (CCAMLR), to which the Community is a Contracting Party, would assume its responsibility for the conservation and rational use of Antarctic marine living and mineral resources; the Community had a special role to play in strengthening this Convention.

Protection of the environment and wildlife in Antarctica. Parliament recognized the crucial influence of the Antarctic on the climate of the entire earth and of the overriding importance of the Antarctic icecap in determining ocean levels. The Commission was urged to ensure close coordination of the views of the Member States represented on the CCAMLR Commission with the aim

of affording better protection to finfish. The House restated the basic principles that should underlie any conservation strategy under the Antarctic Treaty. It also held that there should be no exploitation of mineral resources in Antarctica.

The importation of kangaroo products. Parliament was concerned about the dwindling numbers of certain species of kangaroo, some of which were indeed already extinct. It welcomed the fact that Australia has designated more than 30 million hectares as nature reserves or natural parks, but was aware that much illegal, and often cruel, hunting was still going on. The House therefore urged the Commission to get the Council to amend, as indicated in its resolution, the Regulation on the implementation in the Community of the Convention on International Trade in Endangered Species of Wild Fauna and Flora.¹

Implementation of the dairy quota arrangements in the Community at the end of the third year of operation. Believing that the quota arrangements had helped to reduce milk production but that being too flexible they were not working as well as they might, Parliament, anxious to redress the balance, made a number of recommendations with regard to production, concerning the quota system, intervention, stocks, structural policy, mountain areas, the world market and quota monitoring.

A European high-speed rail network. Parliament maintained that the development of high-speed trains was crucial to the revival of passenger and goods transport but must not adversely affect the existing public transport network. The House made a number of recommendations concerning research, the feasibility of a European high-speed rail network and its compatibility with the networks of other modes of transport, and the technologies of the future. The House also expressed its views on the establishment of a network of European interest.

Payment for the use of transport infrastructure in the framework of the common transport policy and elimination of distortions

of competition by vehicle taxes, fuel taxes and road tolls. Parliament called on the Commission to present formal proposals immediately on the taxation of motor vehicles, on duties on mineral oils and on tolls, which were recognized as being temporary. The House proposed that by 1992 a first step in the establishment of a common system of charging for road infrastructure should be achieved, and that maximum and minimum rates for vehicle and mineral oil taxes should be fixed. Parliament made recommendations for further work by the Commission on harmonizing vehicle tax systems and urged the Commission to draw up proposals for the very gradual phasing-out of all forms of motorway tolls, except for extremely costly infrastructure projects. The House appealed to the Belgian Government to abandon its plan to introduce a tax on the use of Belgian motorways, which would discriminate against non-residents.

Community measures in the field of air transport safety. Regretting that the Commission and the Council had hitherto neglected air safety, Parliament proposed that the Community take the initiative in setting up a European Accident Investigation Board to probe accidents involving all public transport aircraft with a maximum take-off weight exceeding 25 tonnes and helicopters capable of carrying more than 12 passengers.

The House asked the Commission to set up an air safety task force and called for the appointment of a prominent person as a European Ombudsman who would deal with citizen's suggestions and complaints of violations of air safety rules. Parliament made several suggestions that the Commission was asked to follow up with an eye to ensuring compliance with air safety rules.

2.4.14. In the field of political cooperation and human rights Parliament passed resolutions on the following subjects:

UN Resolution 3379. Noting that in November 1975 the nine Member States'

¹ OJ L 384, 31.12.1982; Bull. EC 12-1982, point 2.1.105.

governments had voted against this resolution of the UN General Assembly on 'the elimination of all forms of racism and racial discrimination', which contended that Zionism was one such form, Parliament was convinced that the concept of Zionism cannot be equated with racism. The House therefore considered UN General Assembly Resolution 3379-30 to be unacceptable. The Foreign Ministers meeting in political cooperation were urged to reaffirm their aversion to the principle of this resolution, which can only increase the tension between the peoples of the Middle East, and to pursue their opposition to all forms of racial discrimination and defend the inalienable right of all peoples to self-determination.

The imprisonment of Mathias Rust. Recognizing that Mathias Rust, a German citizen, who landed in a light aircraft in Red Square in Moscow, acted in violation of various international laws and breached air traffic safety rules, Parliament accepted the Soviet Union's right to detain Mr Rust during the investigation and bring him to trial, but considered that four years' imprisonment was a very harsh punishment, considering the nature of the offence, the prisoner's youth and the fact that he had no previous criminal record. The House asked the Soviet authorities to grant a pardon to Mathias Rust on humanitarian grounds.

South Africa. Parliament expressed its total condemnation of the execution on 1 September of Moses Jantjief, aged 21, and Mlamli Mielies, aged 22, and voiced its grave concern that a further 34 young South Africans had been sentenced to death for activities involved in opposition to apartheid. The House urged the Council, the Commission and all the Member States to intervene immediately on their behalf. Parliament condemned the detention of prominent leaders of Swapo and the National Union of Namibian Workers as well as the continued detention without trial of thousands of opponents of apartheid. The House condemned the South African authorities for procrastination and delay in agreeing to implementation of the United Nations Independence Plan for Namibia

and held that comprehensive mandatory sanctions should be imposed on South Africa.

The Israeli bombardment of the Palestinian camps in Lebanon. Apprised of the raid by Israeli fighters on the Palestinian camp of Ain Hilweh on 5 September, which killed 46 people and injured 40 others, 36 of whom were unarmed civilians, Parliament strongly condemned these attacks and requested the Ministers meeting in political cooperation to act with a view to providing international guarantees for the security of the Palestinian refugees and the population of southern Lebanon.

Israeli soldiers held by force under Syrian control. Concerned about the situation of three Israeli soldiers, captured and held by Syrian forces or forces under Syrian control, Parliament called on the Syrian Government, Syria being a signatory to the Geneva Convention Relative to the Treatment of Prisoners of War, to inform the International Committee of the Red Cross of the prisoners' place of detention and to allow access to them. The governments of the Member States were asked to try and persuade the Syrian Government to provide this information and to arrange for the soldiers' release.

The situation in the Persian Gulf. Expressing its concern over the worsening of tension in the Gulf, Parliament, dismayed at the lack of significant initiative by the Ministers of the Twelve in response to circumstances affecting the fundamental interests of the Community's Member States, condemned the continuation of the Iran-Iraq war. The House called on the warring parties to implement without delay Security Council Resolution 598 and condemned the attacks on civilian shipping. Parliament called on the European countries involved to hold joint consultations with a view to combining minesweeping operations in the Gulf. The House supported the efforts of Mr Pérez de Cuéllar to achieve a negotiated settlement and stressed the importance for the Community of drawing up coordinated energy policies.

Political prisoners in Pakistan. Parliament was glad to learn that despite its delicate geo-strategic position and the serious problems arising from the influx of millions of Afghan refugees, Pakistan was willing to continue to offer them political asylum. The House also welcomed the political liberalization measures which were introduced in Pakistan but considered that further progress remained to be achieved. Parliament called on the Commission and the Foreign Ministers meeting in political cooperation to make further representations to the Pakistan authorities to ensure that they honoured their assurances that all political prisoners convicted by military tribunals would either be released or have their judgments referred to civilian courts, and to help to alleviate the problem of Afghan refugees in Pakistan.

The drought disaster in India. Noting that substantial quantities of foodstuffs stored in the Community were still not being used, Parliament called on the Council and the Commission to open immediate negotiations with the Indian Government for a large-scale shipment programme for the free supply of the basic foodstuffs needed by the Indian people.

Political relations between the European Community and the United States of America. Parliament appreciated that the dialogue between the world's two main industrialized entities made it possible jointly to seek solutions to the great scourges of the age: terrorism, drugs and AIDS. The House regretted that conflicts of interest had arisen between them and addressed a number of recommendations to both sides to settle outstanding differences. Parliament urged the 26 American states still committed to capital punishment to abolish it.

The Esquipulas II Conference and the peace plan for Central America. Parliament threw its support behind the peace plan signed by the five Heads of State of the Central American countries in Guatemala on 7 August. The House believed it essential to lift the state of emergency throughout the region, that foreign forces involved in the conflict should be withdrawn, that free

pluralist and fair elections must be held and that the independence of the judiciary must be guaranteed. The House urged all armed revolutionary movements in the region to lay down their arms and reiterated its support for the creation of a Central American Parliament elected by indirect universal suffrage. The Council and the Commission were urged to strengthen economic and trade ties with Central America.

The floods in Venezuela. Parliament considered that the Community should display its solidarity with the flood victims and asked the Commission to grant them emergency aid.

The situation in Chile. Having learned that 15 named political prisoners were likely to suffer the death penalty in the very near future and noting that the systematic violation of human rights was still going on in Chile where the state of emergency is still in force, Parliament reaffirmed its support for the campaign for the holding of free, pluralist and non-discriminatory elections. The House also wanted to see democracy re-established in Chile, the fundamental rights and freedoms respected and political prisoners released. The Council was asked to make urgent representations to the Chilean Government in order to have any death sentence commuted to expulsion to Europe and called on the Member States to grant visas to Chilean political prisoners whose lives are in danger. The House recommended the setting-up within the national parliaments of the democratic countries of solidarity groups in support of democracy in Chile and urged the national parliaments to step up their economic cooperation in such a way as to contribute to Chile's development.

Council

2.4.15. The Council held four meetings in September. 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 7 — Council meetings in September

Number, place and date of meeting	Subject	President	Commission	Main items of business
1189th Brussels 14 September	General affairs	Mr Ellemann-Jensen	Mr Delors Mr Christophersen Mr De Clercq Mr Clinton Davis	'The Single Act: A new frontier for Europe': policy debate ¹ Maximum permitted radioactivity levels GATT: Uruguay Round negotiations — tropical products Relations with South Korea ² Relations with the United States — trade legislation
1188th (continued) ⁴ Brussels 17 & 18 September	Budgets	Mr Tygesen	Mr Christophersen	Budgetary procedure 1988 ³
1190th Brussels 21 September	Industry	Mr Wilhelm	Mr Narjes Mr Sutherland	Steel policy: conclusions of the Council ⁵
1191st Brussels 22 September	Agriculture	Mr Toernaes	Mr Andriessen	Review of action taken to control the agricultural markets and outlook for the common agricultural policy: initial debate ⁶ Financing the common agricultural policy: improving the advance payments system Hops ⁶ African swine fever and classical swine fever ⁶ Implementing the hormones Directive ⁷

¹ European policy and relations between the institutions.

² Relations with other countries and regions.

³ Financing Community activities.

⁴ Bull. EC 7/8-1987, point 2 3.2.

⁵ Steel.

⁶ Agriculture.

⁷ Relations with industrialized countries.

Commission

Activities

2.4.16. The representatives of the Governments of the Member States appointed Mr Peter M. Schmidhuber as Member of the Commission to replace Mr Alois Pfeiffer until the expiry of the latter's term of office on 5 January 1989 (→ point 1.1.1).

2.4.17. To mark the retirement of Mr Emile Noël, the Commission's Secretary-General, a special symposium was held on 18 September in Brussels, which was attended by many eminent Community figures (→ point 1.2.1 *et seq.*).

Decisions, communications and proposals

2.4.18. To supplement its communication in July on action taken to control the agri-

cultural markets and the outlook for the common agricultural policy,¹ the Commission transmitted a new communication to the Council containing the legal instruments needed to implement the guidelines put forward in July (→ point 1.5.1).

It also transmitted a communication to the Council containing a proposal for a recommendation to the Member States on developing the exploitation of renewable energy sources in the Community (→ point 2.1.192).

Discussions, policy debates and work in hand

2.4.19. The Commission held a preliminary discussion on the broad lines of a Community policy on rural development.

Directors-General — changes

2.4.20. Changes were made in September in a number of departments. Biographical details for the Directors-General appointed by the Commission are given below:

Secretariat-General

David F. Williamson²

Born 8 May 1934

Married, two sons

Educated: Tonbridge School

Exeter College, Oxford (MA — *Litterae Humaniores*)

1956 Successful in open competition for entry into United Kingdom civil service

1956-58 Army service (Second Lieutenant, Royal Signals)

1958-65 Ministry of Agriculture, Fisheries and Food

1960-62 Private Secretary to the Permanent Secretary and to successive Parliamentary Secretaries

1965-67 HM Diplomatic Service as First Secretary (Agriculture and Food),

Geneva, for the Kennedy Round trade negotiations

1967-70 Principal Private Secretary to successive Ministers for Agriculture, Fisheries and Food

1970-74 Head of Milk and Milk Products Division, Marketing Policy Division and Food Policy Division

1974 Promoted to Under-Secretary and took charge of General Agricultural Policy Group (1974-76) and of European Communities Group (1976-77)

1976-77 United Kingdom representative on the European Community's Special Committee on Agriculture

1977-83 Deputy Director-General (Agriculture) in the Commission of the European Communities

1983-87 Deputy Secretary and Head of European Secretariat, Cabinet Office

Spokesman's Service

Claus-Dieter Ehlermann

Born 15 June 1931

Married, two children

1950-53 Legal studies at the Universities of Marburg/Lahn and Heidelberg

1955 Doctorate in law, Heidelberg

1955-56 Scholarship at the Law School of the University of Michigan, Ann Arbor, Michigan

1956-59 Post-qualification practical training, Heidelberg;

1954-59 Assistant at the Law Faculty, University of Heidelberg; Assistant in the Department of Private International Law and Foreign Law, University of Heidelberg

1959 Second State Law Examination, Baden-Württemberg

1959-61 Research assistant to Mr Kutscher,

¹ Bull. EC 7/8-1987, point 1.1.11 *et seq.*

² Mr Williamson replaces Mr Emile Noël, who has retired (→ point 1.2.1 *et seq.*).

	Judge at the Federal Constitutional Court, Karlsruhe	Studies at London School of Economics and traineeship at Paris Chambre de commerce internationale
May 1961	Legal Adviser, Legal Service, Commission of the European Communities	1963-65 Lawyer, Mannheim
July 1973	Director and Deputy Financial Controller, Directorate-General for Financial Control	1965-71 Directorate-General for External Relations, Commission of the European Communities, Brussels
March 1977	Director-General, Legal Service, Commission of the European Communities	1971-75 Member and deputy chef de cabinet of Commission Members Dahren-dorf and Brunner
September 1987	Spokesman of the Commission of the European Communities; Special Adviser on institutional affairs and a people's Europe	1975-71 Directorate-General for External Relations, Head of Division 'Far East'
		1977-79 Directorate-General for External Relations, Head of Division 'United States/Canada'

Legal Service

Jean-Louis Dewost

Born 6 September 1937

Married, three children

First degree in law, Diploma in economics (Paris Faculty of Law)

Diploma of the Institut d'études politiques

Paris École nationale d'administration

1964-69 Official in the Council of State

1969-73 Deputy Director, then Director of the European Space Vehicle Launcher Development Organization (ELDO)

1973-85 Deputy Director-General of the Legal Service of the Council of the European Communities

1986 Appointed member of the Council of State (on secondment)

1987 Director-General of the Legal Service of the Council of the European Communities, Legal Adviser to the Council

Directorate-General for External Relations

Horst Günter Krenzler

Born 26 March 1933

Studies in law, German literature and political science, Universities of Freiburg (Breisgau), Munich and Bonn, law degree

PhD in international law at University of Heidelberg

1979-82 Directorate-General for External Relations, Director 'Negotiation and management of textile agreements, and commercial questions in respect of industry and energy'

January 1983-December 1983 Acting Deputy Director-General with additional responsibility for 'Relations with State-trading countries'

December 1983-October 1987 Deputy Secretary-General

Directorate-General for Economic and Financial Affairs

Antonio Maria Costa

Born in 1941

Married, three children

June 1963 Degree in economics, University of Turin (Italy)

December 1966 Specialization in mathematical economics and planning, Academy of Sciences of the USSR, Moscow

May 1969 MA in economics, University of California, Berkeley (USA)

November 1971 PhD in economics, University of California, Berkeley (USA)

1965-67 Visiting professor of economics, Moscow University (MGU) and Academy of Sciences of the USSR

<p>1968-70 Instructor in economics, University of California, Berkeley</p> <p>1970-83 Senior Economic Adviser, United Nations, New York (1979-83: Executive Secretary, Inter-agency technical working group of the United Nations task force on development objectives)</p> <p>1976-83 Professor of economics, New York University, New York</p> <p>1983-87 Special counsellor in economics to the Secretary-General of the OECD with rank of Assistant Secretary-General</p> <p><i>Directorate-General for Financial Control</i></p> <p>Giovanni Ravasio</p> <p>Born 2 April 1939</p> <p>Married, two children</p> <p>Graduate in economics, Université libre de Bruxelles (ULB)</p>	<p>1960-63 Researcher in the Department of Applied Economics, ULB</p> <p>1963-65 Secretary of the study group on the economy (Lyncee Group)</p> <p>1965 Joined the Commission of the European Communities</p> <p>1965-71 Desk officer (Belgium and Italy) in the Directorate-General for Economic and Financial Affairs</p> <p>1971-78 Responsible for matters concerning Community structural policies (energy, regions, State aid)</p> <p>1978-81 Head of the 'Economic Integration: Problems and Policies' Division</p> <p>1981-82 Adviser to the President of the Commission</p> <p>1982-86 Director of the Directorate for Economic Structure and Community Intervention</p> <p>1986-87 Director with responsibility for general coordination in the Directorate-General for Budgets</p>
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Court of Justice¹

2.4.21. New cases

Case	Subject	Basis
<p>ECSC — Steel</p> <p>272/87 Assider v Commission</p>	<p>Annulment of the individual Commission Decision addressed to Sacilor and Usinor authorizing the transfer of reference quantities and production from long products to category III and from category III to category Ib</p>	<p>Article 33 ECSC</p>
<p>Customs union</p> <p>245/87 Blaupunkt-Werke v Oberfinanzdirektion Berlin</p>	<p>Customs classification of a video camera/recorder incorporating within the same housing a video camera falling within CCT subheading 85.15 A IV and a recorder and reproducer falling within subheading 92.11 B I(a)</p>	<p>Article 177 EEC</p>

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 weekly *Proceedings of the Court*).

Case	Subject	Basis
252/87 HZA Hamburg-St Annen v Wilhelm Kiwall	As the harmonization of customs law stood in May 1980, was a German customs provision to the effect that a customs debt was incurred in respect of goods originating in a non-member country which were smuggled into another Member State and then brought unlawfully into Germany under the internal Community transit procedure, without the completion of customs formalities in the first Member State, compatible with Community law?	Article 177 EEC
253/87 Sportex v Oberfinanzdirektion Hamburg	Tariff classification of semi-finished products in sheet form, composed of epoxy resin, carbon fibre and glass-fibre mesh and intended for the manufacture of tubing (CCT subheadings 39.01 and 68.16)	Article 177 EEC
288/87 Commission v Council ²	Annulment of Council Regulation No 2658/87 on the tariff and statistical nomenclature and on the CCT, on the ground that the Council added an incorrect legal basis, namely Article 235 of the EEC Treaty	Article 173 EEC
Competition		
254/87 Syndicat des libraires de Normandie v L'Aigle distribution — Centre Leclerc	<ol style="list-style-type: none"> 1. Does the fact that the freedom to fix prices is restricted to a single category of trader facilitate the establishment of captive or controlled distribution networks and therefore constitute an infringement of the combined provisions of Articles 3(f), 5 and 85 and 85 of the EEC Treaty or at the very least deprive those provisions of their effectiveness? 2. Does the delegation of powers by French law to certain traders, namely publishers, infringe Article 86, and in the alternative Article 85, or at the very least deprive them of their effectiveness, by virtue of the fact that the selling price is fixed within a single trade in the light of economic principles which are not determined by competition or by the market? 	Article 177 EEC
277/87 Sandoz Prodotti Farmaceutici v Commission ³	Annulment of Commission Decision 87/409/EEC relating to a proceeding under Article 85 of the EEC Treaty (IV/31.741 — Sandoz) in so far as it imposes a fine on the applicant on the ground that it has taken part in an agreement and/or concerted practice contrary to Article 85 of the EEC Treaty by providing for an export ban in its commercial relationships with its clients	Article 173 EEC
279/87 Tipp-Ex v Commission ⁴	Annulment of Commission Decision 87/406/EEC relating to a proceeding under Article 85 of the EEC Treaty (IV/31.192 — Tipp-Ex and IV/31.507 — Tipp-Ex (standard-form contract)) in so far as it imposes a fine on the	Article 173 EEC

Case	Subject	Basis
Agriculture	applicant on the ground that it has taken part in agreements and concerted practices contrary to Article 85 of the EEC Treaty by discontinuing sales to customers who resell the contract goods in other Member States	
212/87 Unilec v Établissements Larroche frères	<ol style="list-style-type: none"> 1. In the light of Articles 39, 42 and 85(1) of the EEC Treaty and Council Regulation No 26, can the fixing of a minimum purchase price, by an inter-trade agreement extended by regulation to all the trades concerned with the production, packaging or marketing of an agricultural product, be regarded as a concerted practice which may affect trade between Member States and which has as its object or effect the prevention, restriction or distortion of competition within the common market? 2. Can a provision of national law enabling fees to be imposed on products originating in other Member States by the conclusion of an inter-trade agreement which may be extended by regulation be regarded as incompatible with Article 95 of the EEC Treaty? 	Article 177 EEC
259/87 Greece v Commission	Annulment of Commission Decision 87/368/EEC on the clearance of the accounts presented by the Member States in respect of the EAGGF Guarantee Section expenditure for 1983, in so far as it disallows expenditure in respect of the sale of 30 000 tonnes of common wheat	Article 173 EEC
260/87 UK v Commission ⁵	Annulment of Commission Decision 87/368/EEC on the clearance of the accounts presented by the Member States in respect of the EAGGF Guarantee Section expenditure for 1983, in so far as it disallows expenditure required by the rules on the common organization of the market in milk and milk products	Article 173 EEC
261/87 Netherlands v Commission	Annulment of Commission Decision 87/368/EEC on the clearance of the accounts presented by the Member States in respect of the EAGGF Guarantee Section expenditure for 1983, in so far as it disallows expenditure on aid for skimmed milk and skimmed-milk powder intended for use as feed for calves	Article 177 EEC
262/87 Netherlands v Commission	Annulment of Commission Decision 87/368/EEC on the clearance of the accounts presented by the Member States in respect of the EAGGF Guarantee Section expenditure for 1983, in so far as it disallows expenditure on export refunds in the fisheries sector	Article 173 EEC

Case	Subject	Basis
263/87 Denmark v Commission ²	Annulment of Commission Decision 87/368/EEC on the clearance of the accounts presented by the Member States in respect of the EAGGF Guarantee Section expenditure for 1983, and of the Commission Decisions 87/468 and 87/469 of 18 August 1987 on the clearance of the accounts of the Member States in respect of the EAGGF Guarantee Section expenditure in 1984 and 1985, in so far as they disallow expenditure on export refunds for Grana padano cheese produced in Denmark	Article 173 EEC
264/87 Denmark v Commission	Annulment of Commission Decision 87/368/EEC on the clearance of the accounts presented by the Member States in respect of the EAGGF Guarantee Section expenditure for 1983, and of the Commission Decisions 87/468 and 87/469 of 18 August 1987 on the clearance of the accounts presented by the Member States in respect of the EAGGF Guarantee Section expenditure for 1984 and 1985, in so far as they disallow expenditure on a special form of refrigerated processing of grain bought in by the Danish intervention agency	Article 173 EEC
265/87 Hermann Schröder HS Kraftfutter v HZA Gronau	Validity of Council Regulation No 1579/86 amending Regulation No 2727/75 on the common organization of the market in cereals and of Commission Regulation No 2040/86 laying down detailed rules for the application of the co-responsibility levy in the cereals sector	Article 177 EEC
273/87 Gottlieb Manz v Commission ⁴	Annulment of the Commission Decision of 6 July 1987 on the discontinuance of aid from the EAGGF Guidance Section for the construction of a vegetable warehouse in Baden-Württemberg — Regulation No 17/64/EEC	Article 177 EEC
278/87 Gottlieb Manz v Commission ⁴	Annulment of the Commission Decision of 6 July 1987 on the discontinuance of aid from the EAGGF Guidance Section for the extension and rationalization of a pickle factory in Baden-Württemberg — Regulation No 355/77/EEC	Article 173 EEC
External relations		
246/87 Continentale Produkten Gesellschaft Erhardt-Renken v HZA München-West	Validity of Commission Regulation No 3453/81 and Council Regulation No 789/82 imposing anti-dumping duties — follow-up to judgment in Case 312/84 Erhardt-Renken v Commission	Article 177 EEC
275/87 Commission v Council ⁶	Annulment of Council Regulation No 2096/87 on the temporary importation of containers, on the ground that it is based on Articles 28 and 235 of the EEC Treaty rather than on Article 113 as proposed by the Commission	Article 173 EEC

Case	Subject	Basis
Infringements		
274/87 Commission v Germany	Seeking a declaration that by prohibiting the importance and marketing on its territory of meat products which do not comply with Sections 4 and 5 of the Meat Order (<i>Fleischverordnung</i>) Germany has failed to fulfil its obligations under Article 30 of the EEC Treaty	Article 169 EEC
276/87 Commission v Italy ⁷	Seeking a declaration that by failing to comply with Commission Decision 86/498/86 on aid to Italian sugar producers (which would require the termination of the scheme or its conversion into an investment assistance scheme aimed at restructuring the sugar industry) Italy has failed to fulfil its obligations under the EEC Treaty	Article 169 EEC
281/87 Commission v Greece ⁸	Seeking a declaration that by conferring on the KYDEP powers to purchase all the quantities of inferior-quality durum wheat coming from the 1982 harvest without observing the conditions governing Community intervention Greece has failed to fulfil its obligations under Council Regulation No 2727/75	Article 169 EEC
282/87 Commission v Greece ⁸	Seeking a declaration that by failing to notify the Commission of national measures giving effect to Council Directive 77/796/EEC on the mutual recognition of the qualifications of goods haulage operators and road passenger transport operators Greece has failed to fulfil its obligations under the EEC Treaty	Article 169 EEC
283/87 Commission v Greece ⁸	Seeking a declaration that by failing to notify the Commission of national measures giving effect to Council Directives 80/68/EEC on groundwater, 82/176/EEC on mercury discharges, 80/779/EEC on sulphur dioxide and 83/513/EEC on cadmium discharges Greece has failed to fulfil its obligations under the EEC Treaty	Article 169 EEC
286/87 Commission v Greece	Seeking a declaration that by failing to have computerized files of olive and olive-oil production data in operation by the end of 1985 Greece has failed to fulfil its obligations under Council Regulation No 2261/84 and Commission Regulation No 3061/84	Article 169 EEC
287/87 Commission v Greece	Seeking a declaration that by failing to inform the Commission of national measures giving effect to Commission Directive 74/562/EEC an admission to the occupation of road passenger transport operator in national and international transport operations Greece has failed to fulfil its obligations under the EEC Treaty	Article 169 EEC

Case	Subject	Basis
290/87 Commission v Netherlands	Seeking a declaration that by exceeding its fishing quotas for certain fish stocks in the Community fisheries zone in the years 1983, 1984 and 1985 the Netherlands has failed to fulfil its obligations under Regulations No 2057/82, No 170/83, No 198/83, No 3220/83, No 3624/83, No 320/84 as last amended by No 3434/84 and No 1/85 as last amended by No 3720/85	Article 169 EEC

Disputes between the Community and its staff

v Commission:

280/87 — Hecq⁶

284/87 — Schäflein³

v Parliament:

271/87 — Fedeli⁹

¹ OJ C 275, 14.10.1987.

² OJ C 284, 22.10.1987.

³ OJ C 290, 30.10.1987.

⁴ OJ C 294, 5.11.1987.

⁵ OJ C 274, 13.10.1987.

⁶ OJ C 285, 23.10.1987.

⁷ OJ C 276, 15.10.1987.

⁸ OJ C 288, 28.10.1987.

⁹ OJ C 268, 7.10.1987.

2.4.22. Judgments

Date and Case	Held
ECSC — Steel 22.9.1987: 171/86 Usinor and Sacilor v Commission	Removed from the Court Register (seeking annulment of the individual Commission Decision of 12 May 1986 allocating additional reference figures to Finsider as a result of its link-up with Itatubi)

Date and Case	Held
22.9.1987: 172, 227, 244 and 281/86 and 4/87 Sacilor v Commission	Removed from the Court Register (seeking annulment of the individual Decisions fixing reference production figures, production quotas, reference quantities and portions of quotas which may be delivered on the common market for the second, third and fourth quarters of 1986 for categories Ia, Ib and Ic)
22.9.1987: 174, 224, 230, 280 and 329/86 Usinor v Commission	Removed from the Court Register (seeking annulment of the individual Decisions fixing reference production figures, production quotas, reference quantities and portions of quotas which may be delivered on the common market for the second, third and fourth quarters of 1986)
24.9.1987: 340/85 Acciaierie e Ferriere di Porto Nogaro v Commission ¹	Application dismissed (seeking annulment of the Commission Decision of 9 October 1985 imposing a fine on the applicant for exceeding its production and delivery quotas for the second quarter of 1983)
29.9.1987: 351 and 360/85 Fabrique de fer de Charleroi and Dillinger Hüttenwerke v Commission ²	Commission Decision No 2760/85/ECSC amending Commission Decision No 234/84/ECSC and Article 14C of Commission Decision No 3485/85/ECSC on the extension of the system of monitoring and production quotas for certain products of undertakings in the steel industry are declared void
30.9.1987: 66/87 Usinor and Sacilor v Commission	Removed from the Court Register (seeking annulment of the individual Decision addressed by the Commission to Krupp, awarding it additional reference figures after Krupp took over the activities of Wuppermann, which had been producing strip at its Leverkusen works)
30.9.1987: 67/87 Sacilor v Commission	Removed from the Court Register (seeking annulment of the individual Commission Decision of 30 January 1987 fixing 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)
30.9.1987: 68/87 Usinor v Commission	Removed from the Court Register (seeking annulment of the individual Commission Decision of 30 January 1987 fixing 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)
Customs union	
30.9.1987: 34/85 Control Data v Commission ³	Removed from the Court Register (seeking annulment of 'scientific apparatus' Decision 84/C 306/04 of 15 November 1984 finding that the apparatus known as 'Control data — Computer

Date and Case	Held
<p>Taxation</p> <p>17.9.1987: 433/85 <i>Feldain v Directeur des services fiscaux du département du Haut-Rhin</i>⁴</p>	<p>system, model Cyber 205' may not be imported free of import duties)</p> <p>A system of road tax in which one tax band comprises more power ratings for tax purposes than the others, with the result that the normal progression of the tax is restricted in such a way as to afford an advantage to top-of-the-range cars of domestic manufacture, and in which the power rating for tax purposes is calculated in a manner which places vehicles imported from other Member States at a disadvantage has a discriminatory or protective effect within the meaning of Article 95 of the Treaty</p>
<p>Social policy</p> <p>29.9.1987: 126/86 <i>Giménez Zaera v Instituto Nacional de la Seguridad Social and Tesorería General de la Seguridad Social</i>⁵</p>	<p>Neither Article 2 nor Articles 117 and 118 of the EEC Treaty prevent the introduction of national legislation providing that a retirement pension may not be received at the same time as the salary of a public servant, and so reducing the income of the persons concerned</p>
<p>Social Security</p> <p>24.9.1987: 37/86 <i>Van Gastel née Coenen v Office national des pensions pour travailleurs salariés and Caisse nationale des pensions de retraite et de survie</i>⁶</p>	<p>A survivor's pension acquired under the legislation of a Member State and an old-age pension acquired under the legislation of another Member State constitute 'benefits of the same kind' within the meaning of Article 12(2) of Council Regulation No 1408/71, as amended, in so far as they are both intended to provide a surviving spouse who has attained a certain age with means of support which are granted to him or her on the basis of insurance periods completed by the deceased spouse</p>
<p>24.9.1987: 43/86 <i>Sociale Verzekeringsbank v De Rijke and De Rijke-Van Gent</i>⁷</p>	<p>Neither Article 51 of the EEC Treaty nor any provision of Regulation No 1408/71 requires the periods referred to in Annex VI, Section 1, paragraph 2(c) of that Regulation to be regarded as insurance periods for the purpose of determining the period within which an application for voluntary affiliation under national legislation may be submitted</p>
<p>Free movement of persons</p> <p>30.9.1987: 12/86 <i>Demirel v Stadt Schwäbisch Gmünd</i>⁶</p>	<p>The combined provisions of Article 12 of the Agreement establishing an association between the Community and Turkey, signed at Ankara on 12 September 1963 and concluded on behalf of the Community by a Council Decision of 23 December 1963, and of Article 36 of the additional Protocol, signed at Brussels on 23 November 1970 and concluded on behalf of the</p>

Date and Case	Held
	<p>Community by Council Regulation No 2760/72, read in conjunction with Article 7 of the Agreement, do not constitute rules of Community law which are directly applicable in the domestic legal systems of the Member States</p>
<p>Commercial policy</p>	
<p>29.9.1987: 81/86 De Boer Buizen v Council and Commission⁶</p>	<p>Application dismissed (seeking compensation for the damage allegedly suffered by the applicant as a result of the restrictions imposed on exports of steel pipes and tubes by Council Regulation No 60/85 and Commission Regulation No 61/85)</p>
<p>Infringements</p>	
<p>17.9.1987: 291/84 Commission v Netherlands⁴</p>	<p>By failing to adopt within the prescribed period all the measures needed to give effect to Council Directive 80/68/EEC on the protection of ground water against pollution caused by certain dangerous substances, the Government of the Netherlands has failed to fulfil its obligations under the EEC Treaty</p>
<p>17.9.1987: 412/85 Commission v Germany⁴</p>	<p>By authorizing in Section 22(3) of the Bundesnaturschutzgesetz derogations from the measures for the protection of birds provided for by Council Directive 79/409/EEC on the conservation of wild birds, the Federal Republic of Germany has failed to fulfil its obligations under the EEC Treaty</p>
<p>17.9.1987: 70/86 Commission v Greece⁴</p>	<p>By belatedly entering in the Commission's account the financial contributions for June 1983 and by refusing to pay interest thereon as provided for by Article 11 of Regulation No 2891/77 in the event of a delay in making the entry, Greece has failed to fulfil its obligations under the Treaty</p>
<p>30.9.1987: 173/86 Commission v Italy</p>	<p>Removed from the Court Register (failure to inform the Commission of national measures giving effect to Commission Directive 82/434/EEC on cosmetic products)</p>
<p>30.9.1987: 245/86 Commission v Luxembourg</p>	<p>Removed from the Court Register (failure to inform the Commission of national measures giving effect to Commission Directive 81/916/EEC and Council Directive 83/265/EEC on paints, varnishes, printing inks, adhesives and similar products)</p>
<p>30.9.1987: 288/86 Commission v Belgium</p>	<p>Removed from the Court Register (Articles 30 and 233 of the EEC Treaty: Belgian rules on turning circles which prevent the approval of motor buses and motor coaches originating in other Member States)</p>

Date and Case	Held
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Disputes between the Community and its staff

22.9.1987: 292/84 TP Bolognese and Others v Scharf and Commission — Application dismissed (originating third-party proceedings to set aside the judgment delivered by the Court of Justice in Joined Cases 269 and 292/84 *Fabbro, Giuffrida, Herbin and Scharf v Commission*)

- ¹ OJ C 276, 15.10.1987.
- ² OJ C 284, 22.10.1987
- ³ OJ C 294, 5.11.1987.
- ⁴ OJ C 274, 13.10.1987.
- ⁵ OJ C 285, 23.10.1987
- ⁶ OJ C 282, 20.10.1987.
- ⁷ OJ C 279, 17.10.1987.

Economic and Social Committee

248th plenary session

2.4.23. The Economic and Social Committee held its 248th plenary session in Brussels on 23 and 24 September with Mr William G. Poeton, Mr Alfons Margot and Mr José María Zufiaur Narvaiza in the chair. There were two additions to the agenda: an information report on the social aspects of the internal market (→ point 2.4.44 and the report on an opinion on speed limits, which will be discussed in October.

The Danish Minister for Labour and current President of the Council, Mr Henning Dymmerose, addressed the Committee and outlined the Danish Presidency's programme in the social field.¹ With regard to the labour market, he stressed that Article 118a of the Treaty as amended by the Single Act permitted minimum regulations aimed at harmonizing conditions in respect of the health and safety of workers to be adopted by a qualified majority, so that Community cooperation on the working environment could develop rapidly. He also announced that some valuable elements of a Commission communication containing a programme on safety, hygiene and health at work (→ point 2.1.91) could constitute a good starting point for Community cooperation on the working environment.

Procedure for the provision of information in the field of technical standards and regulations

2.4.24. The Committee adopted *nem. con.* with 10 abstentions an opinion on the proposal² amending the Directive of 28 March 1983 laying down a procedure for the provision of information in the field of technical standards and regulations³ and the proposal for a Directive laying down a procedure for the provision of information in the field of technical standards and regulations applying to agricultural products.² The Committee approved both proposals but asked for a procedure to inform and consult both sides of industry on the problems which affect them to be set up.

Wheeled agricultural and forestry tractors

2.4.25. The Committee unanimously adopted an opinion on the proposal for a Directive on the approximation of the laws of the Member States relating to certain components and characteristics of wheeled agricultural or forestry tractors.⁴ It welcomed the Commission's proposals but drew attention to the lack of any proposal for caterpillar tractors and suggested that

¹ Bull. EC 7/8-1987, point 3.4.1.

² OJ C 71, 19.3.1987; Bull. EC 2-1987, point 2.1.8.

³ OJ L 109, 26.4.1983; Bull. EC 3-1983, point 2.1.8.

⁴ OJ C 218, 17.8.1987; Bull. EC 4-1987, point 2.1.9.

the Commission should consider making one.

Pricing and reimbursement of medicinal products

2.4.26. The Committee adopted by 132 votes to 11 with 13 abstentions an opinion on the proposal for a Directive relating to the transparency of measures regulating the pricing of medicinal products for human use and their inclusion within the scope of the national health insurance systems.¹ The Committee approved the proposal but had certain comments. It did not consider it desirable in the present circumstances simply to extend the system of completely free competition since in the past the Member States had applied more or less stringent measures on the price of medicines, ranging from monitoring to strict controls. It also considered that a distinction should be made between the exceptional measure of a general freeze applying to all products and a freeze on medicines alone to limit social security costs.

On transparency with regard to whether or not medicines are reimbursed by social security schemes, the Committee called for more precise timetables to be laid down for the updating of lists and clearly defined conditions for access to the medicinal products available under the social security systems. The system of lists should be harmonized and the Committee came out firmly in favour of the system of positive lists, provided that national authorities give a decision within 90 days of application.

Publication of accounts by company branches

2.4.27. The Committee adopted unanimously its opinion on the proposal for an 11th Directive concerning disclosure requirements in respect of branches opened in a Member State by certain types of companies governed by the law of another State.² It approved the proposal, considering that the right of establishment would be rendered still more effective if adminis-

trative formalities were reduced and problems relating to the taxation of branches resolved. It asked the Commission to achieve these aims.

Public works contracts

2.4.28. The Committee adopted by a large majority, with seven votes against and two abstentions, its opinion on the proposal³ amending the Directive of 26 July 1971 concerning the coordination of procedures for the award of public works contracts.⁴ The Committee endorsed the Commission's main objective of transparent and open competition but considered that the proposal was based on two incorrect assumptions. The first was that major contractors were interested only in securing contracts worth more than 7 million ECU. The Committee did not consider that simply raising the threshold for publication would improve the chances of increasing competition in public works contracts. The second assumption was that a lower threshold of 700 000 ECU would protect small firms located near frontiers. The Committee regarded a double threshold designed to protect only those firms located near to frontiers as contrary to the proposal's main aim of allowing all firms (including small firms), irrespective of their location, to have equal chances of success when tendering for public works contracts throughout the Community. Accordingly the Committee proposed a single threshold of 3.5 million ECU.

Creation and development of business and innovation centres

2.4.29. With four abstentions, the Committee adopted *nem.con.* an opinion on the proposal for a Decision concerning a Community programme to create and develop business and innovation centres and their

¹ OJ C 17, 23.1.1987; Bull. EC 12-1986, point 2.1.31.

² OJ C 203, 12.8.1986; Bull. EC 7/8-1986, points 2.1.16 and 3.5.1.

³ Bull. EC 12-1986, point 2.1.135.

⁴ OJ L 185, 16.8.1971.

network.¹ It endorsed the Commission's proposals, mainly because they would help stimulate technological innovation and disseminate it broadly through a Community-wide network. However, it had comments on the structure and financing of the centres and on their scope, which should include small manufacturing industries, services and particularly tourism.

Publication of accounting documents of branches

2.4.30. The Committee approved unanimously the proposal for a Directive on the obligations of branches established in a Member State by credit institutions having their head offices outside that Member State regarding the publication of annual accounting documents.² However, it stressed that, in order to take account of the socio-economic features of each Member State, the Commission should, pending further coordination, allow those Member States which so desire to require branches or groups of branches with considerable economic and social influence to publish their accounts. In such cases, the same requirement could be imposed on branches of the same size of financial institutions which have their headquarters in the Member State in question.

Winding-up of direct insurance undertakings

2.4.31. The Committee unanimously adopted an opinion on the proposal for a Directive on the coordination of laws, regulations and administrative provisions relating to the compulsory winding-up of direct insurance undertakings.³ The Committee endorsed the main thrust of the liquidation procedures set out in the proposal but stressed that the interests of the insured parties required stronger preventive measures, including closer cooperation among control authorities, in accordance with the basic Directive on the taking up and pursuit of the business of insurance. It also stressed the need to coordinate the rules on the calculation of technical reserves in the vari-

ous Member States, since these determined the assets of each establishment.

Annual and consolidated accounts

2.4.32. The Committee unanimously adopted an opinion on the proposal for a Directive on the annual accounts and consolidated accounts of insurance undertakings.⁴ It approved the proposal and noted that it was a compromise solution between the various approaches to difficult technical problems. It also considered that the long-term interests of clients should be protected and that measures to strengthen the solvency of insurance firms should be adopted.

Taxation of securities transactions

2.4.33. By a large majority, with two votes against and two abstentions, the Committee adopted an opinion on the amended proposal⁵ for a Directive relating to indirect taxes on transactions in securities. It considered that adoption of the Directive would further the integration of the securities market, promote the unification of the Community's capital markets and encourage business investment, with consequential benefits for the competitiveness of the European economy and job creation. It urged the Commission to continue its work for the achievement of these objectives and to devote particular attention to the elimination of the remaining obstacles, particularly those of a financial nature.

Protection of workers against chemical, physical and biological agents

2.4.34. By 125 votes in favour and eight abstentions, the Committee adopted its opinion on the proposal⁶ amending the Directive of 27 November 1980 on the protection of workers from the risks related to

¹ OJ C 33, 11.2.1987; Bull. EC 1-1987, point 2.1.13.

² OJ C 230, 11.9.1986; Bull. EC 7/8-1986, point 2.1.86.

³ OJ C 71, 19.3.1987; Bull. EC 12-1986, point 2.1.126.

⁴ OJ C 131, 18.4.1987; Bull. EC 12-1986, point 2.1.125.

⁵ OJ C 115, 30.4.1987; Bull. EC 4-1987, point 2.1.70.

⁶ OJ C 164, 2.7.1986; Bull. EC 6-1986, point 2.1.125.

exposure to chemical, physical and biological agents at work.¹ It noted that the first list of proposed Community limit values included agents for which most Member States already imposed similar values in their own lists. In the absence of agreement, the highest limits in force in the Community were adopted. The Committee did not consider that the 100 agents chosen had been selected primarily with the aim of improving protection of workers' health at the workplace but rather to solve certain economic problems, such as distortions of competition. The criteria ought to be whether the agents were frequently used within the Community, the extent of the health risk and the number of workers exposed to them.

Health and safety (Euratom)

2.4.35. The Committee unanimously approved the draft Council Decision² amending the Decision 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 radiation.³ While it welcomed the Commission's initiative, the Committee's starting point was that the responsibilities which the Advisory Committee was being expected to undertake with regard to the protection of workers against dangers resulting from ionizing radiation should in no way restrict but rather extend and add to the Economic and Social Committee's responsibilities in this area under the Euratom Treaty. It therefore approved the draft amendment, provided that a copy of the Advisory Committee's opinions on all matters connected with ionizing radiation and the annual report provided for in Article 3 of the 1974 Decision were sent to the Committee.

Environment and employment

2.4.36. The Committee unanimously adopted its opinion on the proposal for a Decision establishing a five-year Community-wide programme of projects illustrating

how actions in the environmental field can also contribute to employment creation.⁴ It approved the proposal in principle but did not regard it as a long-term solution to the problem of unemployment. Demonstration projects should, however, indicate the types of investment in the environment which can also create jobs. In this respect the Committee set out a number of principles to be respected, including the point that this programme was to be complementary to the European regional development programmes and the structural Funds.

Pollution by oil and other harmful substances

2.4.37. The Committee unanimously adopted its opinion on the proposal⁵ amending the Decision of 6 March 1986 establishing a Community information system for the control and reduction of pollution caused by the spillage of oil and other harmful substances at sea.⁶ The Committee approved the proposal, which is designed to extend the Directive to inland waters. Nevertheless, it felt concern about some aspects, including financial responsibility and the legal channels available for dealing with pollution caused by a non-member country or a ship from such a country.

Lawnmowers

2.4.38. The Committee adopted *nem.con.* with one abstention an opinion on the proposal⁷ amending the Directive of 17 September 1984 on the approximation of the laws of the Member States relating to the permissible sound power level of lawnmowers.⁸ The Committee approved the amendment, which is designed to bring motorized cylinder lawnmowers within the

¹ OJ L 327, 3.12.1980; Bull. EC 11-1980, point 2.1.38.

² OJ C 111, 25.4.1987; Bull. EC 3-1987, point 2.1.111.

³ OJ L 185, 9.7.1974.

⁴ OJ C 141, 27.5.1987; Bull. EC 2-1987, point 2.1.83.

⁵ OJ C 108, 23.4.1987; Bull. EC 4-1987, point 2.1.91.

⁶ OJ L 77, 22.3.1986; Bull. EC 3-1986, point 2.1.103.

⁷ OJ C 113, 28.4.1987; Bull. EC 4-1987, point 2.1.92.

⁸ OJ L 300, 19.11.1984; Bull. EC 9-1984, point 2.1.70.

scope of the Directive. However, it had some reservations about the technical drafting of the proposal and proposed a third alternative setting for the cutting mechanism.

Cosmetic products

2.4.39. The Committee unanimously adopted a favourable opinion on the proposal¹ amending for the fourth time the 1976 Directive on the approximation of the laws of the Member States relating to cosmetic products.² It was surprised that Annex V (the list of products outside the scope of the Directive) had been retained and asked the Commission to remove it by 1992. The Committee also regretted the lack of special provisions for cosmetic products for professional use and recommended that the Commission should consider preventive measures.

Aid to agricultural income

2.4.40. By a large majority with 10 abstentions, the Committee adopted an opinion on three proposals for regulations concerning aid to agricultural income and encouragement for the cessation of farming.³ The Committee regarded the proposed measures as only a first step in dealing with the social repercussions of the economic and social changes taking place in Community agriculture. It doubted whether the various systems proposed would ensure the rural development of the Community and drew attention to the dangers of inconsistency with prices and marketing policy and the risk of imbalance between different regions if the prosperous Member States granted aid while in the less prosperous ones the restrictive pricing policy was applied without mitigation.

Reform of the common organization of the market in fishery products

2.4.41. The Committee unanimously adopted its opinion on the proposal⁴ to amend the Regulation of 29 December 1981

on the common organization of the market in fishery products.⁵ It considered that the aid provided by the new measures was only marginal and did not justify the efforts involved — furthermore some provisions even ran counter to objectives to be attained. The Committee had some serious reservations, particularly about the concept of co-responsibility, which would have serious consequences, and the specific proposals for the tuna industry, which would solve none of its problems.

Road vehicles

2.4.42. The Committee unanimously approved the proposal⁶ amending the Directive of 19 December 1984 on the weights, dimensions and certain technical characteristics of certain road vehicles.⁷ The Committee noted that considerable discrepancies from the 1984 Directive still remained and wondered whether the matter should not be reconsidered so as to draw up a single set of figures for all the Member States.

Generalized system of preferences

2.4.43. The Committee unanimously adopted an opinion on a set of proposals for Regulations and a Decision on the application of generalized tariff preferences for 1988 to certain industrial products originating in developing countries.⁸ The Committee clarified and emphasized its earlier position by coming down in favour of a selection of countries to benefit from the GSP. It considered that countries which met the criteria for economic and social development which it had laid down earlier, i.e. Hong Kong, Singapore and South Korea, should not benefit from the GSP and

¹ OJ C 86, 1.4.1987; Bull. EC 2-1987, point 2.1.98.

² OJ L 262, 27.9.1976; OJ L 149, 3.6.1986.

³ OJ C 236, 2.9.1987; Bull. EC 4-1987, point 1.2.1 *et seq.*

⁴ OJ C 145, 3.6.1987; Bull. EC 4-1987, point 2.1.139.

⁵ OJ L 379, 31.12.1981; Bull. EC 12-1981, point 2.1.140.

⁶ OJ C 148, 6.6.1987; Bull. EC 5-1987, point 2.1.199.

⁷ OJ L 2, 3.1.1985; Bull. EC 12-1984, point 2.1.200.

⁸ Bull. EC 6-1987, point 2.2.38.

emphasized the threat to the world economy which would be posed if the newly industrialized countries, particularly in Asia, followed an excessively aggressive exporting policy. They were able to use the same techniques and tools as western countries but their much lower labour costs led to 'social dumping'.

The Committee also noted that one of the aims of the Uruguay Round was gradually to extend the GATT rules to the developing countries. The Committee had long argued in favour of this course and it was a line which the Commission should follow in applying the GSP.

European social area

2.4.44. In preparation for the informal meeting of Ministers for Social Affairs to be held in Copenhagen on 28 and 29 September, the Committee decided to send the Council an information report on the social aspects of the internal market. It recalled the political aspects of the new opportunities offered by Articles 118A and 100A of the Treaty as amended by the Single Act and set out the political, economic and social conditions for completion of the internal market.

ECSC Consultative Committee

2.4.45. The ECSC Consultative Committee held its 264th meeting (extraordinary) in Luxembourg on 15 September, with Mr Roy Evans in the chair. The only item on the agenda for the meeting, which had been prepared the previous day in the Subcommittees for Labour Problems, Markets and Prices and General Objectives, and on which the Committee had given its opinion,¹ was the consultation of the Committee, under Articles 19, 58 and 95 of the ECSC Treaty on the Commission's comprehensive plan for the restructuring of the Community steel industry.²

The members of the Committee expressed their views on the link between restructuring and quotas, the product categories

in question, the performance of steel undertakings in 1985 and 1986, the external, social and regional aspects of restructuring and intra-Community trade.

2.4.46. The ECSC Consultative Committee also held its 265th meeting (ordinary) in Luxembourg on 25 September, with Mr Roy Evans in the chair. It gave its opinion, pursuant to Articles 19 and 46 of the ECSC Treaty, on the forward programme for steel for the fourth quarter of 1987 (→ point 2.1.22). The Committee felt that the broad outlines of the programme were realistic, and demonstrated a degree of optimism. However, a certain amount of caution was called for in assessing the upturn, particularly in relation to merchant bars. The Committee welcomed the drop in imports from non-member countries between 1986 and 1987, but recommended that the Commission continue to monitor the situation closely.

The Committee also delivered an opinion, pursuant to the same articles, on the revision of the prospects for the Community's solid fuels market in 1987 (→ point 2.1.190). It expressed grave concern at the pessimistic forecasts resulting from the downward adjustment of production and consumption figures. It recalled the solutions which it advocated in June³ and sounded a note of caution to the Commission concerning the growing influence of multinational energy concerns in Europe and the attendant risk of over-dependency. After highlighting the specific problems facing the coking sector, the Consultative Committee called for discussions to be held on the basis of recent statistics on the state of the coal market and the creation of a genuine forward-looking strategy for the coal sector.

Finally, the ECSC Consultative Committee expressed concern at the gradual decrease in the funds available in the budget to meet constantly growing requirements and

¹ OJ C 271, 9.10.1987.

² Bull. EC 7/8-1987, point 2.1.25.

³ Bull. EC 6-1987, point 2.4.28.

expressed its wishes in relation to the ECSC operating budget for 1988.

European Investment Bank¹

Operations in September

2.4.47. Loans totalling 833.7 million ECU² were announced by the European Investment Bank in September for investments within the Community, comprising 798.3 million ECU in Italy, 33.8 million ECU for a project in Germany and 1.6 million ECU in Luxembourg. Of this total, 63.8 million ECU came from the resources of the New Community Instrument.³ Outside the Community the Bank lent 24 million ECU in two ACP States under the third Lomé Convention.

Community

Italy

2.4.48. In Italy almost LIT 1 200 000 million was lent for projects concerning industry, infrastructure and energy throughout the country but with special emphasis on the Mezzogiorno where LIT 735 000 million will be spent on projects designed to boost economic development.

A loan of LIT 450 000 million for infrastructure purposes was made to the SIP — Società Italian per l'Esercizio delle Telecomunicazioni pA — for modernization and extension of the telecommunications network, mainly involving the introduction of digital technology and the connection of almost 350 000 new subscribers in southern Lazio, Capania, Abruzzi, Molise, Apulia, Basilicata, Calabria, Sicily and Sardinia. Some long-distance cables will also be replaced by fibre optic links. A further LIT 76 000 million was lent for projects to be carried out by local authorities under the FIO (Fondo Investimenti e Occupazione): LIT 30 000 million goes towards the upgrading of the railway line between Milan, Bovisio and Saronno (Lombardy); LIT 16 000 million is for flood protection

works in the lower basin of the river Po and LIT 4 000 million for flood protection works on tributaries of the Caina and Tiber in the province of Perugia; LIT 10 000 million is for wastewater collection and treatment to reduce pollution in the Gorzone Basin (Veneto); in the Abruzzi region, LIT 8 000 million is earmarked for the improvement of water supplies and distribution in the provinces of l'Aquila and Teramo and LIT 8 000 million for the construction of a tourist marina at Pescara.

A total of LIT 65 000 million will be used to improve air links: LIT 60 000 million will go towards the development and production of the fuselage and tail sections of the joint French/Italian ATR 72 short-haul aircraft in the Aeritalia factories at Pomigliano d'Arco and Capodichino (Naples) and LIT 5 000 million to Alisarda SpA is for the improvement of air links with Sardinia involving the purchase of a McDonnell Douglas MD82 and improvements at Olbia airport. A further LIT 7 500 million was lent to the Centro Padano Interscambio Merci for the construction near Parma of an intermodal rail/road transfer centre near Parma close to the intersection of the Milan-Rome-Naples motorway, the road to Verona and the Brenner Pass and the railway being built to link La Spezia, Parma, Suzzara and Verona.

LIT 10 000 million in Community aid will be used by the State to establish industrial estates in earthquake-damaged areas of Campania and Basilicata. In accordance with the rules governing this type of aid, the loan will receive a 3% interest rate subsidy from the Community budget.

A loan of LIT 347 000 million was made for investments to reduce dependence on

¹ Further details can be obtained from the Information Division of the European Investment Bank, 100 boulevard Konrad Adenauer, L-2950 Luxembourg (tel. 43791).

² The conversion rates at 30 June used by the EIB in statistics for the second quarter were 1 ECU = BFR 43.01, DKR 7.86, DM 2.07, DR 155.61, ESC 162.50, FF 6.92, HFL 2.33, IRL 0.77, LFR 43.01, LIT 1 501, PTA 143.64, UKL 0.70, USD 1.13.

³ OJ L 298, 20.10.1978.

imported energy supplies, particularly of oil. LIT 230 000 million will go to the ENEL — Ente Nazionale per l'Energia Elettrica — to assist the construction of a coal-fired power station at Brindisi which will be equipped with electrostatic precipitators and desulphurization devices. The power station, with an installed capacity of 2 456 MW, should save some 3.3 million tonnes of oil equivalent per annum after it is fully operational at the end of 1992. A further LIT 60 000 million will be used for four natural gas production facilities, three in the Adriatic Sea and one in Emilia-Romagna, LIT 20 000 million will help build three geothermal power stations in Tuscany, LIT 10 000 million will be used for conversions to natural gas and extensions to the network in Milan and the surrounding area, LIT 10 000 million will help install a district heating network in Reggio Emilia and a global loan of LIT 17 300 million to the Mediocredito Lombardo and the Mediocredito Centrale will be used for small and medium-sized investments designed to save energy or protect the environment.

On the industrial front, LIT 238 000 million was granted for the production sector. Of this, LIT 144 000 million (including LIT 95 000 million from the resources of the NCI) took the form of global loans to the IMI (Istituto Mobiliare Italiano), Efibanca and the Banca Nazionale del Lavoro for small and medium-sized loans, mainly concerned with advanced technologies. A further LIT 75 000 million will go to Industrie Zanussi for the reorganization of a refrigerator plant at Susegana (Treviso) using computer-assisted manufacturing and management technology. LIT 14 000 million will be used to improve production and research plant at a pharmaceuticals plant in Pomezia (Lazio) and LIT 5 000 million will assist the rationalization of an aluminium factory in Portovesme (Sardinia).

A loan of LIT 5 000 million was made for the construction of new research laboratories for the Faculty of Agronomy at Viterbo University and one of LIT 3 000 million will help laboratories in Catania and Milan

doing research into nuclear physics, superconductivity and cryogenics.

Germany

2.4.49. In Germany a loan of DM 70 000 million was made for the construction of a combined heat and power plant in Hanover. This is part of the Bank's aid for the modification of thermal power stations in the light of recent national legislation designed to combat atmospheric pollution. The coal-fired plant in Hanover, whose anti-pollution devices will reduce emissions to less than half the legal limits, will replace the oil-fired power plant operated by Volkswagen AG, the coal-fired plant operated by Continental Gummi AG and the coal- and gas-fired plant owned by Stadtwerke Hannover AG. The two companies and the town have joined together to build and operate the new power plant, which will have two identical steam units with a combined capacity of 415 MW of heat and 218 MW of electricity.

Luxembourg

2.4.50. In Luxembourg the Bank lent LFR 68 million for construction of a tanker to transport petroleum products and chemicals between Rotterdam, Antwerp, London, Hamburg and Luxembourg. One of the uses of the tanker, which will be built in the Netherlands, will be to supply Luxembourg and adjoining regions with petroleum products. The loan was granted to Eurolease-Factor, a subsidiary of Banque Générale du Luxembourg, which will own the vessel and lease it on a long-term contract to Navimer SA, a Luxembourg family business specializing in the transport and storage of petroleum products.

*

Signing of a loan agreement with Eurotunnel

2.4.51. On 7 September the Bank, Crédit Lyonnais, the National Westminster Bank, Banque Nationale de Paris, the Midland Bank and the Banque Indosuez announced the signing of a loan agreement between

the Bank and Eurotunnel. This will enable Eurotunnel to receive the equivalent of FF 10 000 million in loans over the six years during which the tunnel under the Channel will be built. These loans will form part of a syndicate-credit of FF 50 000 million which was officially guaranteed by a group of 50 international banks in London on 26 August.

The EIB and the arranging banks (Crédit Lyonnais, National Westminster Bank, Banque Nationale de Paris, Midland Bank and Banque Indosuez) also announced agreement on the conditions for the cofinancing arrangements which will govern the EIB's participation in the syndicate-credit. Under these arrangements, the EIB will make mainly fixed-rate loans with a term of up to 25 years, longer than the 18 years maximum of the funds provided by the syndicated banks.

The EIB's loans will be secured by letters of credit from the syndicate of banks until successful completion of the project when the Bank's loans will be secured on the same basis as the syndicate loans.

In a joint statement, Lord Boardman, for the arranging banks, and Mr Bröder, President of the EIB, announced their satisfaction with the progress of the Eurotunnel project. The EIB's contribution of FF 10 000 million would considerably assist the guarantor banks to ensure the syndication of the FF 50 000 million required by Eurotunnel. Signature of the syndicate's guarantee agreement in August and the EIB's loan in September demonstrate the banking community's confidence in the project and the way it is being managed.

Lord Boardman and Mr Bröder considered that the success of the cofinancing arrangements devised by the EIB and the banks could constitute a model for other major infrastructure projects in Europe designed to contribute to the economic development and prosperity of the European Community.

Outside the Community

ACP States

2.4.52. The EIB lent 18 million ECU for investments in Zimbabwe. Of this sum, 12 million ECU will go towards the construction by Harare City Council of the next phase of a drinking-water treatment station able to handle 277 million litres a day, the laying of a 27.5 km conduit to link this plant with the existing network and the installation of over 26 000 meters. At the same time, the first stage of an extension of the storage and distribution network will be carried out. These installations will enable the network to handle the expansion in household demand, the result in particular of the rapid growth in the population of the capital city and the satellite town of Chitungwiza, which together currently contain more than 1.5 million inhabitants. The estimated cost of the project is some 47 million ECU and it is due to be completed in 1991. It is also attracting a loan from the African Development Bank.

The other 6 million ECU takes the form of a global loan (line of credit) to the Zimbabwe Development Bank (ZDB) for projects in industry, agricultural processing, mining and tourism selected in agreement with the EIB. ZDB, established in 1983, is majority-owned by the State, along with the Commonwealth Development Corporation (United Kingdom), the African Development Bank, Financierings-Maatschappij voor Ontwikkelingslanden NV (The Netherlands), Deutsche Finanzierungsgesellschaft für Beteiligungen in Entwicklungsländern mbH and the EIB, acting on behalf of the Community. In 1983, the EIB granted a 4.5 million ECU conditional loan from risk capital resources to the State for financing part of its contribution towards ZDB's initial share capital.

2.4.53. In Botswana the Bank lent 6 million ECU for the construction of a new abattoir in Francistown, in the north-east of the country. The funds are being advanced in the form of a loan of 4 million

ECU from the EIB's own resources and a conditional loan of 2 million ECU (interest rate: 2%, term: up to 25 years) drawn from risk capital resources provided for under the Lomé Convention and managed by the EIB. The loan from own resources has been channelled to the Botswana Meat Commission (BMC), a non-profit-making parastatal body acting as project promoter, while the conditional loan has been granted to the State for onlending to BMC. The new

abattoir, which will also include a deboning facility, will have a processing capacity of up to 500 head of cattle and 200 head of small ruminants per day. The scheme, estimated to cost 23 million ECU and scheduled for completion in 1990, is of vital importance for the marketing and processing of beef, the main source of income and employment for 80% of the country's population. The works are being cofinanced by the African Development Bank.

DOCUMENTATION

1. ECU

Values in national currencies of one ECU

30 September 1987¹

Belgian franc and Luxembourg franc (convertible)	43.1259
Belgian franc and Luxembourg franc (financial)	43.3179
Danish krone	7.98495
German mark	2.07800
Greek drachma	158.818
Portuguese escudo	163.619
French franc	6.91686
Dutch guilder	2.33827
Irish pound	0.774106
Italian lira	1 499.05
Spanish peseta	137.874
Pound sterling	0.693890
United States dollar	1.12965
Swiss franc	1.72780
Swedish krona	7.27609
Norwegian krone	7.58223
Canadian dollar	1.48188
Austrian schilling	14.6267
Finnish mark	4.98459
Japanese yen	165.099
Australian dollar	1.58525
New Zealand dollar	1.73526

¹ OJ C 262, 1.10.1987.

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

September 1987	
National currency	Value in national currency of one ECU
Belgian franc and Luxembourg franc	47.3310 ¹
	48.0467 ²
	48.0658 ³
Danish krone	8.58163 ¹
	8.70847 ⁴
	8.75497 ⁵
German mark	2.41047 ⁶
	2.39792 ⁷
	2.38516 ⁵
Greek drachma	124.840 ⁵
	137.262 ⁸
	116.673 ⁹
	117.901 ⁴
	150.275 ¹
	134.174 ^{7, 10, 11}
128.340 ^{12, 13}	
Portuguese escudo	181.888 ^{1, 8}
	173.609 ¹⁴
	171.725 ⁵
	151.812 ⁹
French franc	7.47587 ^{3, 6}
	7.65699 ⁴
	7.69553 ¹⁵
	7.54539 ¹
	7.45826 ²
	7.43671 ¹¹
7.09967 ⁹	
Dutch guilder	2.70230 ⁶
	2.68801 ⁷
	2.68749 ¹
	2.67387 ⁵
Irish pound	0.832119 ²
	0.831375 ³
	0.844177 ¹⁵
	0.829519 ⁴
	0.817756 ¹
Italian lira	1 629.00 ¹⁶
	1 613.00 ⁵
	1 577.00 ⁴
	1 554.00 ^{1, 9}
	1 597.00 ^{7, 17}
	1 603.00 ¹¹

July/August 1987	
National currency	Value in national currency of one ECU
Spanish peseta	149.272 ⁴
	151.806 ¹
	155.786 ²
	154.213 ^{3, 11}
	145.796 ⁹
Pound sterling	0.664702 ⁴
	0.710546 ¹⁵
	0.652575 ¹
	0.665557 ²
	0.656148 ³

- ¹ For sheepmeat and goatmeat.
- ² For other livestock products.
- ³ For crop products.
- ⁴ For pigmeat.
- ⁵ For other products.
- ⁶ For milk and milk products.
- ⁷ For cereals.
- ⁸ Amounts not related to the fixing of prices.
- ⁹ For olive oil.
- ¹⁰ For sugar and tobacco.
- ¹¹ For wine.
- ¹² For other crop products.
- ¹³ For eggs and poultrymeat.
- ¹⁴ For fishery products.
- ¹⁵ For beef/veal.
- ¹⁶ For fruit and vegetables and tobacco
- ¹⁷ For 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 4-1987

Point 2.1.9

Proposal for a Council Directive on the approxi-

mation of the laws of the Member States relating to certain components and characteristics of wheeled agricultural or forestry tractors

OJ C 218, 17.8.1987

Bull. EC 6-1987

Point 2.2.56

Exchange of letters between the Council of Europe and the European Community concerning the consolidation and intensification of cooperation

OJ L 273, 26.9.1987

3. Infringement procedures

Initiation of proceedings for failure to implement directives

3.3.1. In September the Commission sent letters of formal notice for failure to inform it of national measures to give effect to the following directive:

Internal market and industrial affairs

- Council Directive of 1 October 1985 amending for the sixth time (PCBs/PCTs)¹ the Council Directive of 27 July 1976 on the approximation of the laws, regulations and administrative provisions of the Member States relating to restrictions on the

marketing and use of certain dangerous substances and preparations² (Germany, France, Ireland, Italy).

3.3.2. The Commission delivered a reasoned opinion on the non-compliance of national measures to give effect to the following directive:

Environment and consumer protection

- Council Directive of 2 April 1979 on the conservation of wild birds³ (Germany).

¹ OJ L 269, 11.10.1985.

² OJ L 262, 27.9.1976.

³ OJ L 103, 25.4.1979.

4. The Community at the UN

Extracts from the speech made by Mr Ellemann-Jensen, President of the Council, on behalf of the Community and the Member States, to the United Nations General Assembly on 22 September.

3.4.1. '...We live in a world of interdependence; a world in which few major problems, if any, can be resolved by one nation alone. The very existence of the European Community reflects the Twelve's acknowledgement of this fact. Our collective efforts to meet the challenges which have faced Western Europe in the last 30 years highlight our fundamental commitment to international cooperation and collaboration. Since the Treaty of Rome was signed in 1957 the Community has faced difficulties and disagreements. It has taken time to develop the habits of instinctive partnership amongst the EC Member States. But we are in no doubt about the benefits which our peoples have enjoyed as a result of the creation of the European Community.

With the entry into force of the Single European Act this year the European Community has entered into a new phase of close collaboration. Our own experiences have made us all the more convinced that such a regional cooperation within the wide global framework is essential if lasting solutions are to be found to the world's problems.

The Twelve naturally attach particular importance to the development of East-West relations. As Europeans, we cannot ignore the artificial barriers which divide our continent, and have divided it for over 40 years. The Helsinki Final Act has laid a solid foundation to overcome these barriers. Unfortunately, much still remains to be done in order to adequately translate the provisions of the Final Act into reality. The Twelve have played a central role in the CSCE process since its inception, and we are determined to press for continuing progress. The commitments freely entered into in Helsinki and elsewhere must be fully implemented by all States participating in the CSCE. Their peoples must be able to enjoy the real benefits, including in particular respect for human rights, which they were promised in 1975.

At the current follow-up meeting in Vienna the Twelve have therefore submitted major proposals within the main areas of the CSCE process, especially concerning its human dimension. We wish in particular to increase the impact of the CSCE for individual Europeans — by facilitating contacts between East and West, by creating and strengthening guarantees of individual rights and

freedoms and by ensuring the free flow of information, ideas and people. Our ideals and proposals must be adequately reflected in any concluding document of the Vienna meeting. This document would thus promote full compliance with existing commitments as well as represent substantial and balanced progress across the full range of CSCE subjects. The CSCE process cannot stand still. It must be dynamic and responsive to the needs and wishes of our citizens.

We are following carefully recent developments in the Soviet Union. We note with interest that new words have been used by the Soviet Union which could point towards a more open society. Improved mutual awareness and understanding between States are both desirable in themselves and have a crucial role to play in reducing mistrust and fear.

However, we look to the Soviet Union for deeds which will match its words. Afghanistan is a case in point. Soviet policy in Afghanistan is a concrete test of the Soviet Union's goodwill and intentions: more than 110 000 Soviet troops remain in Afghanistan against the will of the Afghan people. Seven years of indiscriminate warfare has brought immense suffering upon the civilian population, created the world's biggest refugee problem and imposed considerable burdens on neighbouring countries, in particular Pakistan.

As expressed in the annual resolutions overwhelmingly endorsed by this Assembly the Soviet occupation of Afghanistan continues to be as unacceptable to the international community as was the case in 1979. The rapid and unconditional withdrawal of all Soviet troops, according to an irrevocable timetable, and the respect of the legitimate right of the Afghan people to decide freely their own future and their government are the key elements in a lasting peaceful solution. The Twelve support the efforts of the UN Secretary-General to bring about an early negotiated settlement based on the principles contained in the UN resolutions.

The Twelve welcome improved relations between the superpowers and in particular indications that agreement is near on the global elimination of land-based intermediate-range nuclear missiles with a range of between 500 and 5 500 kilometres. This would be a major achievement. The Twelve hope that such an agreement would help to reduce tensions and enhance international security. The Twelve also hope that success in INF negotiations will give new impetus to US-Soviet negotiations on other nuclear missile and space systems. The next priority should be given to reaching early progress towards limitations and substantial reductions of the strategic nuclear arsenals of the

two superpowers. We call for a further intensification of efforts aimed at reaching agreements which are fair, balanced and effectively verifiable.

Urgent progress must also be made in other fields of arms control and disarmament. A global ban on chemical weapons should enhance international security and lead to the removal from countries' arsenals of a particularly horrifying and inhuman instrument of war. We cannot forget that it is conventional weapons which have caused millions of deaths around the world since 1945 and continue to do so. The Twelve want to use this opportunity to underline the importance of the process towards building greater military confidence in Europe, started in Stockholm, of which the first result constitutes a success recognized by all. We hope to see further progress in this field at the Vienna CSCE follow-up meeting. The Twelve underline their strong interest in the discussions in this connection on further steps to promote the establishment in Europe of a secure and stable balance of conventional forces at a lower level and an increase of military transparency. We also strongly support efforts within the United Nations to tackle the problem of conventional disarmament. In this field, as in many others, the third special session on disarmament presents an opportunity to make a further contribution to progress in the arms control and disarmament process including effective steps towards the implementation of the necessary transparency of military budgets according to objective standards.

One area which carries deep scars of regional tension and armed conflict is the Middle East. The conflict between Iraq and Iran has now lasted for seven terrible years and continues to cause widespread death, destruction and suffering. This conflict represents an increasingly serious threat to security and to the freedom of navigation in the Gulf. As expressed in their declaration of 3 September 1987 the Twelve are seriously concerned by the continuation of the Iraq/Iran conflict and the resulting increase in tension in the Gulf. The Twelve wholeheartedly support Resolution 598 of the Security Council and call for its early implementation in full. Noting the position of the two parties as expressed to date, we urgently call for a speedy implementation of the resolution and for the immediate observance of a cease-fire on land, sea and in the air.

We fully support the Secretary-General in his efforts to achieve this end and appeal to both Iraq and Iran to cooperate fully with him. We reiterate our firm support for the fundamental principle of freedom of navigation, which is of the utmost importance to the whole international community.

The Arab/Israeli conflict remains an issue of concern to us all. It lies at the heart of continuing

tension in the Near East and further efforts are urgently needed to achieve progress towards a just, global and lasting settlement of this conflict. The Twelve's views on the key elements which must make up a solution to this conflict are well known. In accordance with the Venice Declaration and other declarations, two principles are fundamental. The right of all States in the area, including Israel, to exist within secure frontiers, and the right of the Palestinian people to self-determination with all that this implies. We call upon the parties involved in the Arab/Israeli conflict to open the doors to peace by recognizing each other's rights. Against the background of our long-standing contacts with the region the Twelve are following closely current diplomatic efforts to revitalize the peace process. In our declarations of 23 February 1987 and of 13 July 1987 we have stated that we are in favour of an international conference, held under the auspices of the United Nations with the participation of interested parties as well as any party able to make a direct and positive contribution to the restoration and maintenance of peace and to the region's economic and social development. Such a conference provides a suitable framework for the necessary negotiations between the parties directly concerned and seems to us at present the only formula to allow the peace process to move forward. We are in close contact with all the parties concerned and we shall do all in our power to encourage them to bring their positions sufficiently close together to allow such an international conference to be held — and to achieve worthwhile results.

The Twelve are increasingly concerned about the situation of human rights in the Occupied Territories. We renew our call on Israel to fulfil its obligations as the occupying power, pending its withdrawal, to lift restrictions on political and economic activities and, as we have reiterated recently in our declaration of 14 September 1987, to put an end to the illegal policy of settlements. In order to help improve the living conditions of the Palestinians in the Occupied Territories, the Community and its Member States will continue to provide economic assistance directly to the Palestinians, designed to allow the territories to enjoy the fruits of normal economic development. This assistance is in no sense an alternative to a lasting political settlement — but we hope nevertheless that it may help, in a small way, to bring such a settlement nearer.

As to the tragic fate of Lebanon, we remain firmly committed to Lebanon's sovereignty, unity, independence and territorial integrity. We welcome the vital work being done by Unifil and call on all involved to support the Unifil force and allow it to carry out its mandate fully and in the best possible security conditions.

Turning now to the question of Cyprus, a member of the European family, I cannot disregard the fact that the situation remains unchanged. The tragic division of the island continues. The Twelve attach great importance to the just and viable solution of this problem. To this end we reaffirm our strong backing for the independence, sovereignty, territorial integrity and unity of the Republic of Cyprus in accordance with the relevant UN resolutions. We stand fully by our previous statements and reject any action which purports to establish an independent State within Cyprus. We also express our support to the Secretary-General in his mission of good offices and ask those concerned to cooperate with him in the search for a solution to this problem of international concern and to refrain from words or actions that might adversely affect the prospects of a solution by peaceful means.

Turning to South Africa, we face a situation which none of us can view with equanimity. The Twelve have always made clear our unequivocal condemnation of apartheid, an immoral and unacceptable system which breeds hatred and violence.

We remain convinced that what is needed in South Africa is a genuine national dialogue. Only broad-based negotiations, involving the genuine representatives of the various components of the South African population, can bring about a lasting settlement. The aim of the negotiations should be the emergence of a free, democratic, non-racial and united South Africa which takes into account the diversity of its society. The longer the government delays, the more difficult this exercise will become. The longer the government relies on repression as its main response to demands for change, the stronger will become the position of those in the majority who argue that only force can end apartheid. An increasing majority of South Africans will conclude that there is no way in which apartheid can reform itself through the parody of democracy practised in their country.

On the face of it the outcome of the white elections in May was a victory for those in the minority community opposed to fundamental change. But in reality it was a defeat for everybody. The white minority community voted for the continued exclusion of the majority of the South Africans from having any say. For the time being, the South African Government may be able to suppress opposition by force. But it cannot stop the clock of history. Apartheid is doomed; the sooner the government in South Africa comes to terms with this fact, the better. President Botha has the necessary majority in parliament to abolish apartheid thus paving the way for a peaceful development in South Africa.

The meeting between a courageous group of individual South Africans and ANC leaders in Dakar

earlier this summer illustrated that common ground can still be found between the two communities.

We have frequently made clear the sort of steps which we believe the South African Government should take in order to allow a process of peaceful change to begin. We do not believe that a dialogue can take place while leaders of the majority are imprisoned or in exile, their political organizations are proscribed, and the state of emergency continues. Yet Nelson Mandela, probably the most respected political leader in South Africa, has now been in prison for more than 25 years.

At the same time we will continue to provide assistance to the victims of apartheid, inside South Africa as well as in the neighbouring States. The latter continue to suffer from South Africa's destabilization and armed incursions.

We will continue to monitor every aspect of the effects of apartheid, including human rights violations and other abuses committed under cover of the state of emergency. The Twelve will continue to use pressure to bring about peaceful change. In the absence of significant progress in the abolition of apartheid the attitude of the Twelve to South Africa remains under constant review.

We call once again on South Africa to allow Namibia to become independent without delay on the basis of Security Council Resolution 435. There is no justification for any other conduct.

The Twelve are concerned by the resumption of the conflict between Chad and Libya. They believe that Chad has the right to decide its own destiny free from interference from neighbouring countries. They note that there is a territorial dispute between the two countries. Conscious of the dangers inherent in the present situation, they hope that this dispute can be resolved peacefully, in accordance with international law and as rapidly as possible. They therefore wish to see either a direct agreement between the two parties or recourse to a process of international arbitration. The *ad hoc* committee created by the OAU in order to deal with the dispute and the International Court of Justice seem the most appropriate bodies.

In the Western Sahara, we appeal to the parties to respond positively to the Secretary-General's efforts to find a peaceful solution.

We note with concern the continuing tensions in the Horn of Africa and look forward to peaceful negotiated settlements among the countries concerned. We urge them also to take further steps to achieve the peaceful settlement of internal conflicts and to ensure respect for human rights in their countries. We are seriously concerned at the likely extent of food shortages, especially in Ethiopia.

We attach particular importance to appropriate policies to help prevent further famine and to promote food security. We recognize the immediate need for humanitarian relief in the region and are playing our part.

As to the division of the Korean peninsula and continuing tension there we see a resumption of the suspended direct dialogue between North and South as the only way to reach a solution by peaceful means. It is our hope that on the basis of the principle of universality the people of Korea may soon gain full membership of this Organization. We have been encouraged by the progress made towards democratic reforms in the Republic of Korea. We extend our best wishes for the success of the forthcoming Olympic Games.

The continuing Vietnamese occupation of Kampuchea in violation of the fundamental principles of the United Nations and international law remains an issue of the greatest concern to the international community. Kampuchea must be free both from foreign troops and from any prospect of a return to the appalling activities of the Khmer Rouge. The Twelve call upon the new leadership in Hanoi to end the Vietnamese military intervention in Kampuchea in order to contribute to a rapid peaceful solution, which places the fate of the hard-pressed Kampuchean people in its own hands. To this end we support a settlement of this tragic conflict in accordance with repeated UN resolutions while expressing our firm support for the constructive efforts made by Asean.

We have seen this year in Sri Lanka encouraging proof that, where opportunities are grasped with courage and determination, conflict can be resolved. The Twelve have warmly welcomed the agreement signed on 29 July between Sri Lanka and India for a peaceful solution to the ethnic conflict in Sri Lanka, a solution which we had long advocated. But such agreements only work through the goodwill of all concerned. We urge them to continue to comply with the provisions of the agreement.

The Twelve reaffirm the particular importance they attach to the strengthening and development of relations with Latin America for historic, political, economic and cultural reasons. Recent developments in Central America give cause for optimism. We warmly welcome the agreement signed at the Central America summit in Guatemala City on 7 August and supported by the Contadora Group and its Support Group. This agreement offers a historic opportunity to end armed conflict and bring peace and genuine democracy to the region. We have always believed that any lasting solution to Central America's problems had to emerge from within the region itself, and we urge the five countries as well as all countries with links

and interests in the region to cooperate constructively in implementing the Guatemala Agreement within the time-frame prescribed. The Twelve remain committed to helping them — both by intensifying our political dialogue with the region, which is due to be carried forward by ministers at a meeting in the Federal Republic of Germany early next year, and by using our economic assistance to encourage and strengthen regional cooperation and integration.

I would like now to turn to a problem from which none of us can be confident of remaining free: international terrorism. It is a scourge which can threaten any of our citizens at any time. The strength of the Twelve's commitment to combating terrorism, whenever and wherever it appears, is well known. We believe that effective international cooperation is indispensable in responding to the terrorist threat. In this connection, maintaining the consensus in this Assembly represented by Resolution 40/61 is in the interest of all. All involved must be made to realize that acts of terrorism can only damage the causes which they purport to help. For our part, the Twelve have left third countries in no doubt about our collective determination to take action in this field. No country which lends support to terrorism can expect to enjoy normal relations with the Twelve. When we have clear indications of government support for terrorism, we shall not hesitate to act. We are working hard, in partnership with other like-minded countries, to ensure that the perpetrators of such acts are brought to justice. We think that any government supporting them should be strongly condemned by the international community.

The Twelve continue to attach the utmost importance to the respect of human rights in their approach to the rest of the world. For us, human rights are not a minor byway of international relations. They are of central importance in our dealings with all third countries. The concept of human rights is not a convenient catchword to be used in attacking those with whom we disagree. It involves the acceptance of a set of fundamental standards of civilized behaviour by which we should all be ready to be judged. Over the years the United Nations has played a key role in establishing such internationally accepted standards in this vitally important area. We naturally expect all members of the United Nations to live up to these standards. We welcome any efforts designed to strengthen existing mechanisms established to ensure that nations' words are matched by deeds. And we feel free, indeed obliged, to raise these issues with others when human rights are ignored or abused. The entering into force of the UN Convention against torture in June this year was an important step in the right direction.

We feel obliged to alleviate the plight of those who suffer from abuse of human rights, not least those who have been forced to leave their country; we think efforts should be made based on the concept of international solidarity in order to improve the protection of the world's refugees.

The Twelve reaffirm the role of the UNHCR as the international focal point to promote durable solutions to refugees in all parts of the world, such as voluntary repatriation, regional integration or resettlement in third countries.

The international conference on drug abuse and illicit trafficking held in Vienna in June 1987 was of primary importance to the Twelve. The European Community and its Member States participated actively in it.

The present overall economic context is characterized by moderate growth, accelerated and profound changes in the world economy, shifting policy concerns and persisting difficulties of many developing countries. Among the serious problems facing the world economy are the severe debt problem of many developing countries, continuing protectionist pressures and major changes in the relative weight of the commodities sector. Looming behind these problems is the deteriorating state in some areas of the global natural resource base upon which economic development depends considerably.

However, there is sometimes a tendency to focus on uncertainties and overlook positive developments. And despite the present uncertainties there is cause for some optimism.

Efforts are under way to foster vigorous national economies and a more stable and growth-oriented world economy.

Most countries are endeavouring to combine effectively macro-economic and structural policies, to extend the role of the market and to develop their human potential.

Equally important is the recognition of the joint responsibility for the functioning of the world economy with each country contributing to the fostering of an expanding world economy in accordance with its ability.

Most recently, this was demonstrated through the adoption by consensus of the Final Act of Unctad VII.

It is indeed a major achievement that all 140 countries participating in the Conference agreed on a common assessment of the relevant economic trends and of their policy implications as well as on policy approaches and measures to deal with debt problems and resources for development,

with commodities, with international trade and with the problems of the least developed countries.

In the true spirit of interdependence and partnership all countries recognized their responsibility, collectively and individually, to contribute according to their capacities and weight in the world economy to the common objective of revitalizing development, growth and international trade.

Hopefully, the constructive and cooperative approach taken at the Conference will constitute not only a new beginning for Unctad itself but also a milestone in international cooperation.

The European Community and its Member States worked actively towards this result. We fully support the Final Act of Unctad VII and will contribute constructively to the fulfilment of these undertakings in all the relevant international forums. We expect all other countries — developed and developing alike — to do the same, and look forward to a continued cooperative effort.

The financing of the development efforts of developing countries requires enhanced mobilization of domestic economic and human resources as well as increased external financial flows.

Official development assistance will continue to play a decisive role for a large number of developing countries, particularly on highly concessional terms for the poorer and least developed countries. The European Community and its Member States are already large donors. We realize that further efforts are needed to increase the effectiveness of aid and to achieve as quickly as possible the ODA-target of 0.7% of GNP as adopted under the International Development Strategy and the ODA-target of 0.15% of GNP for the least developed countries as adopted in the substantial new programme of action.

The multilateral institutions should be enabled to play a greater part in promoting more satisfactory growth, effective adjustment and mobilization of resources by providing concessional and non-concessional finance, and by catalyzing additional private capital flows.

Accordingly, we support a capital increase for the World Bank. We favour an early agreement on a substantial increase. We also welcome the proposal of the managing director of the IMF for a significant increase in the resources of the IMF's structural adjustment facility and are ready to work actively towards reaching a conclusion of discussions thereon this year.

Handling the problems of debt facing many developing countries is one of the most important tasks confronting the international community.

There has been an evolving response of the international community to the debt problems. There is a recognition of the need for enhanced cooperative action on a case-by-case basis by the parties involved and further progress was achieved at Unctad VII. In this respect the UN Resolution 41/202 adopted last year may also be recalled as a positive step. We are convinced that the agreement at Unctad VII constitutes an important contribution to discussions of the debt servicing problem which will continue in the coming months in the relevant international forums.

The debt service burden of the poorest countries, primarily in sub-Saharan Africa, is particularly constraining. We fully accept measures adapted to the needs of these countries, which are undertaking adjustment efforts. Intensified deliberations in the Paris Club have already resulted in larger repayment and grace periods with respect to rescheduled official credit for certain countries in support of their far-reaching economic reforms. Proposals for lower interest rates have been put forward.

Turning to the field of international trade, the European Community worked hard for the launching of the new round of multilateral trade negotiations, and we intend to work vigorously towards its successful and balanced conclusion within the agreed time-frame.

In recognition of the importance of trade in tropical products to a large number of developing countries we are preparing a proposal to be presented at an early stage of the negotiations in GATT.

The Community remains firmly committed to the objectives and undertakings of the Punta del Este Declaration. As the developing countries progressively develop and improve their trade situation they should participate more fully in the framework of rights and obligations under the General Agreement, thereby allowing positive measures to be taken to meet the needs of the least developed countries.

Liberalization and expansion of trade are in the interest of all countries and require concerted efforts. We take the agreement at Unctad VII as clear evidence that all Uruguay Round participants are ready to shoulder their responsibilities. All parties concerned must undertake to adhere to the principles of multilateralism.

Agriculture remains a major political issue and this field has witnessed major progress in recent months.

Given the scope of the problems — for which all countries bear some responsibility — and their urgency, the OECD Ministers in May 1987 agreed on the principles for a concerted reform of their

countries' agricultural policies to be implemented in a balanced manner. Reforms of agricultural policies in industrialized countries on the basis of these principles will also be of benefit to developing countries. The European Community reaffirms its commitment to this important agreement and stresses the decisive importance of the Uruguay Round in this context.

The agreement reached at Unctad VII on international cooperation between producers and consumers in the field of commodities drew on past experience, on a recognition of the complex circumstances affecting individual commodities, and thereby laid down the basis for working in the future towards constructive results in this field.

A similar realistic approach should be taken with regard to the Common Fund which might now enter into force after the recent signing by several countries.

The need for intensified international cooperation was also highlighted in the recent report of the World Commission on Environment and Development. The report timely reminds of the fragile ecological balance on which economic development is based.

The World Commission has presented a strategy for sustainable development which includes valuable guidelines to be used by the international community. Also the 'Environmental perspective to the year 2000 and beyond' constitutes a basis for further discussions.

The debate on the report of the Group of 18 high-level experts and the adoption by consensus of Resolution 41/213 clearly shows the determination of all Member States to reform and improve this organization.

The Twelve hope that the work prepared by the CPC will be successfully concluded during this session.

The Secretary-General has demonstrated his determination to follow up seriously the reform process, and I can assure him of the full support of the Twelve in these efforts.

It now remains for the Special Commission undertaking the in-depth study of the UN intergovernmental structure and functions in the economic and social fields to show the same kind of determination. The Twelve will continue to work actively for a positive outcome. It must be in the interest of all Member States to ensure that the intergovernmental machinery functions as effectively as possible in accordance with the Charter. Furthermore, we strongly believe that together with other parts of the reform process progress in this respect will contribute significantly to restore the confi-

dence in the ability of the UN to deal effectively with issues entrusted to it.

Reform is necessary to restore confidence in the merits of the organization. But no reform can be completed if the organization is deprived of the means to fulfil its mission. The Twelve emphasize again the need for all Member States to comply fully with their statutory financial obligations.

There have been sufficient examples in the history of the United Nations to prove the value of multi-

lateralism. The Twelve share the view expressed by the Secretary-General in his annual report that a pragmatic approach to the problems of an interdependent world provides a promising basis for broadened multilateral cooperation and for the increased effectiveness of the United Nations.

The Twelve firmly support a strong and effective United Nations and trust that this objective is shared by all Member States. However, to reach our common goal deeds must follow words...'

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