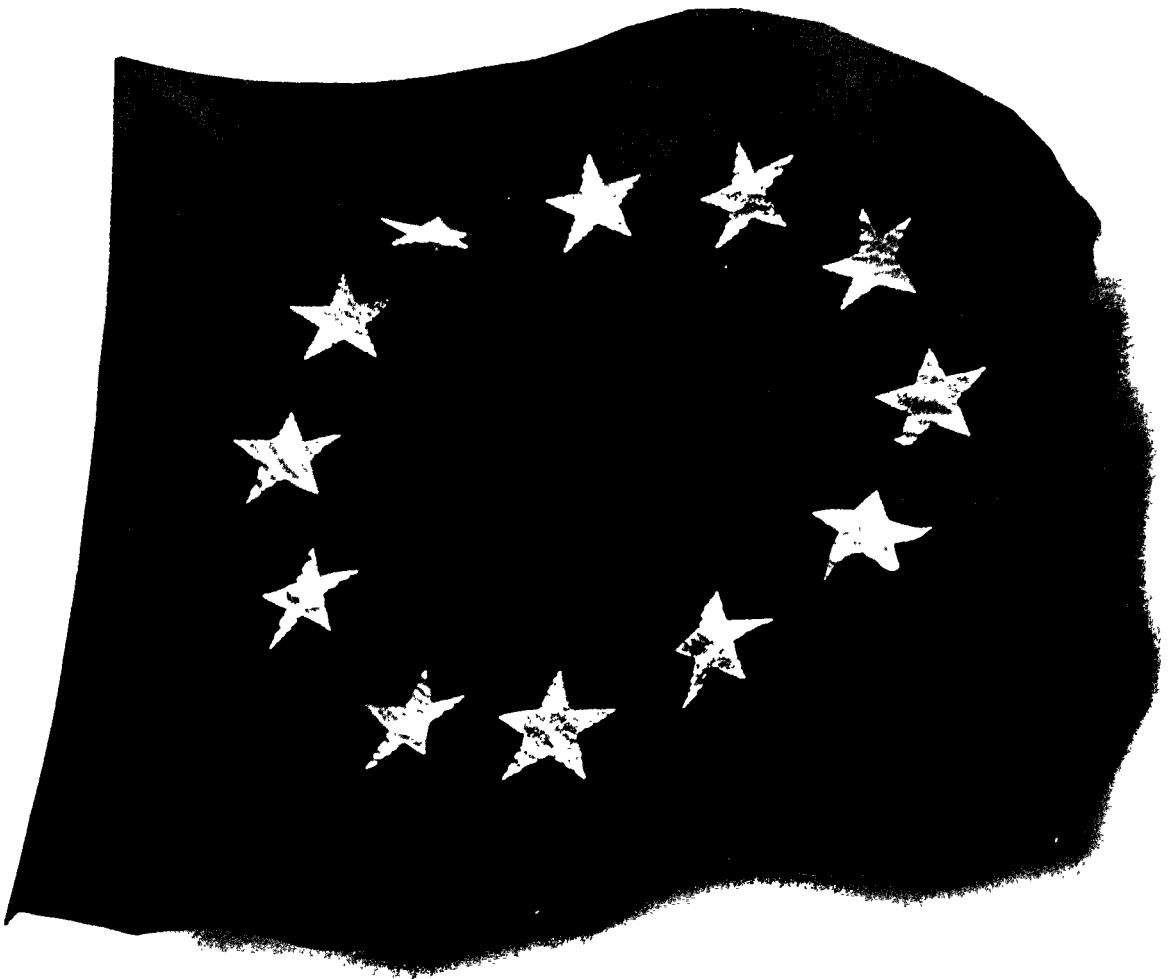


Bulletin of the European Communities

Commission



No 10 1987 Volume 20

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Commission

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References in text and footnotes

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

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

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

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

1. Creation of a European financial area

Further progress

1.1.1. On 28 October the Commission took an important step towards creating a European financial area by adopting, for transmission to the Council, a communication together with a series of proposals designed to establish the principle of complete liberalization of capital movements in the Community, which is a vital element in the creation of a European financial area.¹ These proposals represent a further step in the process which the Commission initiated in April 1983 with the transmission to the Council of a communication on financial integration² and continued in 1984 with the stricter handling of derogations from the rules on capital movements³ and in 1985 with the guidelines for future legislative action incorporated in its White Paper on completing the internal market.⁴ In 1986 the Single European Act⁵ established the objective of free movement of capital by 1992 and the Commission transmitted to the Council a communication containing a programme for the liberalization of capital movements in the Community together with a first proposal for a Directive designed to achieve that.⁶

The Council's adoption of that Directive on 17 November 1986⁷ marked the end of the first stage of the programme which the Commission had laid down for itself, bringing a genuine interlinking of the Community's financial markets.

The acquisition by residents of Member States of all securities (whether or not traded on a stock exchange) and the admission (introduction, issue and placing) of such securities on the Community's financial markets is now liberalized in the same way as direct and real estate investment transactions, commercial credits and personal capital movements.

In addition, following the relaxation of exchange controls in France and Italy, the Commission repealed the decisions authorizing these two Member States to apply

the safeguard clause in Article 108 of the Treaty.⁸ At the present time, only four Member States may maintain restrictions on the capital movements liberalized under Community law: Greece⁹ and Ireland³ under Article 108 of the Treaty and Spain and Portugal under transitional arrangements based on the Act of Accession.

Finally, during the discussions which followed the realignment of currency parities in January 1987,¹⁰ a link was established between the reinforcement of the EMS and the continuing liberalization of capital movements. The agreement reached by Ministers for Finance at their informal meeting in Nyborg in September on measures to reinforce the EMS¹¹ has opened the way to implementation of the final stage of the liberalization of capital movements. This concerns financial loans and credits, transactions in money market instruments, the opening of accounts abroad and the unification of the foreign exchange market for all transactions (current or capital) between residents of Member States.

A cohesive and synchronized approach

1.1.2. The Commission's proposals comprise three legal instruments designed to establish the principle of complete liberalization of capital movements within the Community and the conditions for a common response to any imbalance affecting

¹ COM(87) 550 final.

² Bull. EC 4-1983, point 1.2.1 *et seq.*

³ Bull. EC 12-1984, point 2.1.6.

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

⁵ Supplement 2/1986 — Bull. EC.

⁶ Bull. EG 5-1986, point 1.2.1 *et seq.*

⁷ OJ L 332, 26.11.1986; Bull. EC 11-1986, point 1.1.1 *et seq.*

⁸ Bull. EC 6-1986, point 1.3.4; Bull. EC 7-1987, point 2.1.5.

⁹ Bull. EC 11-1985, point 1.3.3.

¹⁰ Bull. EC 1-1987, point 2.1.1.

¹¹ Bull. EC 9-1987, point 1.3.1.

European financial stability. At the same time, they seek to reinforce the Community machinery for providing Member States with medium-term financial assistance and to preserve the possibility for them to protect themselves against capital movements which endanger their monetary or exchange-rate policies.

1.1.3. The first proposal is for a Council Directive, based on Article 69 of the Treaty, which would extend the liberalization obligation to all capital movements. The new Directive will contain a specific safeguard clause which would permit the reintroduction, for brief periods, of controls on short-term capital movements where such movements seriously disrupt the conduct of a Member State's monetary or exchange-rate policies. It allows more time for implementing the new liberalization obligations in the case of Spain and Ireland (end of 1990) and Portugal and Greece (end of 1992).

1.1.4. The second proposal is for a Directive amending the Council Directive of 21 March 1972 on regulating international capital flows and neutralizing their undesirable effects on domestic liquidity.¹ Its aim is to:

- (i) provide a better definition of the conditions under which capital movements to and from non-member countries are to be liberalized;
- (ii) ensure that Member States have avail-

able the instruments necessary for applying the safeguard clause where appropriate;

- (iii) provide the possibility of concerted implementation of those instruments in response to external monetary shocks.

1.1.5. The third proposal is for a Council Regulation establishing a single facility providing medium-term financial support for Member States' balances of payments, which combines the existing medium-term financial assistance² and Community loan³ mechanisms. It will be possible for this combined instrument to be used not only to help a Member State experiencing balance-of-payments difficulties but also, in an appropriate form, to provide back-up for the liberalization of capital movements.

1.1.6. The communication to which these proposals are appended sets out the main underlying options and also examines a number of complementary questions, such as the implications of complete liberalization of capital movements for the harmonization of national supervisory structures, the problem of taxation of companies and savings and the question of the full participation in the EMS of all the Member States between which capital can move freely.

¹ OJ L 91, 18.4.1972.

² OJ L 73, 27.3.1971.

³ OJ L 73, 19.3.1981, Bull. EC 3-1981, point 2.1.2.

2. Standing arrangements for the free distribution of food

Emergency measures following the cold spell

1.2.1. On 14 January, in view of the particularly harsh winter of 1986/87, the Commission decided to help those in the Community most in need by making available to them certain foodstuffs free of charge.¹ In the days that followed, and in those areas where it already had power to act independently, the Commission gave the go-ahead for the implementation of the scheme by voluntary organizations.² In addition, on a proposal from the Commission endorsed by Parliament,³ the Council amended the existing rules to enable the Commission to extend the emergency aid speedily to other products.⁴ The period of validity of the scheme, which had originally been planned to expire at the end of March, was extended for some products⁵ and for Greece⁶ until the end of April. On 21 October, after assessing the implementation and results of this new type of Community operation, the Commission presented to the Council a report on the scheme,⁷ together with a proposal for a Regulation to extend it.⁸

The Commission report

Operation of the scheme

1.2.2. Through its consultations with the Member States (in the management committees and the Special Committee on Agriculture) and its contacts with the voluntary organizations concerned, the Commission has been able to obtain information on the various problems that have arisen in the Member States during the implementation of the scheme⁹ and quickly remedy the situation by taking appropriate decisions where these problems related to Community legislation.

The scheme covered a wide range of products — most were supplied from intervention stocks — in order to meet some of the basic requirements of diets in different parts of the Community. There were major differences between the Member States as regards the speed with which the uptake of supplies was effected, most of which were linked with the complexity of the administrative arrangements or with processing or packaging operations. Similarly, no correlation was found between the Member States' respective volumes of uptake of the different foods and their normal levels of consumption.

The profiles of the beneficiaries and the proportion of the population benefiting from the scheme differed very widely between Member States, reflecting differences in the Member States' definitions of the beneficiaries and the extent to which the voluntary organizations took part. The number of cases of abuse which were reported was very small, however.

Cost

1.2.3. The total cost of the programme to the Guarantee Section of the EAGGF was 168 million ECU: 158 million ECU for the products themselves and 10 million ECU for distribution and packaging. The actual cost to the Community may well have been smaller, however, thanks to the scheme's effect on the level of stocks, but the Com-

¹ Bull. EC 1-1987, point 2.1.85.

² OJ L 17, 20.1.1987.

³ OJ C 46, 23.2.1987.

⁴ OJ L 25, 28.1.1987.

⁵ OJ L 91, 3.4.1987; OJ L 92, 4.4.1987; Bull. EC 3-1987, point 2.1.146.

⁶ OJ L 95, 9.4.1987; Bull. EC 3-1987, point 2.1.146.

⁷ COM(87) 473 final.

⁸ COM(87) 515 final.

⁹ Since it did not know what the actual cost of the scheme would be, the Commission undertook to consult the Member States if there were signs that the final figure was going to be appreciably more than 50 million ECU.

mission has not been able to quantify this because the information available was insufficient and because of a substitution effect among consumers.¹

In addition to the budget cost there were numerous other costs (monetary or other) which could prevent a repetition of the scheme. The voluntary organizations were faced with significant additional costs and were obliged to divert staff and other resources away from their normal functions. Recipients were often faced with additional costs (travel, etc.) and in some cases had to spend a lot of time in order to obtain the food.

Reactions

1.2.4. The scheme proved satisfactory on the whole and was warmly welcomed by the public and the media, though some of the latter, having expressed satisfaction initially, went on to criticize poor organizational arrangements (mainly at national level). Most Member States were satisfied, as were the distributing organizations, though the latter voiced some reservations about possible future action.

Outlook

1.2.5. The Commission, while acknowledging the merits of the scheme, felt that the distribution measures should be adapted

and improved. Accordingly, on 21 October it presented to the Council a proposal for a Regulation laying down the general rules for future action,² which comprised the following four guidelines:

- (i) the scheme would be implemented annually, in accordance with a plan adopted by the Commission;
- (ii) the costs of the goods and any reimbursement of transport costs to the place of distribution would be charged to a new Article of the Chapter of the Budget covering EAGGF (Guarantee) expenditure (Article 927);
- (iii) the goods would be taken solely from intervention stocks and would be handed over free of charge to the designated organization to be distributed free of charge to the beneficiaries (a small charge could be made to cover the extra costs of those organizations);
- (iv) the distributing organizations would be designated by the Member State concerned or, if no such designation is made, by the Commission.

1.2.6. Parliament delivered its opinion on the proposed Regulation on 30 October (→ point 2.1.138).³

¹ Since beneficiaries used for other purposes the part of their budget which they would otherwise have spent on food, the quantities of products sent into intervention in the Community could conceivably increase.

² OJ C 298, 7.11.1987.

³ OJ C 318, 30.11.1987.

3. A new research programme for the JRC

1.3.1. The implementation of the Single European Act,¹ the adoption of a new framework programme (1987-91)² and the renewal of the present JRC multiannual programme (1984-87)³ present a unique opportunity for overhauling the Joint Research Centre. Determined to meet this challenge, the Commission sent the Council on 29 October a proposal for a new research programme (1988-91)⁴ which follows on logically from the discussions held since March 1986⁵ and is based on the conclusions of the report by the panel of senior industrialists drawn up at the Commission's request and submitted in November 1986.⁶

1.3.2. The aim is to overhaul the JRC thoroughly so as to bring it into step with developments in the Community and give it a new impetus that will assure it of its rightful place in European research and development.

In its proposal the Commission takes the view that the new JRC must remain solidly anchored within the Community system and that, as an integral part of European R&D strategy, it must maintain its institutional role of scientific and technical support for the implementation of Community policies, while at the same time opening up more to the outside.

Although the Commission must continue to be the JRC's main customer — without necessarily relying exclusively on the JRC when assigning Community projects — it is proposed that the JRC should seek other clients as well; it will therefore be encouraged to place its specialized, neutral and independent scientific potential at the disposal of businesses or other organizations in the Member States through research contracts, service work, cooperative projects, industrial clubs and so on. Preparatory research will also be developed in order to promote the pursuit of scientific excellence in a world of constant scientific and technological change and to provide support for Europe's technology strategy.

Financing

1.3.3. Only part of JRC funding is to come from the execution of specific research programmes, i.e. from the appropriations for the framework programme. The remainder of the JRC's financial resources will come essentially either from providing scientific and technical support for customers within the Commission or through contracts placed with Member States, public agencies or the private sector.

Operation

1.3.4. The most immediate and most far-reaching changes proposed by the Commission concern the operation and management of the Joint Research Centre. These changes are intended to make a clean break with the practices of the past and to give the JRC as a whole greater autonomy and more management flexibility.

The Commission wishes, in the future, to establish a clearer distinction between programme management and resource management. Accordingly, the greatest possible measure of autonomy will be given to the operational scientific units, which are to take full scientific, administrative and financial responsibility for the implementation of their tasks.

To this end the JRC is to be reorganized into nine scientific institutes: one for each of the three establishments at Geel, Karlsruhe and Petten, five for the Ispra establishment (where, in addition, the matrix structure of projects and departments will be dismantled) and one at a location to be determined.

¹ Supplement 2'86 — Bull. EC.

² OJ L 302, 24.10.1987; Bull. EC 9-1987, point 2.1.32.

³ OJ L 3, 5.1.1984; Bull. EC 12-1983, point 2.1.225.

⁴ COM(87) 491 final.

⁵ Bull. EC 3-1986, point 2.1.37.

⁶ Bull. EC 7/8-1986, point 2.1.36, Bull. EC 12-1986, point 2.1.64.

This change of structure is to be accompanied by a significant reform of the existing consultative structure, of which the main features will be a reinforcement of the powers of the JRC Board of Governors, the

abolition of the Scientific Council for the JRC as a whole and the streamlining of specialized consultative structures (to be limited to one committee per scientific institute).

4. Using the Community dimension to reinforce internal growth

Annual economic report 1987-88

1.4.1. In 1988 economic growth in the Community will continue, but at a rate — just over 2% — which will not significantly reduce the current level of unemployment. Since the second half of 1986, growth has been affected by the deterioration of the international environment, which has influenced Community exports and, indirectly, business investment.

There are still considerable dangers ahead for the world economy. Correcting international imbalances is making slow progress, and the situation of the developing countries is still delicate. The Community, in strengthening its own growth, should help to lessen these dangers. This means first of all determinedly pursuing structural policies which strengthen its productive potential. At macroeconomic level, more weight is now placed on budgetary policy, since greater recourse to monetary policy could endanger price stability. The tax reductions already planned in some Member States for 1988 will bring welcome support to growth. Should there be a renewed slowdown in growth, a joint effort will be necessary to make positive use of the interdependence of Member States.

The Community has major strengths to draw on: the structural adjustments in train,

the improvement in profitability, the reduction of inflation, all create conditions favourable to stronger growth which will create jobs. The large internal market will give the economies of the Community additional momentum and accelerate technical progress. Its completion will have to be supplemented by effective Community policies which should also contribute to better economic and social cohesion. Closer cooperation between the Member States will improve the effectiveness of economic policy. To reinforce consensus on the policies to be followed, a continuation of social dialogue remains essential. Exploiting the Community dimension will thus enable Europe to make its economies more dynamic and to contribute to stabilizing the international environment.

This is the message contained in the annual economic report 1987-88,¹ which the Commission approved on 14 October for transmission to the Council, Parliament and the Economic and Social Committee in accordance with the Council Directive of 18 February 1974 on stability, growth and full employment in the Community.² In the report, the Commission reviews economic developments and prospects and updates the forecasts presented in the previous

¹ COM(87) 500 final.

² OJ L 63, 5.3.1974.

report, 'Reduction of unemployment in a more dynamic European economy',¹ and endorsed by the Council in December 1986.²

Situation and outlook

1.4.2. The report describes the imbalances in the world economy, which is confronted with the problems generated by the gap between the balance-of-payments positions of the industrialized countries and the indebtedness of developing countries. Despite some success in stabilizing exchange rates through international cooperation,³ there are still appreciable dangers ahead which require a concerted policy of stimulating internal demand, especially in Japan and the Community.

With regard to the Community economy the report notes that:

(i) the continuing poor export performance (caused by the appreciation of European currencies) resulted in a lower-than-expected increase in growth for 1987; in 1988 the Community's real GDP should rise at the same moderate rate as this year (2.25%);

(ii) as a result, employment is forecast to increase by only 0.8% in 1987 and 0.6% in 1988; as a consequence of the increase in the civilian labour force, this will have very little effect on the unemployment rate, which will remain close to its present unacceptable level (11.8% in 1987, 11.7% in 1988);

(iii) the rate of inflation could accelerate marginally in the Community, reaching 3.2% in 1987 and 3.4% in 1988;

(iv) internal demand in the Community as a whole will increase at a rate of 3.2% in 1987 and 2.7% in 1988, thus outstripping GDP growth by one percentage point in 1987 and half a point in 1988 and demonstrating that the Community is making a positive contribution to the growth of world demand in volume terms, particularly in 1987.

The task ahead: growth, cohesion and the internal market

1.4.3. The report then describes the economic and social policies which in the Commission's view should be followed by the Community and the Member States in 1988 and beyond.

Given the present situation of the world economy, the cooperative growth strategy for more employment⁴ requires the Community to switch from growth underpinned by external factors to growth based on internal forces, thus escaping from the trap of slow growth into which it seems to have fallen. Increased cooperation and the pursuit of ambitious Community policies remain essential. Accordingly, all the Member States must coordinate their efforts, as provided for in the Single European Act,⁵ to strengthen the Community's economic and social cohesion and must try to reinforce consensus with and between the two sides of industry on the policies to be followed.

Completion of the internal market by 1992 is creating considerable momentum, which it is essential to sustain through effective, parallel action in a number of fields, e.g. intra-Community trade and infrastructure projects. However, the productivity gains which can be expected from this vast common effort will result in additional jobs only if growth is stronger, thus making it possible for the social and regional dimension of the internal market to be taken into account.

Economic policies

1.4.4. It is still essential to pursue structural policies which improve the adaptability of markets. The recommendations for supply-side policies contained in the most

¹ Bull. EC 10-1986, point 1.1.1 *et seq*

² Bull. EC 12-1986, point 2.1.2.

³ The report was drafted before the stock market crash and the subsequent fall in the dollar.

⁴ Bull. EC 10-1987, point 1.3.1 *et seq*

⁵ Supplement 2-86 — Bull. EC.

recent annual economic reports¹ remain entirely valid. However, these policies and completion of the internal market will produce their full effects only if they form part of a dynamic macroeconomic process, with the emphasis on a revival in investment—which should increase at a significantly faster rate than GDP—and in internal demand. In order not to frustrate the improvement of business profitability and competitiveness, such a revival should be brought about by reducing the tax burden on households and businesses and by undertaking additional cost-effective public investment.

1.4.5. A fall in interest rates is also desirable since it would, in particular, take pressure off public budgets. Despite the high level of interest rates, the scope for monet-

ary policy is limited by the continuing strength of monetary expansion, which is necessary to provide sufficient room for growth. Budgetary policy therefore has a greater role to play, despite the disparities in the public finance situation between Member States. If each country can count on more rapid growth elsewhere in the Community, its own external and budgetary constraints will be reduced and it will be able to make its own contribution to common growth. In the event of a further slowdown in growth, a joint and well-timed effort will then permit positive use of the interdependence among Member States, as envisaged in the conclusions reached by the Council at its meeting on 13 July.²

¹ Bull. EC 10-1985, point 1.3.1 *et seq.*; Bull. EC 10-1986, point 1.1.1 *et seq.*

² Bull. EC 7/8-1987, point 2.1.2.

**ACTIVITIES
IN OCTOBER
1987**

1. Building the Community

Economic and monetary policy

Economic situation

Annual economic report 1987-88

2.1.1. On 14 October the Commission approved, for transmission to the Council, Parliament and the Economic and Social Committee, the annual economic report 1987-88 (→ point 1.4.1 *et seq.*).

Free movement of capital

2.1.2. On 28 October the Commission adopted, for transmission to the Council, Parliament and the Economic and Social Committee, a communication, together with a set of proposals, aimed at achieving complete liberalization of capital movements in the Community (→ point 1.1.1 *et seq.*).

Development of new financial instruments — Financial engineering

2.1.3. On 22 October the Economic and Social Committee delivered an opinion on the proposal for a Decision on the financing of major Community infrastructure projects¹ (→ point 2.4.47).

Monetary Committee

2.1.4. The Monetary Committee held its 337th meeting in Madrid on 30 October, with Sir Geoffrey Littler in the chair. It discussed the main solutions adopted by the Commission to achieve complete liberalization of capital movements. It also reviewed the economic and monetary situation in the Federal Republic of Germany.

Economic Policy Committee

2.1.5. The Economic Policy Committee held its 182nd meeting on 10 October, with Mr Milleron in the chair. It examined the draft annual economic report 1987-88 (→ point 1.4.1 *et seq.*).

On 23 and 24 October the Committee held its 183rd meeting (an informal one) in the United Kingdom. It considered in particular the coordination of economic policies and the financing of major Community infrastructure projects.

Internal market and industrial affairs

Completing the internal market

Council

2.1.6. On 5 October the Council discussed the draft Directive on public supply contracts (→ point 2.1.18), the progress made on the proposal for a Directive on a general system for the recognition of higher-education diplomas² and two proposals for Directives on noise from lawnmowers (→ point 2.1.126). It also heard a statement from Mr Sutherland, the Member of the Commission with special responsibility for competition policy, on the draft Regulation on merger control.³

*

¹ OJ C 80, 27.3.1987, Bull. EC 12-1986, points 1.3.8 to 1.3.13.

² OJ C 217, 28.8.1985; Supplement 8/85 — Bull. EC., Bull. EC 7/8-1985, point 1.4.1 *et seq.*; OJ C 143, 10.6.1986, Bull. EC 5-1986, point 2.1.96.

³ OJ C 92, 31.10.1973; OJ C 36, 12.2.1982, Bull. EC 12-1981, point 2.1.31; OJ C 51, 23.2.1984; Bull. EC 2-1984, point 2.1.42.

2.1.7. On 15 October Parliament adopted a resolution on the completion of the internal market (→ point 2.4.11).¹

2.1.8. On 28 October the Commission adopted a communication together with three proposals for the final stage of the liberalization of capital movements which is a vital element in the creation of a European financial area as part of the completion of the internal market (→ points 1.1.1 to 1.1.6).

Freedom of movement of persons and freedom to provide services

Mutual recognition of diplomas and access to occupations

Nurses

2.1.9. On 20 and 21 October the Advisory Committee on Training in Nursing held a symposium in Brussels on the subject of changes in health care and the training of nurses for the 21st century. There were about 200 participants, and a number of invited outside speakers.

The Committee held a plenary meeting on 22 October, at which it discussed the follow-up to be given to the symposium in its own future work. It also discussed training in cancer treatment, and the work already in hand on basic training in nursing.

Free movement of goods

Removal of technical and administrative barriers to trade

Industrial products

2.1.10. On 14 October Parliament passed a legislative resolution¹ (cooperation procedure) embodying its opinion on the proposal for a Directive on the approximation of the laws, regulations and administrative provisions of the Member States relating to

construction products.² It calls upon the Commission to alter its proposals to include the amendments adopted by it and calls upon the Council to include these amendments in its common position.

Foodstuffs

2.1.11. Under the cooperation procedure (Article 149 of the EEC Treaty as amended by the Single European Act),³ the Council adopted a common position on the proposal for a Directive on extraction solvents used in the production of foodstuffs and food ingredients,⁴ which it had approved in June,⁵ and on the proposal for a Directive relating to flavourings for use in foodstuffs and to source materials for their production.⁶

2.1.12. On 14 October the Commission transmitted to the Council and to Parliament a communication on the current situation regarding the monitoring of foodstuffs in the Member States and an action programme for cooperation at Community level in this area;⁷ this communication had been promised in the proposal for a Council Directive on the official inspection of foodstuffs.⁸

2.1.13. On 6 October the Commission adopted a first Directive laying down Community methods of sampling for chemical analysis for the monitoring of preserved milk products.⁹

2.1.14. The Economic and Social Committee delivered an opinion on the proposal for a Council Directive on the official inspection of foodstuffs (→ point 2.4.39).⁸

¹ OJ C 305, 16.11.1987

² OJ C 93, 6.4.1987; Bull. EC 12-1986, point 2.1.22.

³ Supplement 2/86 — Bull. EC.

⁴ OJ C 312, 17.11.1983; Bull. EC 10-1983, point 2.1.16, OJ C 77, 23.9.1985, Bull. EC 3-1985, point 2.1.11.

⁵ Bull. EC 6-1987, point 2.1.186.

⁶ OJ C 144, 13.6.1980, Bull. EC 5-1980, point 2.1.7, OJ C 103, 24.4.1982, Bull. EC 4-1982, point 2.1.8.

⁷ COM(87) 462 final.

⁸ OJ C 20, 27.1.1987; Bull. EC 12-1986, point 2.1.28.

⁹ OJ L 306, 28.10.1987.

Pharmaceutical products

2.1.15. On 16 October Parliament adopted a resolution on regulating the production and consumption of medicinal plants and preparations deriving from them (→ point 2.4.11).¹

Industrial affairs

Aeronautical industry

2.1.16. Parliament adopted a resolution on the European aeronautical industry (→ point 2.4.11).¹

Businesses

Improving the business environment

Intellectual property

Original topographies of semiconductor products

2.1.17. On 26 October, acting on a Commission proposal,² the Council decided³ to extend, as from 7 November, the right to protection under the Directive⁴ of 16 December 1986 on the legal protection of topographies of semiconductor products to nationals of certain countries or territories.

Public procurement

2.1.18. After Parliament had given its opinion,⁵ on 2 October the Commission sent⁶ the Council a second alteration⁷ to its proposal for a Council Directive⁸ amending the Council Directive⁹ of 21 December 1976 coordinating procedures for the award of public supply contracts and deleting certain provisions of the Directive of 22 July 1980.¹⁰ On 5 October the Council was able to adopt its common position, as provided for by the cooperation procedure introduced by the Single European Act.¹¹

This common position basically reflects the compromise arrived at in December 1986.¹² Subsequently the Commission informed Parliament of its reaction to the Council's common position.

2.1.19. In October the Economic and Social Committee gave its opinion on the proposal for a Directive coordinating the laws, regulations and administrative provisions relating to the application of Community rules on procedures for the award of public supply and public works contracts (→ point 2.4.40).¹³

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2.1.20. On 30 October the Commission signed contracts with seven Portuguese financial institutions with the intention of paying interest rate subsidies on bank loans to encourage small firms to make fuller use of banking services (→ point 2.3.20).

Steel

The Community steel industry

Market management

Crisis measures

New steel plan 1988-90

2.1.21. In the light of the Industry Ministers' decision of 21 September,¹⁴ on 8 October the Commission appointed 'Three

¹ OJ C 305, 16.11.1987.

² Bull. EC 6-1987, point 2.1.17.

³ OJ L 313, 4.11.1987.

⁴ OJ C 24, 27.1.1987; Bull. EC 12-1986, point 2.1.33.

⁵ OJ C 246, 14.9.1987; Bull. EC 7/8-1987, point 2.1.22.

⁶ OJ C 303, 13.11.1987.

⁷ OJ C 161, 19.6.1987; Bull. EC 6-1987, point 2.1.18.

⁸ OJ C 173, 11.7.1986; Bull. EC 6-1986, points 1.2.1 and 1.2.3; Bull. EC 12-1986, point 2.1.36.

⁹ OJ L 13, 15.1.1977.

¹⁰ OJ L 215, 18.8.1980.

¹¹ Supplement 2/86 — Bull. EC.

¹² Bull. EC 12-1986, point 2.1.36.

¹³ OJ C 230, 28.8.1987; Bull. EC 7/8-1987, point 2.1.21.

¹⁴ Bull. EC 9-1987, point 2.1.17.

Wise Men' to assist in finding out what guarantees the European steelmakers are prepared to give on the cuts in production capacity that are essential if the Community steel industry is to become competitive again on a permanent basis. The report which they are to submit to the Commission on 16 November should provide guidance to the Council on how to obtain adequate guarantees for capacity reductions, and enable it to reach a consensus at its meeting on 8 December on the arrangements to be applied from 1 January 1988.

The three eminent persons appointed are Mr Hans Friderichs (Federal Republic of Germany), former Federal Minister for Economic Affairs (1972-77), Doctor in law and political science, former Chairman of the Board of Dresdner Bank AG; Mr Umberto Colombo (Italy), President of the ENEA, the National Commission for Atomic Energy and Alternative Energy Sources, Doctor in chemistry and physics, Chairman of the Committee for the European Development of Science and Technology (1983-87); Mr Jacques Mayoux (France), former President of Société Générale (1982-86), graduate of the École des hautes études commerciales, Bachelor of law and arts.

The following terms of reference were given by the Commission:

'to obtain the clearest possible information about possible plant closures in the three years of operation of the quota system and about the categories of products concerned, taking into account the restructuring objectives set by the Commission, to report on the conditions under which the steel companies will make the closures, and to submit their findings by 16 November at the latest to Vice-President Karl-Heinz Narjes, the Industrial Policy Commissioner, Mr Peter Sutherland, the Competition Policy Commissioner, and Mr Abel Matutes, the Investment Policy and Financial Engineering Commissioner'.

Market situation

Production

2.1.22. Crude steel production in the Community in July and August amounted to 18.9 million tonnes, an increase of 3% compared with the same period last year. Production in September (excluding Greece and Ireland) stood at 10.372 million tonnes, which is 3.2% lower than in September 1986; the decline affects all countries except for Spain, the Netherlands and the United Kingdom, and is particularly marked in Denmark, Luxembourg and Portugal.

The development of crude steel production in the Community is shown in Table 1.

Table 1 — *Development of crude steel production in the Community from September 1986 to September 1987*

Country	September 1987	Difference September 1987-1986 (in %)	First 9 months		Difference (in %)
			1987	1986	
Belgium	820	- 1.6	7 169	7 374	- 2.8
Denmark	51	- 19.0	445	489	- 9.0
Germany (FR)	2 945	- 5.6	27 269	28 617	- 4.7
Spain	1 015	+ 3.8	8 516	8 878	- 4.1
France	1 494	- 4.4	13 098	13 335	- 1.8
Italy	1 824	- 7.6	16 876	17 240	- 2.1
Luxembourg	267	- 14.1	2 473	2 786	- 11.2
Netherlands	436	+ 0.9	3 800	3 983	- 4.6
Portugal	41	- 38.8	540	525	+ 2.9
United Kingdom	1 479	+ 8.0	12 646	10 658	+ 18.7
Total	10 372	- 3.2	92 832	93 885	- 1.1

2.1.23. Eurostat rapid reports put October production for the Community (excluding Greece) at 11.2 million tonnes, compared with 11.1 million tonnes in October 1986. This stability is of a more or less general character, a 10% drop in Luxembourg being offset by an equivalent increase in Belgium and an increase of 80 000 tonnes in the United Kingdom balancing a drop of 100 000 tonnes in France.

Market

2.1.24. The common market in steel was balanced during the first half of the year, owing to the strict matching of supply to demand brought about by the production quota system. New orders for ordinary steels amounted to 45 million tonnes for the Community of Nine for the first six months of 1987, an increase of 5% compared with the corresponding period of 1986. Deliveries have increased by only 0.4% in the last few months, although the trend has been upward: an increase of 4.7% in July compared with July 1986.

2.1.25. The improvement in the volume of new orders chiefly benefited sales to non-member countries, which increased by 17% during the first six months, while sales within the Community grew by about 2%.

2.1.26. The International Iron and Steel Institute (IISI) estimates that steel consumption in the West will amount to 437 million tonnes in 1987, 439 million tonnes in 1990 (same level as 1985) and 455 million tonnes in 1995. The figure for the industrialized countries will probably show a drop of 1% per annum, while an increase of about 4% is on the cards in the developing countries. The Institute expects total world consumption to increase from 727 million tonnes in 1985 to 775 million tonnes in 1995 because of the expansion in the developing countries and State-trading countries. It is possible that this increase, covered by the growth in domestic production capacity, will have little effect on traditional trade patterns, but that the industrialized countries will probably continue to cut their production capacity.

Social measures

Assistance for steelworkers

2.1.27. On 23 October the Commission and Portugal signed the bilateral Convention¹ setting out the procedures for Community aid pursuant to Article 56(2)(b) of the ECSC Treaty to workers affected by restructuring of the steel industry. This aid is intended to supplement the tideover allowances to workers who will become redundant in the next three years and to promote their reintegration in the labour market. It will concern about 2 500 workers in the ECSC sector and amount to between 7 and 8 million ECU.

Trade with non-member countries

Imports

Autonomous measures

2.1.28. On 19 October the Council adopted a Regulation² increasing the volume of the Community tariff quota opened for 1987 for ferro-chromium containing not less than 6% by weight of carbon. The Commission had examined whether such an increase was appropriate and concluded that the evidence was in favour of a duty-free quota to cover the foreseeable additional requirements until the end of the current year.

2.1.29. On 6 October³ the Commission decided to reintroduce customs duties on ferro-silico-manganese from Yugoslavia in the light of the situation in the Community market and the fact that the ceiling established under the Cooperation Agreement had been reached.

¹ Bull. EC 7/8-1987, point 2.1.33.

² OJ L 300, 23.10.1987.

³ OJ L 284, 7.10.1987.

Research and technology

JRC research programme

2.1.30. On 29 October the Commission sent the Council a communication on a new outlook for the Joint Research Centre (→ point 1.3.1 *et seq.*).

Coordination of national policy

2.1.31. At its meeting in Brussels on 8 and 9 October the Scientific and Technical Research Committee (Crest) examined the Commission's proposals on the Esprit II programme,¹ Drive (IT applied to road transport),² AIM (IT applied to health),³ Delta (IT applied to training),⁴ the revision of the Brite programme (new technologies for industry),⁵ and the plan for facilitating access to large-scale scientific facilities of European interest.⁶

The Committee gave a favourable opinion on Esprit II,¹ taking the view that this second programme continued to pursue the objectives of creating the scientific and technological base that the European IT industry requires in order to compete in the 1990s, promoting European industrial cooperation in pre-competitive R&D and preparing the ground for the definition of internationally recognized standards.

Concerning the revision of the Brite programme⁵ the Committee underlined the key role played by SMEs and endorsed the Commission's request for an increase in the level of funding in order to accommodate the expressions of interest shown by industry.

Stimulation of European scientific and technical cooperation and interchange

2.1.32. In Brussels on 21 October the Committee for the European Development of Science and Technology (Codest) recommended the Commission to select, as part of the action to stimulate European

scientific and technical cooperation and interchange (1985-88),⁷ the first six research initiatives under the Brain project⁸ concerning neurocomputing and adaptive intelligence. The Committee also adopted a report by Professor Illya Prigogine on the project to set up a European scientific assembly to advise the Commission and other Community bodies on scientific matters.

Horizontal activities

FAST programme

2.1.33. On 29 October the Commission sent the Council⁹ a proposal for a new forecasting and assessment programme, FAST III (1988-92). The aim of the FAST programme is to identify the possible and probable evolution of science and technology in the medium and long term, its economic and social impact and its potential implications for Europe.

FAST III is designed to enable the work started under FAST I (which gave rise to the Esprit programme and the creation of the Concertation Unit for Biotechnology (CUBE)) and FAST II to be continued,¹⁰ and the activities and working methods of the FAST programme adapted to take account of changes and of the new tasks and responsibilities assigned to the Community by the Single Act.

The new FAST programme gives rise to three main categories of functions: a forecasting function which will consist in outlining hypotheses and identifying the opportunities, problems and challenges which the

¹ OJ C 283, 21.10.1987, Bull. EC 7-8-1987, point 2.1.65.

² Bull. EC 7-8-1987, point 2.1.68.

³ Bull. EC 7-8-1987, point 2.1.69.

⁴ OJ C 265, 5.10.1987; Bull. EC 7-8-1987, point 2.1.67.

⁵ OJ C 238, 4.9.1987, Bull. EC 7-8-1987, point 2.1.59.

⁶ Bull. EC 7-8-1987, point 2.1.62.

⁷ OJ L 83, 25.3.85, Bull. EC 12-1984, points 1.7.1. and 1.7.2.

⁸ Bull. EC 2-1987, point 2.1.31.

⁹ COM(87) 502 final.

¹⁰ OJ L 293, 25.10.1983, Bull. EC 6-1983, point 2.1.257.

major scientific, technological, economic and social changes will present to Europe; an assessment function, involving factual analysis, impact analysis and strategic analyses of the European situation; and a monitoring function including analyses of scientific and technological indicators, forecasting methodology, etc.

International cooperation

Framework agreements

EFTA countries

2.1.34. The Joint Committees set up under the framework agreements for scientific and technical cooperation concluded by the Community with Austria¹ and Sweden² respectively, met for the second time in Vienna on 14 October and in Stockholm on 26 October.³ In both cases the Committees reviewed recent developments in R&D and examined in detail the progress made in the practical implementation of cooperation between Austria and the Community and between the Community and Sweden.

COST

2.1.35. Meeting on 1 and 2 October in Genoa, the COST Committee of Senior Officials approved Document COST/250/1/REUI, laying down new decision-making arrangements aimed at improving the procedure for preparing and approving COST projects. It expressed its satisfaction with the draft of the first COST annual report drawn up by the Commission departments and the Council and made a number of recommendations concerning the drawing-up of the forthcoming annual report for 1988. The Committee also took note of the draft Commission communication to the Council on 'COST and the European Technology Community'.

2.1.36. A seminar on the prospects for electric vehicles in Europe was held in Brussels on 15 and 16 October. It provided an opportunity to present the results of the

COST 302 project 'Technical and economic conditions for the use of electric road vehicles' and to hear the opinions of those concerned in the fields of technology, energy, the environment, taxation, standards, the economy and industry.

Sectoral R&D activities

Energy

Nuclear fusion energy

2.1.37. On 5 October the Council adopted a Decision laying down guidelines for the Commission on the conduct of negotiations on cooperation between the EAEC, Japan, the Soviet Union and the United States on activities relating to the preliminary design of an experimental thermonuclear fusion reactor.

2.1.38. On 17 and 18 October in Vienna delegations from the European Community, Japan, the Soviet Union and the United States met to discuss these matters under the auspices of the International Atomic Energy Agency. The four parties agreed to set as their target the development of a preliminary design for an international thermonuclear experimental reactor by the end of 1990 and to carry out the necessary research for the definition of a design which would be usable by all parties, either under their own programmes or in the framework of an international cooperation programme. The relevant work should start in 1988.

Industry

New technologies⁴

Biotechnology

2.1.39. As promised in May 1986⁵ the Commission transmitted⁶ to the Council

¹ OJ L 216, 5.8.1986, Bull. EC 7-8-1986, point 2.1.37.

² OJ L 313, 22.11.1985, Bull. EC 11-1985, point 2.1.183.

³ Bull. EC 7-8-1986 point 2.1.38.

⁴ For information technologies and telecommunications see point 2.1.45.

⁵ Bull. EC 5-1986, point 2.1.32.

⁶ COM(87) 481 final.

on 29 October a proposal for the revision of the biotechnology action programme (1985-89)¹ proposing the allocation of a further 20 million ECU to the programme budget in order to step up the existing research effort in the fields of bioinformatics and risk assessment, to increase the amount of training activity in all programme sectors, to involve Spain and Portugal in the programme as a whole and to initiate feasibility studies for the future Community biotechnology research programme (1990-94).

Agriculture and fisheries

2.1.40. On 19 October the Council adopted² a Regulation on the coordination and promotion of research in the fisheries sector and laying down the procedures necessary for its implementation, and a Decision adopting Community research and coordination programmes for the period 1988-92 on which it had reached agreement in September.³

2.1.41. The Commission decided to apply to the Court of Justice to annul Article 6(4) of the Council Regulation setting up a Management Committee (→ point 2.4.6).

*Health and safety*⁴

2.1.42. On 28 October the European Parliament adopted,⁵ under the cooperation procedure, a Decision approving the Council's joint position⁶ on the new multi-annual research and development coordination programme in the field of medical and health research (1987-91),⁷ on which it had delivered an opinion at first reading in September.⁸

2.1.43. Under the research programme in the field of radiation protection (1985-89)¹ the Commission held a workshop in Athens from 5 to 9 October in cooperation with the Greek Atomic Energy Commission, the US Department of Energy and the International Atomic Energy Agency (IAEA) on 'Methods for assessing the reliability of environmental transfer model predictions'.

Problems concerning the estimation of the uncertainties of predictive environmental transfer models for radionuclides were dealt with.

Telecommunications, information technology and innovation

IT

Esprit

2.1.44. The Economic and Social Committee delivered its opinion (→ point 2.4.41) on the proposal for a Council Regulation concerning the information technology R&D programme (Esprit II).⁹

Combined use of IT and telecommunications in general applications

Tedis

2.1.45. On 5 October the Council adopted¹⁰ a Decision introducing a communications network Community programme on trade electronic data interchange systems (Tedis).¹¹ This programme will run for two years from 1 January 1988. The amount estimated necessary to cover the Community's contribution is 5.3 million ECU. One of the aims of Tedis is to avoid a proliferation of confidential electronic trade data networks and the general incompati-

¹ OJ L 83, 25.3.1985, Bull. FC 12-1984, points 17.1. and 17.2.

² OJ L 314, 4.11.1987.

³ Bull. EC 9-1987, point 2.1.44.

⁴ Steel social research is covered in the 'Steel' section.

⁵ OJ C 318, 30.11.1987.

⁶ Bull. EC 9-1987, point 2.1.45.

⁷ OJ C 50, 26.2.1987, Bull. EC 10-1987, point 2.1.49.

⁸ OJ C 281, 12.10.1987, Bull. EC 9-1987, point 2.

⁹ OJ C 283, 21.10.1987, Bull. EC 7/8-1987, point 2.

¹⁰ OJ L 285, 8.10.1987.

¹¹ OJ C 2, 6.1.1987; Bull. EC 12-1986, point 2.1.75.

bility which this entails. To that end, Tedis will encourage the implementation of international and European standards where they exist and, in particular, of the recommendations of the UN Economic Commission for Europe in the field of international trade procedures.

In essence Tedis is a programme for coordinating the various existing projects and developments in the exchange of trade data by electronic means. Another of its aims will be to alert potential users, especially small and medium-sized businesses.

Delta¹

2.1.46. The Economic and Social Committee delivered its opinion (→ point 2.4.42) on the Commission proposal concerning Community action in the field of learning technology.²

Drive³

2.1.47. The Economic and Social Committee delivered a favourable opinion (→ point 2.4.43) on the Commission proposal on a Community programme in the field of information technology and telecommunications applied to road transport.⁴

Innovation

Sprint

2.1.48. Under the strategic programme for innovation and technology transfer (Sprint)⁵ the Commission held the first meeting of the newly-formed Group of Experts on Science Parks on 5 and 6 October in Brussels. The members of the Group include the directors of some of the longer-established and more successful European science parks, members of the International Association of Science Parks and Commission representatives. The Group has been asked to help the Commission take stock of the progress of the science park movement in the Community during the

last few years and to explore the role of science parks at the research-industry interface. A work programme was established with a view to further Community action in this field.

Information services

2.1.49. The fifth meeting of the Legal Advisory Board (LAB), formerly known as the Legal Observatory, took place in Luxembourg on 22 October. LAB experts were unanimously in favour of Community action to facilitate ratification by all Member States of the Council of Europe Convention for the protection of individuals with regard to automated processing of personal data, as recommended by the Commission in July 1981,⁶ and advocated Community data protection measures to meet the needs of specific sectors of economic activity, such as banks, insurance companies and electronic information services.

Specialized information

2.1.50. Under the five-year programme for the development of the specialized information market in Europe,⁶ the Commission signed contracts with 10 European data banks on materials property data to integrate their information services into a cooperative European pilot system for materials data information services. This integration will be based on a code of practice defined by the Commission in order to provide for operational harmonization of the different systems. The scope of the data banks covers the technically relevant properties of engineering materials. The inte-

¹ Developing European learning through technological advance

² OJ C 265, 5.10.1987; Bull. EC 7-8-1987, point 2.1.67

³ Dedicated road infrastructure for vehicle safety in Europe

⁴ Bull. EC 7-8-1987, point 2.1.68.

⁵ OJ L 353, 15.12.1983; Bull. EC 10-1983, point 2.1.32; OJ L 153, 13.6.1987; Bull. EC 6-1987, point 2.1.56.

⁶ OJ L 246, 29.8.1981; Bull. EC 7-8-1981, point 2.1.18 (To date only the Federal Republic of Germany, Spain and France have ratified this Convention)

grated system will become operational in 1988.

Customs union and indirect taxation

Customs union

General legislation

Release for free circulation

2.1.51. On 14 October the Commission adopted a Regulation¹ laying down provisions for the implementation of the Council Regulation of 1 December 1986 laying down measures to prohibit the release for free circulation of counterfeit goods.²

Common Customs Tariff

Tariff and statistical nomenclature

2.1.52. On 19 October the Commission sent the Council a recommendation³ for a Decision of the Council and of the Representatives of the Governments of the Member States, meeting within the Council, on the opening of negotiations with Algeria, Austria, Cyprus, Egypt, Finland, Iceland, Israel, Jordan, Lebanon, Malta, Morocco, Norway, Sweden, Switzerland, Syria, Tunisia, Turkey and Yugoslavia with a view to amending the agreements concluded between the Community and those countries to take account of the introduction of the Harmonized Commodity Description and Coding System.⁴

2.1.53. Parliament endorsed⁵ the proposal for a Regulation⁶ on the application of the Combined Nomenclature to the statistics of trade between Member States, amending the Council Regulation of 24 June 1975 on the external trade statistics of the Community and statistics of trade between Member States.⁷

Economic tariff matters

Suspensions

2.1.54. On 19 October the Council adopted a Regulation temporarily suspending autonomous CCT duties on a number of industrial products.⁸

Tariff quotas⁹

2.1.55. On 13 October the Commission adopted two Regulations¹⁰ opening, allocating and providing for the administration of tariff quotas for the following products:

- (i) strawberries falling within CCT subheading ex 08.08 A II, originating in the ACP States and the OCTs (1987-88);
- (ii) fresh or chilled tomatoes falling within CCT subheading ex 07.01 M I, originating in the ACP States and the OCTs (1987-88).

Origin

2.1.56. On 19 October the Council adopted a common position on a draft decision of the EEC-EFTA Joint Committees transmitted by the Commission on 13 October, supplementing and amending Protocol No 3 concerning the definition of the concept of originating products and methods of administrative cooperation, to provide for further simplification of documentation required as evidence of origin. It will enable approved exporters to give proof of origin of the goods by means of a declaration on the invoice, and those using computers or telecommunications systems to draw up or transmit invoices will not be

¹ OJ 291, 15.10.1987.

² OJ L 357, 19.12.1986, Bull. E.C. 12-1986, point 2.1.82.

³ COM(87) 472 final.

⁴ OJ L 198, 20.7.1987, Bull. E.C. 4-1987, point 2.1.49.

⁵ OJ C 305, 16.11.1987.

⁶ OJ C 185, 15.7.1987; Bull. E.C. 7.8-1987, point 2.1.82.

⁷ OJ L 183, 14.7.1975.

⁸ OJ L 300, 23.10.1987.

⁹ For iron and steel products, see point 2.1.28.

¹⁰ OJ L 290, 14.10.1987.

required to sign the origin declarations by hand.

2.1.57. The Commission sent the Council three proposals concerning the Community's position in the negotiations to adapt the provisions of the origin protocols to the agreements or arrangements with the ACP States, OCTs and Mediterranean countries. Since the rules had in any case to be transposed to the Harmonized System, the Commission took the opportunity to review their presentation in depth, and has made certain changes in the interests of greater clarity and consistency. It is also proposing that the existing text be consolidated where possible.

Indirect taxation

Turnover taxes

2.1.58. On 27 October Parliament adopted an opinion¹ on the proposal for a Directive² to amend for the third time the Directive of 28 March 1983³ determining the scope of Article 14(1)(d) of the sixth VAT Directive⁴ as regards exemption from VAT on the final importation of certain goods.

Tax exemptions

2.1.59. On 27 October Parliament adopted an opinion¹ on the proposal for a Directive⁵ to amend the Directive of 28 March 1983 on tax exemptions applicable to permanent imports from a Member State of the personal property of individuals.³

2.1.60. On the same day Parliament adopted an opinion¹ on the proposal for a Directive⁶ to amend the Directive of 28 March 1983 on tax exemptions within the Community for certain means of transport temporarily imported into one Member State from another.³

Competition

State aid

General schemes

Greece

2.1.61. On 7 October the Commission authorized the operations of the Greek Business Reconstruction Organization (ORE), a vehicle for recapitalizing ailing companies. It had initiated the Article 93(2) procedure in October 1986.⁷ Since its foundation ORE had put new funds into 45 companies, 22 of which had later gone into liquidation. The decision to terminate the proceedings was based on the provision for an exception from the prohibition of State aid where the aid helps to remedy a serious disturbance in the Member State's economy and on Protocol 7 (on economic and industrial development) to the Greek Act of Accession. A number of conditions were attached to the authorization:

- (i) the Commission must be notified of all future funding operations involving firms with a workforce of over 300, or over 100 in certain sensitive industries;
- (ii) the funded companies must not increase capacity and must carry out all necessary restructuring measures to restore their viability;
- (iii) the Commission must be notified of any other aid to be provided to ORE-funded firms;
- (iv) certain provisions of Act 1386/1983 setting up ORE must be amended to bring them into line with the second Council Directive on company law.

¹ OJ C 318, 30.11.1987

² OJ C 53, 28.2.1987; Bull. EC 1-1987, point 2.1.40

³ OJ L 105, 23.4.1983, Bull. EC 3-1983, point 2.1.44.

⁴ OJ L 145, 13.6.1977.

⁵ OJ C 5, 9.1.1987; Bull. EC 12-1986, point 2.1.162.

⁶ OJ C 40, 18.2.1987; Bull. EC 1-1987, point 2.1.41.

⁷ Bull. EC 10-1986, point 2.1.68

Luxembourg

2.1.62. On 7 October the Commission decided not to object to incentives introduced in Luxembourg for the purchase of cars meeting stricter exhaust emission standards whereby the government would refund part of the extra cost. Although the Luxembourg Government had acted illegally in not notifying the scheme before its introduction, the Commission decided after an examination under Article 92(1) and (3) that the scheme was permissible.

Portugal

2.1.63. On 21 October the Commission decided not to object to a Portuguese scheme for aiding investment on new or improved testing and metrological laboratories to raise product quality. For 1987 a budget of ESC 150 million (900 000 ECU) has been allocated to the scheme, which offers grants of 28 to 30 % net grant equivalent.

2.1.64. On the same day the Commission also decided not to object to a scheme to stimulate investment in tourism which the Portuguese Government had notified on 27 April. Under the scheme, grants are available for investment in hotels, restaurants, camping sites and other tourist facilities, at a net grant equivalent of between 37 and 49.4 % of the investment cost.

*Federal Republic of Germany***Aid for R&D**

2.1.65. On 7 October the Commission authorized the German Government to introduce a scheme to support the development of laser technology. The four-year (1987-90) programme has a budget of DM 123 million for private-sector companies. A third of this amount will go on Eureka projects forming part of the Eurolaser programme, which will be individually notified where their cost exceeds 20 million ECU. Although the level of aid to be provided under the scheme is within the limits laid

down in the Community rules for R&D aid,¹ the Commission will closely monitor the operation and impact of the scheme with the help of an annual report from the German Government.

Industry schemes*Shipbuilding***United Kingdom**

2.1.66. On 7 October the Commission initiated the Article 93(2) procedure in respect of three aid schemes: the Home Credit Scheme because the availability of preferential credit terms for the financing of the construction of ships or offshore mobile installations was subject to the construction taking place in the UK and thus incompatible with Article 30; and two aid schemes for R&D through British Maritime Technology Ltd (BMT) and under the Innovation Scheme of the Science and Technology Act due to the fact that on the one hand BMT is not an independent company, but a company drawing its members from the industry, among which the shipbuilding industry, and on the other that aid may be granted of up to 100 % of project costs, which is not in compliance with the criteria laid down in the Community rules for R&D aid.¹

2.1.67. The Commission at the same time decided not to raise any objections as regards the following seven aid schemes: Shipbuilding Intervention Fund, Shipbuilders Relief, loss compensation to British Shipbuilders and Harland & Wolff, Export Credit Guarantees, Regional Development Grant, British Shipbuilders Enterprise Ltd Scheme and Harland & Wolff Enterprises Ltd Scheme.

*Chemicals***Belgium**

2.1.68. The Commission decided in October not to object to aid in the form of

¹ OJ C 83, 11-4-1986, Bull. EC 12-1985, point 2.1.69

a BFR 84.949 million grant notified by the Belgian Government for the chemicals manufacturer Prayon-Rupel. The aid is to assist a programme of investments in the minerals sector at a cost of BFR 843.3 million. The Commission concluded that the aid was eligible for exemption under Article 92(3)(c), taking into account that the investment programme was part of a major programme decided upon when the company was restructured in 1982 and that it enabled the company to switch into higher-value-added products less sensitive to trends in international competition.

Federal Republic of Germany

Man-made fibres

2.1.69. On 7 October the Commission authorized the German Government to provide a DM 9 million grant for investment costing DM 180 million by Dupont de Nemours Deutschland GmbH in a new engineering plastics plant at Hamm-Kentrops.

The project, involving diversification from man-made fibres into a non-sensitive sector of plastics, would advance the objective of rationalization of man-made fibre production, to which the Commission had again drawn attention when it recently renewed the aid code for man-made fibre and yarn.¹ The aid was therefore unlikely to adversely affect trading conditions and so qualified for exemption under Article 92(3)(c).

State monopolies

2.1.70. On 8 October² the Commission made recommendations to the Portuguese Government under Article 208 of the Spanish and Portuguese Act of Accession on how the State alcohol monopoly should be progressively reformed so that when the transitional period ended at the end of 1992 the arrangements no longer discriminated against products imported from other Member States.

It proposed opening initial import quotas in 1987 of at least 6% of 1986 domestic production for agricultural alcohol, 40% of the highest annual volume of imports between 1982 and 1986 for non-agricultural alcohol, and 25% of 1985 imports for spirits for use in producing port wine. These quotas should be increased each year from 1988. The Commission also recommended that the quotas should be properly publicized among importers.

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2.1.71. On 15 October Parliament passed a resolution on how Articles 92 and 93 of the EEC Treaty should be applied to regional policy (→ point 2.4.11)³ and on 29 October a resolution on mergers (→ point 2.4.20).⁴

Financial institutions and company law

Company law, company taxation and capital movements

Taxation of transactions in securities

2.1.72. On 27 October Parliament adopted an opinion⁴ endorsing the Commission's amended proposal for a Directive relating to indirect taxes on transactions in securities,⁵ and asking to be informed of any further changes that the Commission might make. Parliament called on the Council too to keep it informed and to institute a fresh consultation procedure if the Council proposed to make substantial changes.

¹ OJ C 183, 11.7.1987; Bull. FC 4/1987, point 2.1.63.

² OJ L 306, 28.10.1987.

³ OJ C 305, 16.11.1987.

⁴ OJ C 318, 30.11.1987.

⁵ OJ C 133, 14.6.1976, OJ C 115, 30.4.1987, Bull. FC 4/1987, point 2.1.70.

Employment, education and social policy ¹

Employment

Employment and labour market

2.1.73. An international conference on action to combat unemployment was held in Glasgow from 29 to 31 October. The conference, which was organized jointly by the Commission and the Strathclyde Regional Council, focused on the effective measures taken in this field throughout the Community.

2.1.74. A national conference on unemployment and local employment schemes was held in Lisbon on 26 and 27 October, at which a number of Portuguese and foreign personalities presented a series of statements on local job-creation schemes. The conference was organized jointly by the Commission and the Confagri (National Confederation of Agricultural Cooperatives).

Cooperation in education

2.1.75. An informal meeting of the Education Ministers of the Twelve, part of which was attended for the first time by Ministers from Finland, Iceland, Norway and Sweden was held in Copenhagen on 7 October. The Ministers explored the possibilities of cooperating with these countries on educational matters, and studied the question of access and barriers to higher education.

2.1.76. A national conference, opened by the Spanish Education Minister, Mr José María Maraval Herrero, in Avila on 21 to 23 October brought together some one hundred Spanish representatives from the fields of education, employment, industry and the trade unions, and representatives from the Commission and Cedefop.

2.1.77. On 7 and 8 October, at the invitation of the Italian authorities and the Ital-

ian unit of the Eurydice network (network of information on education in the Community) and with the support of the Commission, a seminar was held on the utilization of technology in exchanges of information on education.

2.1.78. Two meetings took place in Brussels on 5 and 6 October and 7 and 8 October to continue the technical work on the comparability of vocational training qualifications in agriculture and the electricity sector.

Higher education

2.1.79. The Commission decided on a first batch of financial aid for the academic year 1987/88 under the Erasmus programme.² A total of 240 inter-university cooperation programmes (ICPs) concerning 500 higher-education establishments were selected for a total of 2.66 million ECU. Some 2 000 students will be awarded mobility grants, amounting to a total of 2.3 million ECU.

Vocational training

2.1.80. On 16 October Parliament adopted a resolution on paid educational leave (→ point 2.4.11).³

New technology

2.1.81. Following the first invitation to tender⁴ under the Comett programme,⁵ 70 university-enterprise training partnerships (UETPs) were set up. A symposium attended by 120 persons was held on 15 and 16 October for UETP promoters selected in the first round and for officials from the Comett information centres in the Member States.

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¹ Measures to assist steelworkers are covered in the 'Steel' section (see point 2.1.27)

² OJ L 166, 25.6.1987; Bull. EC 5-1987, points 1.3.1. and 1.3.2.

³ OJ C 305, 16.11.1987.

⁴ Bull. EC 7.8-1987, point 2.1.136.

⁵ OJ L 222, 8.8.1986, Bull. EC 6-1986, point 2.1.106.

2.1.82. On 30 October Parliament adopted a resolution on the language and culture of regional and ethnic minorities in the Community (→ point 2.4.20).¹

Living and working conditions and social protection

Poverty

2.1.83. The Advisory Group on Poverty met in Brussels on 8 October. The Government Representatives were informed of the progress of the second programme to combat poverty² and expressed their opinions, in particular as regards the extension of the programme to Spain and Portugal.³ An exchange of views was also held on aspects of the 'new poverty'.

Industrial relations law

2.1.84. On 16 October Parliament adopted a resolution on the costs of interpretation and translation in labour courts (→ point 2.4.11).⁴

Equal opportunities for men and women

2.1.85. On 25 October,⁵ the Commission sent to the Council a proposal for a Directive completing the implementation of the principle of equal treatment for men and women in statutory and occupational social security schemes. The proposal is aimed, in accordance with the Community programme on equal opportunities for women 1986-90,⁶ at covering all the problems not settled by the Directives of 19 December 1978⁷ and 24 July 1986⁸ and thus completes the implementation of the principle of equal treatment in matters of social security. It covers benefits previously excluded and the exceptions provisionally authorized in the 1978 and 1986 Directives. It also extends family benefits and survivors' benefits to members of the family, survivors and other dependants. Lastly, it sets out the rules to be applied in greater

detail in order to eliminate existing instances of discrimination.

2.1.86. The Commission has decided to adopt a recommendation on vocational training for women, which had been promised in the Commission communication of 31 March⁹ on vocational training for women, and is in line with the Community programme on equal opportunities for women 1986-90 and the Council resolution of December 1986¹⁰ on an action programme on employment growth. It calls on Member States to adopt a comprehensive policy aimed at encouraging young and adult women to take part in training schemes, especially those relevant to occupations with a promising future, and at developing specific measures, in particular as regards occupations where women are under-represented.

2.1.87. On 1 October the Commission held a seminar on the promotion of positive action in favour of women, attended by 60 industrial managers from a number of firms, including the Dutch PTT, Audi, Esso and Moulinex. A number of interesting examples of practical implementation of positive measures were discussed.

2.1.88. On 14 October Parliament adopted resolutions on the reintegration of women into working life, women in sport, the depiction and position of women in the media and discrimination against immigrant women and female migrant workers in legislation and regulations in the Community (→ point 2.4.11).⁴

¹ OJ C 318, 30.11.1987.

² OJ L 2, 3.1.1985; Bull. EC 12-1984, point 2.1.95.

³ OJ L 382, 21.12.1986, Bull. EC 12-1986, point 2.1.149.

⁴ OJ C 305, 16.11.1987.

⁵ OJ C 309, 19.11.1987; COM(87) 494 final.

⁶ Supplement 3/86 — Bull. EC, OJ C 203, 12.8.1986; Bull. EC 6-1986, point 2.1.116.

⁷ OJ L 6, 10.1.1979.

⁸ OJ L 225, 12.8.1986; Bull. EC 6-1986, point 2.1.117.

⁹ Bull. EC 3-1987, point 2.1.102.

¹⁰ OJ C 340, 31.12.1986, Bull. EC 12-1986, point 2.1.138.

Social integration of handicapped persons

2.1.89. On 16 October Parliament adopted an opinion¹ on two proposals for Decisions² establishing a second Community action programme for disabled people.³ It calls for policy directives to be proposed in 1988 concerning the mobility of disabled persons, including transport, the accessibility of public buildings and buildings used for educational purposes, housing and independent living, and for a programme of research for the development of technical resources to improve communication and mobility to be formulated.

2.1.90. On 21 October, the Economic and Social Committee delivered a favourable opinion (→ point 2.4.44) on the abovementioned proposals.²

2.1.91. From 30 September to 2 October the Commission held a seminar in Utrecht for experts and representatives from associations for the disabled on the theme of 'Accessibility of public buildings and facilities'. Its purpose was to examine the expediency and the means of producing Community initiatives to improve accessibility for disabled persons throughout Europe.

Health and safety

Public health

Drugs

2.1.92. On 22 and 23 October the Commission held a working meeting in Luxembourg on the secondary effects of drug abuse control, at which the approach to control policy, social and cultural differences and proposed measures in the field of scientific research were discussed.

Health and safety at work

2.1.93. On 30 October the Commission sent⁴ to the Council, Parliament and the Economic and Social Committee, for infor-

mation, a communication on its programme concerning safety, hygiene and health at work.⁵

2.1.94. The *ad hoc* working party on safety (organization and information) set up by the Advisory Committee on Safety, Hygiene and Health Protection at Work met on 6 October to finalize a draft opinion on the proposal for a Directive on organizational aspects of worker safety.

The *ad hoc* working party on personal protective equipment met on 8 and 9 October and adopted an opinion on the document 'Personal protective equipment'.⁶

These two draft opinions will be examined at the plenary meeting of the Committee in November.

Health and safety (Euratom)

2.1.95. From 5 to 7 October, the Commission held a meeting in Luxembourg on information of the public and the media on health and safety with regard to nuclear activities.

This was the first meeting of the Standing Conference on Health and Safety in the Nuclear Age promised by the Commission in its communication to the Council on the development of Community measures for the application of Chapter III of the Euratom Treaty ('Health and safety').⁷ The purpose of this meeting was to find ways of providing the general public, through the media, with objective information on the potential dangers of ionizing radiation from whatever source.

2.1.96. A meeting was held with national experts under Articles 35 and 36 of the Euratom Treaty for an exchange of views on how to adapt the Commission's peri-

¹ OJ C 305, 16.11.1987

² OJ C 257, 28.9.1987; Bull. EC 7-8-1987, point 2.1.141.

³ OJ C 347, 31.12.1981, Bull. EC 12-1981, point 2.1.64.

⁴ COM(87) 520 final.

⁵ Bull. EC 9-1987, point 2.1.91.

⁶ Bull. EC 6-1987, point 2.1.107.

⁷ Bull. EC 7-8-1986, point 2.1.220 *et seq.*

odical report on radioactivity in the environment so as to provide a more effective response to the need for information which had become apparent in the aftermath of the Chernobyl accident.

2.1.97. On 19 and 20 October the Commission brought together radiation protection officers from nuclear power stations to examine the results of the annual survey for the assessment of the collective dose to workers. Certain operational aspects of radiation protection in nuclear power stations were also discussed.

Culture

Conservation of the architectural heritage

2.1.98. Last April the Commission published an invitation asking for pilot projects for the conservation of the European architectural heritage.¹ It has now allocated aid totalling 2.1 million ECU for the restoration of 22 monuments selected from the 130 applications received. The projects selected are: the city walls of Thessaloniki (3rd century BC to 15th century AD), the frescoes of the Casa Romana, Farnesina, in Rome (1st century BC), Skellig Michael Monastery on one of the Skelligs off the Irish coast (7th to 12th century), the monastery of Sant Pere de Roda at El Port de la Selva, Spain (10th to 18th century), the Château de Bourglinster in Luxembourg, the Convent of the Knights of Christ at Tomar in Portugal and a group of farms at Cressing Temple, Witham, in the United Kingdom (all dating from the 12th to the 18th century), Drimnagh Castle, Dublin (13th to 17th century), St Peter's Church, Hilvarenbeek in the Netherlands (15th to 17th century), the Sanctuary of the Virgin of the Mountain, Corfu (16th century), the Vitelli complex, Città di Castello, Italy (16th and 17th centuries), the Enghien Municipal Park in Belgium (17th century), the Palacio de Nuevo Baztán in Spain, the Aggersborg half-timbered farm in Denmark, the royal

saltworks at Arc-et-Senans in France, the sawmill at Leidschendam in the Netherlands, the church of St Paulinus in Trier and the Schloss Nordkirchen in Germany and the Whitchurch silk mill in the United Kingdom (all dating from the 18th century) and the Hôtel Solvay in Brussels built by Horta, the open cereal market at L'Isle-Jourdain in France and the museum housed in the frigate *Jylland* at Ebeltoft in Denmark (all dating from the 19th century).

Regional policy

Financial instruments

European Regional Development Fund

ERDF grants

2.1.99. On 22 October the Commission adopted financing decisions for a large number of regional programmes and for the fifth allocation of ERDF grants for 1987. The decisions relate to the two Community programmes STAR and Valoren, 18 special programmes under the former non-quota section, six national programmes of Community interest, 67 investment projects (five in the industrial, craft or service sectors and 62 involving infrastructures) and one project designed to exploit potential for internally generated development.

Programme financing

Community programmes

2.1.100. In October the Commission adopted the multiannual assistance programmes for the first Community regional development programmes: STAR (improved access to advanced telecommunications services) and Valoren (exploitation of endogenous energy potential).²

¹ OJ C 98, 11.4.1987; Bull. EC 4-1987, point 2.1.85.

² OJ L 305, 31.10.1986; Bull. EC 10-1986, point 2.1.107.

These assistance programmes, which were drawn up by the Member States in consultation with the Commission, constitute programme agreements within the meaning of the ERDF Regulation and list

the measures and operations to be part-financed by the Fund between 1987 and 1991. The breakdown of grants by programme and Member State is given in Table 2.

Table 2 — *Breakdown of grants by programme and Member State*

million ECU

	ERDF grants (1987-91)		
	STAR	Valoren	Total
Spain: assisted areas	210	105	315
France: Corsica and the overseas departments	25	15	40
Greece	100	50	150
Ireland	50	24.8	74.8
Italy: Mezzogiorno	250	125	375
Portugal	120	65	185
United Kingdom: Northern Ireland	21.5	8.0	29.5
Total	776.5	392.8	1 169.3

The overall breakdown, by category of operations and priorities, of Fund grants for the STAR programme is as follows:

(i) 29% of the total is to be used to finance the development of major telecommunication links which should promote the integration of the less-favoured regions into the networks being set up across the Community and to which Italy, Portugal and the United Kingdom attach special importance;

(ii) a further 29% has been allocated to digitalization projects (a priority in Spain and Greece) aimed at establishing integrated-services digital networks, which are a prerequisite for future economic activities;

(iii) 15% has been earmarked for reinforcing the superposed networks, particularly necessary for data transmission, in which almost all Member States have expressed an interest and which will improve the prospects of boosting the productivity of firms in the less-favoured regions;

(iv) 4% has been allocated to cellular radio infrastructures and 1% to laboratories for checking and measuring telecommuni-

cations equipment; this completes the share of total aid towards the financing of basic facilities;

(v) the remaining 22% is to go to various operations for promoting the supply of, and demand for, advanced telecommunications services (in particular demonstration and promotional schemes and aid to encourage small businesses to use such services).

In the case of the Valoren programme, a proportion of 72% of the grants is to help finance operations to exploit local energy resources (small-scale hydro-power, solar or wind energy projects), to which most member countries attach priority, while Ireland, Northern Ireland, Spain and Greece have opted to allocate a significant proportion of the appropriations available to exploiting peat and lignite deposits; 17% of the total amount available is to be used to promote the more efficient use of energy (energy savings or oil substitution); the remaining 11% is to be used to help promote improved use of regional energy potential.

Special programmes

2.1.101. At the same time, the Commission approved grants totalling 97.3 million ECU for 18 new special multiannual programmes constituting specific Community regional development measures.¹

Of those programmes, 17 — one in Denmark (13 million ECU), four in Germany (26.17 million ECU), two in France (8.5 million ECU) and 10 in Italy (49.59 million ECU) — are intended to remove obstacles to the creation of new economic activities in certain areas affected by restructuring (fishing, shipbuilding or textile areas); the remaining special programme (34 million ECU), which is an amended version of a programme adopted in June 1981,² is designed to improve security of energy supplies in the mountain areas of the Mezzogiorno through improved use of new hydro-electric power technology and alternative sources of energy.

National programmes of Community interest

2.1.102. The Commission also approved ERDF contributions totalling 292 million ECU to six national programmes of Community interest presented by Belgium, Spain and France. The programmes cover the following regions and measures:

- (i) Limburg (32.6 million ECU): measures in support of industrial diversification, tourism, research, infrastructure works and small businesses;
- (ii) West Flanders (11.6 million ECU): support for industrial initiatives, tourism, improvements to road infrastructures, water and sewerage networks, training facilities and cooperation with France on education;
- (iii) Asturias (148 million ECU) — a region which has been hard hit by the steel and coalmining crisis and is the first to benefit from a national programme of Community interest in Spain: numerous measures to assist small businesses (interest subsidies, direct grants, loan guarantees,

innovation incentives, setting up a business promotion institute, etc.); the redevelopment of 200 ha of derelict industrial land for the setting-up of a technology park and a new materials institute; environmental protection measures centred on the cleaning-up of rivers; road infrastructure and water distribution works; and measures to promote tourism (creation of a marina in an old fishing port);

(iv) Charente-Maritime (14.5 million ECU): measures to modernize transport infrastructure (ports and airport), to improve tourist services, to exploit endogenous potential for economic development and to provide training facilities;

(v) Lozère (8.6 million ECU): operations to promote tourism (improvements to road infrastructures and tourist accommodation, provision of leisure facilities, launching of a promotional campaign);

(vi) Réunion (76.8 million ECU): this programme involves three main categories of measures: tourism (more and better accommodation), small businesses and craft industries (advance workshops, industrial estates and assistance with recruitment of managerial staff) and infrastructures (treatment of waste, sewerage and water distribution).

Project financing

2.1.103. In October the Commission approved ERDF grants totalling 592 million ECU for 68 investment projects: 62 infrastructure projects and six projects in industry, craft industries and the service sector.³ The breakdown by Member State is shown in the following table.

¹ OJ L 350, 27.12.1985, Bull. EC 12-1985, point 2.1.128.

² Bull. EC 6-1981, point 2.1.69.

³ Five in the Federal Republic of Germany and one in the United Kingdom.

Table 3 — ERDF grants for investment projects

	Number of grant decisions	Number of projects	Investment assisted (million ECU) ¹	Assistance granted million (million ECU) ¹
Belgium	—	—	—	—
Denmark	—	—	—	—
Germany (FR)	6	6	151.3	17.4
Spain	15	21	574.7	264.4
Greece	—	—	—	—
France	9	9	100.3	45.7
Ireland	—	—	—	—
Italy	9	9	209.6	104.7
Luxembourg	—	—	—	—
Netherlands	1	1	24	4.8
Portugal	7	7	121.4	48.7
United Kingdom ²	15	15	334.4	106.2
Total	62	68	1 515.6	591.9

¹ Converted at October 1987 rates.

² Includes a decision relating to potential for internally generated development (Article 15) and involving an amount of 1.8 million ECU.

Financing of studies

2.1.104. On 8 October the Commission decided, in accordance with Article 24(1) of the ERDF Regulation, to grant financial assistance to eight studies closely related to Fund operations:

- (i) Cardiff harbour mouth barrage, United Kingdom (97 000 ECU);
- (ii) North Sand shipyard redevelopment, United Kingdom (138 000 ECU);
- (iii) feasibility study concerning dredging in the upper reaches of the river Clyde, United Kingdom (172 000 ECU);
- (iv) feasibility study into the manufacture of paper pulp from refuse, United Kingdom (61 000 ECU);
- (v) preparation of a national programme of Community interest for the Black Country, United Kingdom (69 000 ECU);
- (vi) Westwood power station redevelopment feasibility study, United Kingdom (20 000 ECU);

(vii) multi-purpose improvement scheme for the Ribeira dos Socorridos, Madeira, Portugal (187 000 ECU);

(viii) port services centre project at Piombino, Italy (131 000 ECU).

Business and innovation centres

2.1.105. On 27 October the Commission decided to make a financial contribution of 20 000 ECU under Article 543 of the budget to a technical seminar to be held in Berlin on 12 and 13 November on the role of science parks and business and innovation centres as innovation-promoting instruments, in the context of Community regional policy.

Aid for disaster victims

2.1.106. On 15, 21 and 29 October the Commission decided to make six emergency aid grants to the victims and families of victims of the following disasters:

(i) the storm which struck the whole of Spain's Mediterranean coast between 2 and 5 October (250 000 ECU);

(ii) the storm of 15 and 16 October which hit the United Kingdom (300 000 ECU), France (200 000 ECU), Spain (200 000 ECU) and Portugal (200 000 ECU);

(iii) the floods which occurred in Northern Ireland and Wales between 18 and 21 October (200 000 ECU).

This aid is intended to meet the immediate needs of those most affected and is to be distributed in the form of cash or essential goods.

2.1.107. On 15 October Parliament adopted resolutions calling for Community aid to be granted to the victims of the floods in Catalonia, Majorca and Languedoc-Roussillon, torrential rain in Catalonia and severe storms in northern Portugal and to those of the prolonged drought in central and southern Italy (→ point 2.4.11).¹ On 29 October it also adopted a resolution on the storms in Europe (→ point 2.4.20).²

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2.1.108. On 13 October Parliament passed resolutions on the regional problems of Ireland and on the Community's mountain regions (→ point 2.4.11).¹

Coordination of structural instruments

Integrated Mediterranean programmes

2.1.109. On 14 October the Commission approved the final three IMPs for Greece³ concerning the Aegean Islands, Attica and the central and eastern part of the country.

The IMP for the Aegean Islands is divided into five subprogrammes: the ending of the islands' isolation (41 % of the total cost); the proper management of tourist develop-

ment in areas with a high concentration of tourism (25 % of the total cost); improvement of productivity in farming; the promotion of tourism in areas with unexploited potential; implementation. The total cost of the IMP over the period 1986-92 is 327 million ECU, of which 195 million ECU will be borne by the Community.

The IMP for Attica also comprises five subprogrammes: consolidation of industry (future-oriented sectors and small businesses); development of the advanced tertiary sector (43 % of the total cost); improvement of infrastructures (environment and tourism); support for the primary sector in the least-favoured regions; implementation. Total investment for the five-year period comes to approximately 405 million ECU, of which 221.7 million ECU will be provided by the Community.

The IMP for central and eastern Greece consists of five subprogrammes as well: improvement of infrastructures (42 % of the total cost); diversification of plains agriculture; development of economic activities in the inland areas and islands; strengthening the competitiveness of industry and the craft sector; implementation. The total cost of the IMP is 552 million ECU and the Community contribution 318 million ECU.

2.1.110. On the same day the Commission also adopted the first Italian IMP, which covers the Molise region. The IMP consists of three subprogrammes: development of non-farming activity (manufacturing industry and the advanced tertiary sector); economic consolidation of inner areas (62 % of total expenditure); implementation back-up (involving in particular the computerization of communication networks). The total cost for the period 1986-92 is over 93 million ECU, of which 44.5 million ECU will be financed from the Community budget.

¹ OJ C 305, 16.11.1987.

² OJ C 318, 30.11.1987.

³ Bull. EC 7/8-1986, point 2.1.130, Bull. EC 9-1986, point 1.3.1 *et seq.*, Bull. EC 7/8-1987, points 2.1.154 and 2.1.155.

2.1.111. On 21, 22 and 23 October the Commission and the Greek authorities signed the programme contracts for the implementation of the IMPs covering information technologies, northern Greece and western Greece and the Peloponnese, the drafts of which were approved by the Commission in July.¹

Other integrated approaches

2.1.112. On 14 October the Commission adopted a communication on Community support for the modernization of Portuguese industry. This is the Commission's response to the proposal and action programme presented by the Portuguese authorities after the accession negotiations.²

The programme established by the Commission already applies the assistance method proposed for the reform of the structural Funds,³ a matter now before the Council. It involves a number of operational programmes, some of which are to be implemented promptly.

To enable Portuguese industry to meet the two-fold challenge of integrating itself into the Community's industrial structure, which is itself caught up in a worldwide process of change, the Community support framework has four priority development themes:

- (i) speeding up modernization of the basic infrastructures vital to industry;
- (ii) improving vocational training;
- (iii) financing productive investments (part-financing of some of Portugal's regional aid schemes, access for small businesses to banking facilities);
- (iv) setting up productivity and modernization centres (technical assistance services, creation of business and innovation centres etc.).

The assistance given under the Community support programme for the modernization of Portuguese industry should total about 2 000 million ECU of Community resources over five years; half of this is to come from

the EIB, own resources and/or NCI resources. The other half will be provided by the structural Funds. In 1988 400 million ECU will be available (of which 200 million ECU from the structural Funds) for the implementation of the operational programmes serving the four priority development objectives. In subsequent years the funding for the priority programmes and the Commission's special contribution will be provided for within the context of the reform of the structural Funds, which is expected to enter into force on 1 January 1989.

2.1.113. Alongside its support programme for Portuguese industry, on 30 October the Commission signed contracts with Portuguese financial institutions on interest-rate subsidies for loans to small businesses (→ point 2.3.20).

2.1.114. On 30 October Parliament passed a resolution calling for the implementation of a transfrontier action programme for Saarland-Lorraine-Luxembourg⁴ (→ point 2.4.20).

2.1.115. On 29 October Parliament passed a resolution on budgetary control of the efficiency of the structural Funds⁴ (→ point 2.4.20).

Environment and consumers

Environment

Fourth Community environment action programme

2.1.116. On 19 October the Council and the Representatives of the Governments of the Member States, meeting within the Council, adopted⁵ a resolution on the con-

¹ Bull. EC 7/8-1987, points 2.1.154 and 2.1.155.

² Bull. EC 3-1985, point 1.1.4.

³ Bull. EC 7/8-1987, point 1.1.2.

⁴ OJ C 318, 30.11.1987.

⁵ OJ C 289, 29.10.1987.

tinuation and implementation of a Community policy and action programme on the environment,¹ on which they had reached agreement in March.²

EYE

2.1.117. A recycling awareness campaign was held from 11 to 17 October as part of the European Year of the Environment. The purpose of the campaign was to demonstrate the environmental and economic benefits of recycling. Various promotional activities were organized at national level by representatives of the industrial sectors concerned and by the national committees. At Community level, a poster campaign in all countries promoting paper recycling is proposed, and the preparation of a leaflet for distribution to the general public.

2.1.118. The Cefic³ conference on the environment and the chemical industry was held on 20 October as part of European Chemical Industry Week, and was attended by Mr Stanley Clinton Davis, the Commission Member with responsibility for the environment. A lively debate took place on subjects such as public access to information, the implementation of existing legislation and the responsibility of the industry. At Community level, open days were held in most countries, and particularly in France, where they were a great success.

2.1.119. The *Amerigo Vespucci*, the Italian Navy's training ship, completed its second cruise on 19 October in Livorno.⁴ The vessel visited all the maritime States of the Community, carrying a message calling for protection of the seas and attracting considerable interest from the public and the media.

2.1.120. An international conference on pollution of the marine environment, organized by Acops,⁵ took place in Venice from 27 to 30 October. The aim of this conference was to make those responsible in the public and private sectors and Com-

mission representatives aware of the current problems, to highlight gaps both with regard to specialized knowledge and implementation of the legislation in force, and to propose possible solutions with particular reference to regional authorities and environmental groups.

Environment and employment

2.1.121. On 20 October⁶ Parliament delivered an opinion approving the proposal for a Decision on the establishment of a five-year programme of projects to illustrate the job-creation potential of environmental measures.⁷

Prevention and reduction of pollution and nuisance

Protection of the aquatic environment

Protection of the Rhine

2.1.122. The eighth ministerial conference⁸ on the protection of the Rhine against pollution was held in Strasbourg on 1 October. It resulted in particular in the adoption of the Rhine action programme, the primary objective of which is to restore the ecological conditions necessary for the reintroduction of higher species, such as salmon.

Protection of the North Sea

2.1.123. On 29 October Parliament adopted a resolution on the position to be adopted by the Community at the second

¹ OJ C 70, 18.3.1987; Bull. EC 9-1987, point 1.1.1 *et seq.*

² Bull. EC 3-1987, point 2.1.123.

³ European Council of Chemical Manufacturers' Federations.

⁴ Bull. EC 7-8-1987, point 2.1.159.

⁵ Advisory Committee on Pollution of the Sea.

⁶ OJ C 318, 30.11.1987.

⁷ OJ C 141, 27.5.1987; Bull. EC 2-1987, point 2.1.83

⁸ Bull. EC 12-1986, point 2.1.185.

ministerial conference of North Sea countries to be held in London on 25 and 26 November (→ point 2.4.20).¹

Limit values and quality objectives for discharges of certain dangerous substances in the aquatic environment

2.1.124. On 13 October the Commission sent to the Council a proposal for a Directive² amending for the second time Annex II to the Directive of 12 June 1986³ concerning limit values and quality objectives for discharges of certain dangerous substances included in List I of the Annex to the Directive of 4 May 1976.⁴ It is proposed to include hexachlorobenzene and hexachlorobutadiene in List I in view of their toxicity, persistence and bioaccumulation in, or through, the aquatic environment.

Air pollution

Unleaded petrol

2.1.125. On 30 October the Commission adopted a Decision on the approximation of the laws of the Member States concerning the lead content of petrol. In conformity with the provisions of the Directive of 21 July 1987,⁵ the Commission has adopted a generally favourable position on the proposals to prohibit regular leaded petrol in Luxembourg and the Federal Republic of Germany with effect from 1 July and 1 January 1988 respectively.

Noise abatement

Lawnmowers

2.1.126. The Council reached agreement in principle on 5 October on the two proposals⁶ for amendments to the Directive of 17 September 1984 on the sound power level of lawnmowers.⁷ These amendments provide respectively for establishing the permissible sound power level at the operator's

position and the inclusion of cylinder lawnmowers in the 1984 Directive.

Control of chemicals, industrial hazards and biotechnology

Dangerous preparations

2.1.127. On 28 October Parliament passed a legislative resolution (cooperation procedure) embodying its opinion¹ on the proposal for a Directive on the approximation of the laws of Member States relating to the classification, packaging and labelling of dangerous preparations.⁸

Dangerous substances

2.1.128. At its 22nd meeting, held in Brussels on 14 and 15 October, the Committee of Competent Authorities responsible for the implementation of the Directive⁹ of 18 September 1979 amending for the sixth time the 1967 Directive¹⁰ on dangerous substances took stock of the provisions of the Directive which it would be desirable to amend.

Major accident hazards

2.1.129. On 21 and 22 October the Committee of Competent Authorities responsible for the implementation of the Directive of 24 June 1982¹¹ on major accident hazards met in Brussels to discuss, among other things, revising the Directive with a view to extending its scope to include all hazardous

¹ OJ C 318, 30.11.1987.

² OJ C 314, 26.11.1987; COM(87) 457 final.

³ OJ L 181, 4.7.1986, Bull. EC 6-1986, point 2.1.147

⁴ OJ L 129, 18.5.1976.

⁵ OJ L 225, 13.8.1987; Bull. EC 7/8-1987, point 2.1.170.

⁶ OJ C 20, 27.1.1987; Bull. EC 12-1986, point 2.1.194;

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

⁷ OJ L 300, 19.11.1984, Bull. EC 9-1984, point 2.1.70.

⁸ OJ C 211, 22.8.1985; Bull. EC 7/8-1985, point 2.1.126.

⁹ OJ L 259, 15.10.1979.

¹⁰ OJ 196, 16.8.1967.

¹¹ OJ L 230, 5.8.1982, Bull. EC 6-1982, point 2.1.92.

storage facilities and laying down provisions for informing the public.

Waste disposal

Transfrontier movements of hazardous wastes

2.1.130. On 27 October the Commission sent to the Council a recommendation for a Decision authorizing it to negotiate on behalf of the Community, within the OECD, an international agreement on the control of transfrontier movements of hazardous wastes.¹

Protection and use of resources

Fauna and flora

Washington Convention (Cites)

2.1.131. On 19 October² the Commission amended the Council Regulation of 3 December 1982³ on the implementation in the Community of the Convention on International Trade in Endangered Species of Wild Fauna and Flora (Cites).

Bonn Convention

2.1.132. On 12 October the Commission decided on financial participation by the Community to the amount of 26 302.17 ECU in the Trust Fund of the Convention on the Conservation of Migratory Species of Wild Animals.⁴

International cooperation

2.1.133. The first ministerial conference on the environment bringing together the Community Member States, the EFTA countries and the Community took place in Noordwijk (Netherlands) on 25 and 26 October. Mr Stanley Clinton Davis, the Commission Member with responsibility

for the environment, attended. This conference should lead to closer cooperation between the Community and EFTA on environmental matters by providing for meetings of senior officials of the countries concerned and senior Commission officials at least once a year. Matters of common interest were discussed, such as climatic changes, air pollution, soil conservation, protection of the aquatic environment, prevention of ecological disasters and the report of the World Commission on Environment and Development,⁵ as well as cooperation with the Eastern European countries on environmental matters.

Consumers

Physical protection and product safety

Toy safety

2.1.134. Following the opinion delivered on 9 July by Parliament,⁶ on 6 October the Commission forwarded to the Council⁷ an amended proposal for a Directive on toy safety.⁸

Child safety

2.1.135. In connection with the preparation of the Community information and awareness campaign on child safety (1988-90)⁹ two major meetings were held in Brussels on 12 and 30 October.

During these meetings the group of national experts on child safety examined the activities to be undertaken in the European Community in connection with child safety, the

¹ COM(87) 487 final.

² OJ L 299, 22.10.1987.

³ OJ L 384, 31.12.1982, Bull. EC 12-1982, point 2.1.105.

⁴ OJ L 210, 19.7.1982.

⁵ Bull. EC 5-1987, point 2.1.135.

⁶ OJ C 246, 14.9.1987; Bull. EC 7/8-1987, point 2.1.179.

⁷ COM(87) 467 final

⁸ OJ C 282, 8.11.1986; Bull. EC 10-1986, point 2.1.128.

⁹ Bull. EC 5-1987, point 2.1.152.

organizational aspects of the campaign at both national and Community level, and the preparation of a report on the action programme for the mounting of such a campaign, to be submitted to the Council by the end of the year.

Agriculture

Council

2.1.136. At its meeting on 19 and 20 October, following a conciliation meeting with Parliament, the Council formally adopted by a qualified majority a Regulation introducing special rules for the financing of the CAP (→ points 2.1.67 to 2.1.69). It also discussed in detail the Commission's proposals for the introduction of market stabilizers for several agricultural products¹ and studied the proposals on income aid and the cessation of farming.²

Lastly, it heard a progress report from the Commission on the application of the Directive on hormones, with particular reference to the intended ban on the use of hormones for anabolic purposes from 1 January 1988 (→ point 2.2.15).

Free food

2.1.137. On 22 October the Commission sent a report to the Council on the free food scheme which was applied in the Community after the exceptionally hard winter of 1986/87, together with various suggestions for the future; it also sent a proposal for a Regulation laying down general rules for the supply of food from intervention stocks to certain organizations for distribution to the most deprived persons in the Community (→ point 1.2.1 *et seq.*)

2.1.138. On 30 October Parliament adopted an opinion³ endorsing the proposal for a Regulation.⁴ Parliament nevertheless considers that the proposed measures can and should only be of a temporary

nature, that the longer-term objective must be for all the people of the Community to have an income sufficient to pay for necessary food requirements, and that if further measures prove to be necessary when the proposed rules expire the measures in question should be initiated as part of the Community's social policy.

Market organizations

Cereals

2.1.139. To remedy a fodder shortage caused by the cold weather in certain parts of Greece at the beginning of the year the Commission sent a proposal to the Council on 12 October⁵ for 150 000 tonnes of barley to be transferred to Greece from the Spanish intervention agency.

2.1.140. Implementation of the agreement between the Community and the United States⁶ has aroused little interest among Spanish cereal importers. Up to the end of October maize import commitments totalled 290 000 tonnes. The Commission then took several measures to facilitate the application of the agreement. In particular it increased the reduction on the levy for maize and sorghum to 58 ECU per tonne,⁷ opened a tendering procedure for maize exports,⁸ extended the period of validity of import licences issued under the agreement⁹ and reintroduced advance fixing for sorghum imports under the agreement. It also introduced a measure for Spanish maize consigned to the Community of Ten designed to cancel out the accession compensatory amounts.⁹

¹ Bull. EC 9-1987, point 1.5.1 *et seq.*

² OJ C 236, 2.9.1987; Bull. EC 4-1987, point 1.2.1 *et seq.*

³ OJ C 318, 30.11.1987.

⁴ OJ C 298, 7.11.1987.

⁵ COM(87) 476 final.

⁶ OJ L 98, 10.4.1987, Bull. EC 1-1987, point 1.2.1 *et seq.*

⁷ OJ L 309, 31.10.1987.

⁸ OJ L 306, 28.10.1987, OJ L 313, 4.11.1987.

⁹ OJ L 317, 7.11.1987.

2.1.141. The Commission adopted¹ general rules for the direct purchase of maize and sorghum on the world market by the Spanish intervention agency.

2.1.142. Advance fixing of the export refund for wheat gluten was suspended during October,² particularly in order to prevent further deterioration of the market, on which prices had fallen significantly owing to increased competition from wheat starch manufacturers.

Milk and milk products

2.1.143. On 30 October Parliament adopted a resolution on the Court of Auditors' special report on the contract measures for the expansion of the markets for milk and milk products financed by proceeds from the co-responsibility levy (→ point 2.4.20).³

Beef/veal

2.1.144. On 7 October⁴ the Commission sent three proposals to the Council for Regulations opening, allocating and administering Community tariff quotas for:

(i) frozen buffalo meat falling within sub-heading 02.02.30.90 of the Combined Nomenclature (1988);

(ii) high-quality fresh, chilled or frozen beef and veal falling within headings 02.01 and 02.02 of the Combined Nomenclature (1988);

(iii) frozen beef and veal falling within heading 02.02 of the Combined Nomenclature (1988).

2.1.145. On 23 October⁵ the Commission amended its Regulations of 7 January 1982,⁶ 20 July 1982,⁷ and 12 January 1984⁸ on the customs formalities for exports of certain types of beef and veal which are eligible for special refunds. The purpose of the amendments is to reinforce checks ensuring that the conditions laid down in the Regulations for the granting of

certain special refunds are fulfilled and to make it clear that the export formalities and any cutting or boning operations must be carried out in the Member State where the animals are slaughtered.

Sheepmeat/goatmeat

2.1.146. On 20 October⁹ the Council adopted a Decision on the conclusion of an agreement in the form of an exchange of letters between the Community and the German Democratic Republic on trade in sheepmeat and goatmeat. The Decision will enable the GDR to export live animals equivalent to up to 2 400 tonnes carcass weight to the Community every year. It will come into force on 1 December 1987.

2.1.147. On 13 October Parliament adopted a resolution on the renegotiation of the Community Regulation on sheepmeat (→ point 2.4.11).¹⁰

Fresh fruit and vegetables

2.1.148. In accordance with its undertakings *vis-à-vis* the Council when the farm prices were decided on 30 June,¹¹ the Commission sent a proposal to the Council on 15 October¹² for an amendment to the Regulation of 18 May 1972¹³ on the common organization of the market in fruit and vegetables. The object of the amendment is to introduce basic and buying-in prices for satsumas, clementines and nectarines, to-

¹ OJ L 294, 17.10.1987.

² OJ L 279, 2 10 1987; OJ L 309, 31.10.1987

³ OJ C 318, 30 11.1987.

⁴ OJ C 286, 24.10.1987; COM(87) 464 final.

⁵ OJ L 301, 24.10.1987.

⁶ OJ L 4, 8.1 1982.

⁷ OJ L 212, 21.7.1982.

⁸ OJ L 10, 13.1.1984.

⁹ OJ L 309, 31.10 1987.

¹⁰ OJ C 303, 16.11.1987.

¹¹ Bull. EC 6-1987, point 2.1.158.

¹² OJ C 288, 28.10.1987; COM(87) 480 final.

¹³ OJ L 118, 20.5.1972

gether with intervention thresholds beyond which penalties will be applicable.

2.1.149. Pursuant to the same undertakings,¹ the Commission on 7 October² sent a proposal to the Council for a Regulation authorizing the grant of processing aid for Shamouti oranges, to a maximum quantity of 3 000 tonnes of fresh products to be shared between the various producer Member States, and for Cadenera, Castellana and Macetera oranges, to an aggregate quantity of 10 000 tonnes of fresh products for Spain. Parliament approved³ the proposal² at its second part-session.

Wine

2.1.150. On 19 October,⁴ on a proposal from the Commission,⁵ the Council adopted a Regulation amending the Regulation of 16 March 1987⁶ on the common organization of the market in wine. This amendment makes it possible for aid to be granted in respect of grape must used in feedingstuffs.

On 19 October⁷ the Commission extended by one month the final date by which intervention agencies are required to pay aid to producers for the use of concentrated grape musts in wine-making in 1986/87. The extension has been granted because of the administrative difficulties which prevented certain Member States from meeting the deadlines for the payment of aid to all eligible producers.

2.1.151. On 23 October⁸ the Commission corrected an error concerning the areas of France listed in the Annex to the Decision of 30 March⁹ in which it recognized that production of certain quality wines produced in specified regions was well below the level of demand and that it could therefore authorize an extension of the relevant wine-growing areas.

2.1.152. On 28 October,¹⁰ at the request of Germany, Luxembourg and the United Kingdom and in accordance with the Com-

munity rules in the event of severe weather,⁶ the Commission authorized the use of sucrose and concentrated grape must to increase the alcoholic strength of certain wines and products intended for the preparation of wines. This should enable wine-makers to produce their wines properly and market them normally despite the large amount of rain in the regions concerned in 1987.

2.1.153. On 28 October Parliament adopted an opinion³ endorsing the proposals for Regulations on liqueur wines¹¹ subject to amendments to one of the proposals.

2.1.154. Also on 28 October Parliament adopted a resolution on natural sweet wine (→ point 2.4.20).³

Market situation¹²

2.1.155. The year 1986/87 was not afflicted by events¹² as serious as those of previous years. All the market management measures were applied¹³ in the spirit of the Dublin agreement¹⁴ in order to curb production — still in surplus — and to lessen the costs involved. For instance, the Commission took steps to ensure that low-cost compulsory distillation of table wine played its fundamental role as a market

¹ Bull. L.C 6-1987, point 2.1.158

² COM(87) 446 final.

³ OJ C 318, 30.11.1987.

⁴ OJ L 300, 23.10.1987.

⁵ OJ C 243, 27.9.1986, Bull. EC 9-1986, point 2.1.112.

⁶ OJ L 84, 27.3.1987; Bull. EC 3-1987, point 2.1.167.

⁷ OJ L 295, 20.10.1987.

⁸ OJ L 315, 5.11.1987.

⁹ OJ L 102, 14.4.1987.

¹⁰ OJ L 307, 29.10.1987.

¹¹ OJ C 87, 2.4.1987, Bull. EC 3-1987, point 2.1.170.

¹² Bull. EC 12-1986, point 2.1.241.

¹³ OJ L 209, 31.7.1987; OJ L 210, 1.8.1987; OJ L 213, 4.8.1987; OJ L 216, 6.8.1987; OJ L 218, 7.8.1987; OJ L 242, 26.8.1987, Bull. EC 7-8-1987, point 2.1.211, OJ L 260, 10.9.1987; OJ L 268, 19.9.1987, Bull. EC 9-1987, point 2.1.146; OJ L 268, 19.9.1987, Bull. EC 9-1987, point 2.1.147; OJ L 273, 26.9.1987, Bull. EC 9-1987, point 2.1.148.

¹⁴ Bull. EC 12-1984, point 1.2.15.

regulator and that quantities distilled under the high-cost voluntary distillation schemes were limited.

The latest available figures for the past year show production to be at 195.8 million hectolitres and total internal use at 187 million hectolitres (128 million for direct human consumption). These figures do not include Portugal.

Compulsory distillation of table wine should relieve the market of 23 million hectolitres; 'support' distillation was limited to 4 million hectolitres.

Withdrawals of table wine from the market under other distillation arrangements may be estimated as follows on the basis of available forecasts and figures:

- (i) distillation of wine derived from dual-purpose grape varieties: 2.5 million hectolitres;
- (ii) preventive distillation: 13.4 million hectolitres were covered by contracts (but some of this could be delivered for compulsory distillation);
- (iii) distillation scheme associated with the 'special price guarantee' for long-term storage contracts: 7.4 million hectolitres;
- (iv) long-term private storage contracts were concluded for 19 million hectolitres.

Although these measures did not have such a positive effect on the market as in 1985/86 they helped to stabilize prices to some extent.

2.1.156. For the 1987/88 wine year, which has just begun, the available figures point to a large harvest of about 193 million hectolitres (excluding the Portuguese harvest estimated at about 9.7 million hectolitres).

Start-of-year stocks may be estimated at 119 million hectolitres. Although the harvest is slightly below last year's, it must be expected that compulsory distillation will be high.

Tobacco

2.1.157. Pursuing its policy of running down stocks and reducing the storage per-

iod for intervention tobacco, the Commission offered for tender 5 767 974 kg of baled Oriental tobacco from the 1985 harvest¹ and 6 836 755 kg of baled Burley tobacco from the 1985 harvest² held by the Greek intervention agency.

Market situation

2.1.158. The final figures for 1986 indicate an overall year-on-year drop of 5.7% in Community production (some 383 000 tonnes) as a result of a reduction of 1.3% in the tobacco-growing area compared with 1985, a drop in yields due to bad weather, and efforts made by some growers to control the level of production.

The preliminary figures for 1987 indicate a further contraction of 1% in the tobacco-growing area, but a 3.4% increase in production, which, at 396 000 tonnes of leaf tobacco, is back at its 1984 level (2.5% below the record crop of 1985).

The introduction of stabilizers for tobacco as proposed by the Commission in September³ could take the form of maximum guaranteed quantities, within an overall limit, and a proportional reduction in prices and premiums in the event of any overrun.⁴

Structures

Income aid and scheme to encourage the cessation of farming

2.1.159. On 28 October Parliament adopted an opinion⁵ on three proposals for Regulations on income aid and on a scheme to encourage the cessation of farming.⁶ It considers that the present policy of price

¹ OJ C 283, 21.10.1987.

² OJ L 295, 20.10.1987.

³ Bull. EC 9-1987, points 1.5.1 and 2.1.150.

⁴ According to the Commission proposal, however, the reduction would not exceed 5% for the 1988 crop and 10% for the 1989 crop.

⁵ OJ C 318, 30.11.1987.

⁶ OJ C 236, 2.9.1987, Bull. EC 4-1987, point 1.2.1 *et seq*

restraint and the related measures will affect the incomes of all farmers in the Community and that it is therefore necessary for economic and social reasons to support incomes by compensatory aid that will mitigate the effects of the policy. It also considers that more specific and more favourable financing conditions should be applied to regions and countries where the need for aid is greatest. Finally, Parliament judges it essential that the Community aid the least prosperous Member States to finance income aid schemes, in order to prevent any worsening of the existing income disparities between regions and to prevent farmers in the more prosperous Member States from being unfairly put at a competitive advantage.

Legislation

Veterinary and animal husbandry legislation

2.1.160. After Parliament had delivered its opinion¹ the Commission on 22 October² sent the Council an amendment to its proposal³ for a Directive on fresh meat and the fees to be charged in respect of such meat.

2.1.161. On 21 October (→ point 2.4.45) the Economic and Social Committee adopted an opinion on the proposal for a Decision relating to a system of health checks on imports from non-member countries at frontier inspection posts (Shift project).⁴

Foodstuffs and feedingstuffs legislation

2.1.162. On 19 October,⁵ on a Commission proposal,⁶ the Council adopted a Directive amending that of 17 December 1973⁷ on undesirable substances and products in animal nutrition, to which it had agreed in June.⁸ The purpose of the amendments is to extend the field of application of the 1973 Directive to include pesticide

residues, hitherto covered solely by national legislation. The fixing of uniform maximum levels for such residues should not only help to improve the protection of animal and human health but also eliminate the internal trade barriers created by the existence of different national norms.

Seeds

2.1.163. On 19 October,⁵ on a Commission proposal,⁹ the Council adopted two Decisions amending those of 27 June 1985¹⁰ on the equivalence of field inspections of seed-producing crops in non-member countries and the equivalence of seed produced in non-member countries.

The object of the Decisions is to extend to 30 June 1988 the period during which the Community may examine information supplied by certain non-member countries about seed produced there and to extend the recognition of equivalence to certain additional species produced in Australia and the United States.

Competition

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

Germany

Subsidies for the growing of processing rape to be reintroduced in a pilot project.

¹ OJ C 281, 19.10.1987, Bull. EC 9-1987, point 2.1.155.

² OJ C 298, 7.11.1987, COM(87) 510 final.

³ OJ C 302, 27.11.1986, Bull. EC 11-1986, point 2.1.199.

⁴ OJ C 153, 11.6.1987, Bull. EC 5-1987, point 2.1.172.

⁵ OJ L 304, 27.10.1987.

⁶ OJ C 197, 18.8.1987.

⁷ OJ L 38, 11.2.1974.

⁸ Bull. EC 6-1987, point 2.1.187.

⁹ Bull. EC 7-8-1987, point 2.1.224.

¹⁰ OJ L 195, 26.7.1985.

Rhineland-Palatinate

Operating aid for shared use of agricultural machinery. The Commission may reconsider this measure in the light of Article 93(1) of the Treaty.

North Rhine-Westphalia

Aid for environmental protection by the construction of silos for storage of solid and liquid manure.

Baden-Württemberg

Aid for the protection of drinking water catchment zones by limitation of the use of fertilizers and pesticides.

Denmark

Schemes relating to expenditure in 1986 by eight farm funds in respect of milk, horses, sheep, poultry, rabbits, potatoes, plant improvement and pigs and review of amended 1987 budgets of two farm funds for milk and seeds.

Italy

Latium

Bill introducing an aid scheme for olive growers whose groves were damaged by frost between December 1984 and January 1985.

Sicily

Bill on aids for agriculture (training, organization of fairs, control of certain diseases, animal breeding; start-up aid for producers' organizations in less-favoured areas, start-up aid for associations, aid for research concerning protected cropping).

2.1.165. The Commission decided to initiate the Article 93(2) procedure in respect of the following measures:

Italy

Sicily

Bill on aids for farming:

(i) aids for the purchase and maintenance of male breeding stock; the Commission asked that the prescribed maximum aid levels be respected;

(ii) aid for the maintenance of certain plantations for environmental protection; this measure did not satisfy the criteria laid down (farming methods, sensitive areas, amount of aid).

Germany

Schleswig-Holstein

Aid equivalent to 50 % of the purchase cost of flax harvesting and scutching machines; the Commission asked that the prescribed aid levels be respected.

2.1.166. The Commission decided to terminate the Article 93(2) procedure in respect of a Belgian aid scheme for nurserymen and fruit growers affected by frost in 1984/85 as the Belgian authorities had stated that the minimum loss per farmer corresponded to the figure laid down for damage caused by a natural disaster within the meaning of the Treaty.

European Agricultural Guidance and Guarantee Fund

Guarantee Section

2.1.167. On 13 October¹ Parliament adopted an opinion on the proposal for a Regulation introducing special rules for the financing of the common agricultural policy.² It took the view that the proposal was

¹ OJ C 305, 16.11.1987.

² OJ C 262, 1.10.1987; Bull. EC 7/8-1987, point 2.1.229.

merely a budgetary expedient which failed to tackle the true nature of the deficit outstanding in 1987; it recalled its decision to dissociate itself from the procedure relating to the draft amending and supplementary budget No 1/1987; lastly, it called for the application of the Regulation to be limited to expenditure disbursed before 31 December 1987.

2.1.168. A conciliation meeting between the Council and a parliamentary delegation, attended by the Commission, was held on 19 October in connection with the Regulation introducing special rules for the financing of the CAP proposed by the Commission in July.¹

At the close of the meeting the following joint statement was adopted:

'In order to ensure the financing of agricultural expenditure in 1987, the two arms of the budgetary authority consider it important to achieve a political agreement on this provisional Regulation.

The Council and the Commission confirm their intention that a decision on a permanent and detailed solution will be taken in the context of the decisions on the future financing of the Community² and before 31 October 1988, taking into account the need for improving budget management including control of expenditure.

Without prejudice to a definitive arrangement, the 1988 budget and those for following years shall be established in such a way that they do not have to bear the burden of more than 12 months' expenditure.'

2.1.169. On 19 October,³ following the conciliation meeting, the Council adopted the Regulation by a qualified majority. A common position had already been reached at the Council meeting on 13 July⁴ and confirmed on 22 September.⁵

The Regulation introduces transitional arrangements enabling the Community to honour its commitments with regard to the agricultural market organizations and to pursue their objectives even if the funds available for the Guarantee Section are depleted. It allows continuity of payments pending the adoption of a definitive system when decisions are taken on the future

financing of the Community.² It will enter into force as soon as the 1987 appropriations are depleted.

2.1.170. On 23 October³ the Commission adopted three Regulations laying down detailed rules for applying the Regulation³ so that the system can be applied to expenditure disbursed from November 1987 onwards (reimbursement to Member States from January 1988). The Regulations are as follows:

(i) a Regulation amending the Commission Regulation of 31 October 1983⁶ on the system of advances to enable monthly advances to be determined and paid against expenditure booked by the Member States and to organize the transition from one system to another;

(ii) a Regulation laying down detailed rules for the application of Article 5a of the Council Regulation of 21 April 1970⁷ on the financing of the CAP, organizing the partial defrayal of interest charges incurred by four Member States as a result of the mobilization of national funds (Greece, Spain, Ireland and Portugal);

(iii) a Regulation fixing the prices to be used to calculate the value of agricultural products in intervention storage to be carried forward to 1988; closure of public storage accounts is now 30 September (not 30 November) because of the time discrepancy introduced by the new system.

Clearance of accounts

2.1.171. On 21 October the Commission amended⁸ its Decisions of 18 August⁹ on the clearance of the accounts presented by

¹ OJ C 262, 1.10.1987; Bull. EC 7/8-1987, point 2.1.229.

² OJ C 241, 8.9.1987, Bull. EC 7/8-1987, point 1.1.3 *et seq.*

³ OJ L 304, 27.10.1987.

⁴ Bull. EC 7/8-1987, point 2.1.182.

⁵ Bull. EC 9-1987, point 2.1.120.

⁶ OJ L 320, 17.11.1983; Bull. EC 10-1983, point 2.1.144

⁷ OJ L 94, 28.4.1970.

⁸ OJ L 324, 14.11.1987.

⁹ OJ L 262, 12.9.1987, Bull. EC 7/8-1987, point 2.1.230.

the Member States in respect of expenditure financed by the EAGGF Guidance Section in 1984 and 1985. The amendment clears five cases from 1984 and 1985 which were excluded from the Decisions.

The totals for the 1984 and 1985 clearances are now 120.28 million ECU and 83.41 million ECU respectively.

Clearance is still outstanding for both years in respect of milk quotas (Federal Republic of Germany, Italy, the Netherlands and Denmark) and the olive oil consumption aid (Italy).

Fisheries ¹

Resources

Internal aspects

Community measures

TACs and quotas

2.1.172. On 26 October the Commission sent to the Council two proposals for Regulations establishing, for 1988, certain measures for the conservation and management of fishery resources applicable to vessels flying the flag of Member States other than Spain and Portugal in waters falling under the sovereignty or within the jurisdiction of Portugal, on the one hand, and Spain, on the other.²

2.1.173. On 26 October the Commission also presented to the Council a proposal for a Regulation establishing, for 1988, certain measures for the conservation and management of fishery resources applicable to vessels flying the flag of Portugal in waters falling under the sovereignty or within the jurisdiction of Member States, apart from Spain and Portugal.³

Control measures

2.1.174. On 22 October the Commission adopted a Regulation concerning the catch declarations of vessels flying the flag of a Member State and operating in the fishing zone of certain developing countries.⁴ The purpose of this Regulation is to oblige Member States to notify the Commission of the catches taken by their vessels in the waters of those developing countries with which the Community has concluded fisheries agreements and thus facilitate the proper management of such agreements.

Prohibition measures

2.1.175. On 2 October the Commission adopted a Regulation⁵ remedying the prejudice caused by the halting of all fishing by Community vessels for sand eel and Norway pout in ICES division IV (Norwegian waters) in 1987.⁶ Since it was Denmark that exhausted the Community's total allowable catch of these species, including the quotas allocated to the United Kingdom, the Regulation obliges Denmark to transfer certain herring quotas to the United Kingdom.

2.1.176. On the basis of information supplied on the exhaustion of certain quotas the Commission prohibited:

(i) Belgian vessels from fishing for plaice in ICES division VII h, j and k from 6 October⁵ and for cod in ICES division III (Skagerrak) from 15 October;⁷

(ii) Dutch vessels from fishing for cod in ICES divisions IIa (EC zone) and IV from 10 October;⁸

¹ For fisheries research, see 'Research and technology' (point 2.1.40).

² COM(87) 477 final.

³ COM(87) 493 final.

⁴ OJ L 300, 23.10.1987.

⁵ OJ L 280, 3.10.1987.

⁶ OJ L 194, 15.7.1987; OJ L 241, 25.8.1987; Bull. EC 7 8-1987, point 2.1.241.

⁷ OJ L 290, 14.10.1987.

⁸ OJ L 301, 24.10.1987.

(iii) Danish vessels from fishing for cod in ICES divisions IIa (EC zone) and IV from 12 October¹ and for sprat in ICES division IIIa (Skagerrak and Kattegat) from 12 October;¹

(iv) the vessels of all Member States except Spain and Portugal from fishing for horse mackerel in ICES division VIII (except VIIIc) from 11 October.²

2.1.177. The Commission repealed:

(i) on 2 October³ and 20 October⁴ respectively, its Regulations prohibiting Belgian vessels from fishing for hake in ICES division VII (except VIIa)⁵ and for cod in ICES divisions VII (except VIIa), VIII, IX, X and CECAF 34.1.1 (EC zone);⁶

(ii) on 20 October⁷ its Regulation prohibiting Spanish vessels from fishing for pollock in ICES division VII;⁸

(iii) on 22 October¹ its Regulation prohibiting the vessels of all Member States except Spain and Portugal from fishing for horse mackerel in ICES division VIII (except VIIIc);²

(iv) on 30 October⁹ its Regulation prohibiting Danish vessels from fishing for cod in ICES divisions IIa (EC zone) and IV.¹

National measures

Protection of local stocks

2.1.178. The Commission, acting under Article 14 of the Regulation of 7 October 1986,¹⁰ took note of the following national measures:

(i) on 30 September a United Kingdom by-law the provisions of which apply to the waters of the Solway Firth falling within the jurisdiction of the North West Water Authority and lying within the baselines;

(ii) on 5 October a United Kingdom Order the provisions of which apply to the waters of the rivers Taw and Torridge falling within the jurisdiction of the South West Water Authority and lying within the baselines;

(iii) on 26 October two United Kingdom by-laws the provisions of which apply to the waters falling within the jurisdiction of the Eastern Sea Fisheries Joint Committee and lying within the baselines.

Measures stricter than Community rules

2.1.179 On 6 October the Commission took note of a Spanish Ministerial Order of 1987 introducing a system of temporary renewable licences for vessels of 5 to 35 grt trawling in Atlantic waters falling within Spanish jurisdiction along the south-west coast of Spain and lying outside the six-mile zone. The Commission found this measure to be compatible with Article 14(1) of the Regulation of 7 October 1986.¹⁰

Implementation of Community rules

2.1.180. The Commission took note of the following national measures:

(i) on 30 September a draft United Kingdom Order amending the Sea Fishing (Enforcement of Community Control Measures) Order of 1985 so as to implement certain provisions of the Regulation of 23 July 1987,¹¹ which replaced the Regulation of 29 June 1982¹² with effect from 1 August;

(ii) on 7 October a draft Spanish Order of 1987 regulating catches of pelagic species off the Cantabrian and north-western coasts during the 1987 fishing year; the Commission found the provisions of this draft Order to be compatible with Article 5(2) of Regulation (EEC) No 170/83 of 25 January 1983;¹³

¹ OJ L 301, 24.10.1987.

² OJ L 288, 10.10.1987.

³ OJ L 280, 3.10.1987.

⁴ OJ L 298, 22.10.1987.

⁵ OJ L 174, 1.7.1987; Bull. EC 6-1987, point 2.1.200.

⁶ OJ L 157, 17.6.1987; Bull. EC 6-1987, point 2.1.201.

⁷ OJ L 296, 21.10.1987.

⁸ OJ L 254, 5.9.1987; Bull. EC 9-1987, point 2.1.168.

⁹ OJ L 309, 31.10.1987.

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

¹¹ OJ L 207, 29.7.1987; Bull. FC 7/8-1987, point 2.1.238.

¹² OJ L 220, 29.7.1982; Bull. EC 6-1982, point 2.1.128.

¹³ OJ L 24, 27.1.1983.

(iii) on 13 October an Irish Order introducing a compulsory licensing system for Irish vessels fishing for hake in waters falling within Irish jurisdiction, with effect from 1 March 1987; the Commission found the provisions of this Order to be compatible with Article 5(2) of Regulation (EEC) No 170/83 of 25 January 1983;

(iv) on 26 October two Belgian Royal Decrees, one relating to the management of the national cod and sole quotas for 1987 and the other to the management of the 1987 sole quota in ICES division VII; the Commission found both Decrees to be compatible with the provisions of Article 5(2) of Regulation (EEC) No 170/83 of 25 January 1983.

External aspects

Bilateral relations

Faeroe Islands

2.1.181. The annual bilateral consultations between the Community and the Faeroe Islands¹ ended on 13 October with an arrangement relating to reciprocal fishing rights for 1988.

Norway and Sweden

2.1.182. The annual bilateral consultations which the Community holds with Norway and Sweden² began in Oslo on 15 and 16 October and in Stockholm on 26 October respectively, with a view to reaching agreement on reciprocal fishing rights for 1988.

These consultations were followed by the first round of trilateral consultations (Community, Norway and Sweden),³ held in Stockholm on 27 and 28 October, with a view to reaching agreement on fishing rights and conditions in the Skagerrak and the Kattegat for 1988.

Senegal

2.1.183. The new protocol⁴ to the fisheries agreement between the Community and Senegal⁵ was signed in Dakar on 9 October.⁶ This protocol, applying provisionally from 1 October 1986 until 28 February 1988, provides for fishing by tuna boats, trawlers and longliners.

Tanzania and Kenya

2.1.184. Exploratory talks with a view to the negotiation of fisheries agreements were held with the Tanzanian authorities in Dar es Salaam from 13 to 15 October and with the Kenyan authorities in Nairobi on 16 and 19 October.

Comoros

2.1.185. Following negotiations held in Moroni, Comoros, from 21 to 23 October, the Community and the Islamic Federal Republic of the Comoros initialled a three-year fisheries agreement which authorizes fishing by 40 freezer tuna boats from the Community in return for the payment of 300 000 ECU per year in fees and a contribution of 500 000 ECU towards a scientific programme for the duration of the agreement.

Seychelles

2.1.186. On 28 October the Community and the Republic of Seychelles signed in Brussels the new fisheries agreement⁷ which had been initialled in Victoria, Seychelles, on 3 December 1986.⁸ The agreement, which is to last for three years, provides for fishing by 40 tuna boats in return

¹ Bull. EC 11-1986, point 2.1.216.

² Bull. EC 11-1986, point 2.1.215.

³ Bull. EC 10-1986, point 2.1.185.

⁴ OJ L 57, 27.2.1985; Bull. EC 2-1987, point 2.1.156.

⁵ OJ L 361, 31.12.1985; Bull. EC 12-1985, point 2.1.197.

⁶ OJ L 295, 20.10.1987.

⁷ OJ L 160, 20.6.1987; Bull. EC 6-1987, point 2.1.206.

⁸ Bull. EC 12-1986, point 2.1.278.

for financial compensation of 2 million ECU per year and a contribution of 750 000 ECU towards a scientific programme for the duration of the agreement.

Mauritania

2.1.187. On 5 October the Council, acting on a proposal from the Commission,¹ adopted a Decision on the conclusion of an agreement in the form of an exchange of letters concerning the provisional application of the agreement between the Community and the Islamic Republic of Mauritania on fishing off the coast of Mauritania.²

2.1.188. Parliament approved³ the proposal for a Regulation concerning the conclusion of an agreement between the Community and Mauritania on fishing off the coast of Mauritania.⁴

Angola

2.1.189. Parliament approved³ the proposal for a Regulation concerning the conclusion of an agreement between the Community and Angola on fishing off the coast of Angola.⁵

Sao Tome and Principe

2.1.190. On 19 October 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, as from 1 June 1987, of the agreement amending that of February 1984 on fishing off the coast of Sao Tome and Principe.⁸

2.1.191. Parliament approved⁹ the proposal for a Regulation concerning the conclusion of an agreement amending the agreement between the Community and the Government of Sao Tome and Principe on fishing off the coast of Sao Tome and Principe.¹⁰

Dominica

2.1.192. Parliament approved⁹ the proposal for a Regulation concerning the conclusion of a fisheries agreement between the EEC and the Government of Dominica.¹¹

Multilateral relations

2.1.193. On 19 October the Council adopted a Regulation¹² establishing an interim autonomous scheme of control in respect of Community vessels¹³ operating in the Regulatory Area of the North-West Atlantic Fisheries Organization, on which agreement had been reached in September.¹⁴

2.1.194. The Commission took part in the sixth meeting¹⁵ of the Commission for the Conservation of Antarctic Marine Living Resources, held from 26 October to 6 November, and in the statutory annual meeting¹⁶ of the International Council for the Exploration of the Sea, held from 30 September to 7 October.

Markets and structures

Structures

State aid

2.1.195. The Commission raised no objection to the following State aids:

¹ Bull. EC 9-1987, point 2.1.174.

² OJ L 302, 24.10.1987.

³ OJ C 305, 16.11.1987.

⁴ OJ C 269, 8.10.1987; Bull. EC 9-1987, point 2.1.174.

⁵ OJ C 263, 2.10.1987; Bull. EC 9-1987, point 2.1.172.

⁶ Bull. EC 9-1987, point 2.1.175.

⁷ OJ L 300, 23.10.1987.

⁸ 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.

⁹ OJ C 318, 30.11.1987.

¹⁰ OJ C 276, 15.10.1987; Bull. EC 9-1987, point 2.1.175.

¹¹ Bull. EC 9-1987, point 2.1.173.

¹² OJ L 314, 4.11.1987.

¹³ Bull. EC 7/8-1987, point 2.1.251.

¹⁴ Bull. EC 9-1987, point 2.1.165.

¹⁵ Bull. EC 9-1986, point 2.1.140.

¹⁶ Bull. EC 10-1986, point 2.1.186.

(i) A scheme for the promotion of fishery products in the Federal Republic of Germany. This special programme to promote fish and fishery products in 1987 was necessitated by the sharp fall in consumption which followed a television broadcast on the presence of nematode larvae in fish. The sum of DM 1 000 000 has been set aside for the scheme. At a later stage the German Government plans to introduce another similar scheme, to which it will allocate DM 500 000.

(ii) Aid for the fisheries and aquaculture industry in Spain. This consists of 10-30% subsidies for the construction of fishing vessels measuring 6 to 9 metres in length and low-interest loans for the construction of fishing vessels measuring over 6 m, the modernization and conversion of fishing vessels measuring over 9 m, the construction of aquaculture facilities, structural works in coastal waters, the provision of facilities at fishing ports to bring about a lasting improvement in the production and initial sale of fishery products and, lastly, campaigns to broaden the market for fishery products.

Transport

Infrastructure

2.1.196. On 13 October the Commission sent the Council an amendment¹ to its proposal for a Regulation on financial support within the framework of a medium-term transport infrastructure programme², following opinions issued by Parliament³ and the Economic and Social Committee.⁴

2.1.197. Also on 13 October the Transport Infrastructure Committee meeting in Brussels analysed the projects the Commission considers eligible for financial support, in so far as funds are available, from the 1986 and 1987 budgets.

It also examined the Member States' plans and programmes, including the United

Kingdom's plans for roads, Spain's plans for its railways and the project to build links across the Great Belt in Scandinavia.

Inland transport

Road transport

Technical aspects

2.1.198. Parliament endorsed⁵ the proposal⁶ to amend the Directive of 19 December 1984 on the weights, dimensions and certain other technical characteristics of certain road vehicles.⁷

2.1.199. The Economic and Social Committee adopted an opinion on the Commission communication on speed limits in the Community (→ point 2.4.46).⁸

Access to the market

2.1.200. On 6 October the Commission allocated to the Member States the extra 1 742 authorizations for 1988 resulting from the annual 15% increase in the Community quota for the carriage of goods by road.

Sea transport

2.1.201. On 20 October, on a proposal from the Commission,⁹ the Council adopted a Decision concerning coordinated action to safeguard free access to ocean trades in maritime transport with West African and Central African States, whereby, pursuant to Article 4 of the Regu-

¹ OJ C 288, 28.10.1987; COM(87) 448 final.

² OJ C 288, 15.11.1986; Bull. FC 6-1986, point 2.1.221.

³ OJ C 125, 11.5.1987; Bull. EC 4-1987, point 2.1.141.

⁴ OJ C 328, 22.12.1986; Bull. EC 9-1986, point 2.4.38.

⁵ OJ C 305, 16.11.1987.

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 12-1986, point 2.1.299

⁹ Bull. EC 7/8-1987, point 2.1.165.

lation of 22 December 1986,¹ the Community will make diplomatic representations in the form of consultations on unrestricted access to the trades in question, and the Commission will send the Council progress reports on the matter. The deadline for the first such report is 31 January 1988.

2.1.202. On 7 October the Commission decided to bring an action under Article 173(1) of the EEC Treaty to annul the Council Decision of 17 September² authorizing Italy to ratify an agreement with Algeria which did not include the conditions the Commission considered necessary in its July proposal.³

Air transport

2.1.203. On 26 October the Commission approved — subject to certain amendments — the legislative proposals submitted by the governments of Greece, Belgium and Italy designed to implement the Directives of 25 July 1983⁴ and 26 May 1986⁵ concerning the authorization of scheduled inter-regional air services for the transport of passengers, mail and cargo between Member States.

Multimodal transport

2.1.204. On 21 October the Commission adopted a report⁶ for transmission to the Council on the implementation of the Directive of 17 February 1975 on the establishment of common rules for certain types of combined road/rail carriage of goods between Member States,⁷ as last amended by the Directive of 10 November 1986.⁸

It emerges from the report that between 1980 and 1985 the various types of combined transport used in international traffic, particularly pigback operations and the carriage of containers by inland waterway,

expanded much faster (10-20% a year) than road haulage (some 3% a year).

*

Transport statistics

2.1.205. On 26 October the Commission sent the Council a proposal⁹ to amend the Regulation of 24 June 1975 in respect of the recording of the mode of transport in the external trade statistics of the Community.¹⁰

International cooperation

Transit through Austria

2.1.206. A Commission delegation went to Vienna to meet the Austrian authorities. The visit demonstrated the Commission's willingness to seek a joint solution to the transit traffic problems, particularly those in transalpine traffic. The realization of the Community's internal market and of the common transport policy depend in no small measure on a successful outcome. Both parties stressed the importance they attach to the negotiations which are due to start soon.

Energy

Specific problems

Electricity

2.1.207. On 28 October the Commission sent the Council a communication on

¹ OJ L 378, 31.12.1986.

² OJ L 272, 25.9.1987; Bull. EC 9-1987, point 2.1.187.

³ Bull. EC 7/8-1987, point 2.1.264

⁴ OJ L 237, 26.8.1983; Bull. EC 7/8-1983, point 2.1.181.

⁵ OJ L 152, 6.6.1986; Bull. EC 5-1986, point 2.1.165.

⁶ COM(87) 504 final.

⁷ OJ L 48, 22.2.1975; Ninth General Report, point 367.

⁸ OJ L 320, 15.11.1986; Bull. EC 11-1986, point 2.1.231.

⁹ OJ C 298, 7.11.1987; COM(87) 486 final.

¹⁰ OJ L 183, 14.7.1975.

improving the efficiency of electricity use.¹ This is a broad outline of a concerted Community action programme to exploit the major potential for improved efficiency in the use of electricity which will be laid before the Council in the second half of next year after all the parties concerned, including government agencies and electricity users' representatives, have been consulted.

Alternative energy sources and energy savings

2.1.208. Under the 1986-89 Community programme of energy demonstration projects² the Commission decided on 29 October to grant 71 million ECU in financial support for 80 energy saving projects, 100 alternative energy projects and seven projects concerning the replacement of oil and gas (use of electricity and heat).

2.1.209. A seminar was held in Luxembourg on 8 and 9 October on the initiative of Mr Mosar, the Member of the Commission with special responsibility for energy, on the third-party financing of energy saving. This new form of financing which involves the funding of energy-saving investments by an outside company and using the energy savings themselves to pay for that investment will be used by the Commission to achieve one of the most pressing of the Community's energy policy objectives for 1995.³

2.1.210. On 16 October Parliament adopted a resolution on the rational use of energy in transport (→ point 2.4.11).⁴

International cooperation

International Convention on the Physical Protection of Nuclear Materials

2.1.211. The Council has completed its discussions on the division of responsibilities between the Commission and Member

States for implementing the International Convention on the Physical Protection of Nuclear Materials.⁵ This Convention, which was signed by the European Atomic Energy Community and its 12 Member States on 18 September 1979, came into force on 8 February in the 21 signatory States which had deposited their instruments of ratification by that date. It will apply in the Community and its 12 Member States when the latter and the Commission have jointly deposited their instruments of ratification. This will be done once national ratification procedures have been completed by the 12 national parliaments.

Nuclear safety

Radiation protection

Basic standards

2.1.212. Pending delivery of Parliament's opinion, the Council (General Affairs) meeting on 19 and 20 October established a joint position on the content of a Community system for the rapid exchange of information in cases of abnormal levels of radioactivity or of a nuclear accident.⁶

In essence, this system provides for notification and provision of information whenever a Member State decides to take measures of a comprehensive nature in order to protect the general public in the event of an emergency involving the following:

(i) an accident on its territory involving facilities or activities listed in the joint position on the system from which a significant release of radioactive materials occurs or is likely to occur;

¹ COM(87) 496 final.

² OJ L 350, 27.12.1985, Bull. EC 12-1985, point 2.1.226.

³ OJ C 241, 25.9.1986, Bull. EC 9-1986, point 2.1.154.

⁴ OJ C 305, 16.11.1987.

⁵ Thirteenth General Report, point 533.

⁶ OJ C 160, 18.6.1987; Bull. EC 4-1987, point 2.1.148.

(ii) the detection, within or outside its own territory, of abnormal levels of radioactivity which are likely to be detrimental to public health in that Member State;

(iii) accidents other than those specified above involving facilities or activities also listed in the joint position from which a significant release of radioactive materials occurs or is likely to occur;

(iv) lastly, other accidents from which a significant release of radioactive materials occurs or is likely to occur.

The Member State must immediately notify the emergency measures it has decided to take to the Commission and the other Member States who are or are likely to be affected by them. The notification must also indicate the reasons for the adoption of the measures.

2.1.213. On 28 October, the European Parliament adopted an opinion¹ on the proposal for a Decision on this system.² It particularly emphasized the need to guarantee the best possible health protection for the public in the event of a nuclear accident.

2.1.214. The Council continued its discussions on the proposal for a Regulation laying down maximum permitted radioactivity levels for foodstuffs, feedingstuffs and drinking water in the event of abnormal levels of radioactivity or of a nuclear accident.³ Despite the urgency of the need for a solution, since the Regulation of 30 May 1986,⁴ adopted following the Chernobyl

accident was due to expire on 31 October, no agreement was reached.

2.1.215. On 13 October Parliament adopted a resolution on the legal basis for the proposal (→ point 2.4.11).⁵

2.1.216. On 22 October, the Commission proposed⁶ to the Council that the Regulation of 30 May 1986⁷ on the conditions governing imports of agricultural products originating in third countries following the accident at the Chernobyl nuclear power station, already extended until 31 October 1987,⁸ should be further extended until 31 October 1989.

International cooperation

2.1.217. The Council also reached agreement in principle concerning the accession of the Community⁹ to the IAEA Convention of 26 September 1986¹⁰ on Early Notification of a Nuclear Accident. It will take a formal decision once it has decided on the Community system of rapid exchange of information.

¹ OJ C 318, 30.11.1987.

² OJ C 160, 18.6.1987; Bull. EC 4-1987, point 2.1.148.

³ OJ C 174, 2.7.1987; Bull. EC 5-1987, point 2.1.208.

⁴ OJ L 146, 31.5.1986; Bull. EC 5-1986, point 1.1.3; OJ L 58, 28.2.1987, Bull. FC 2-1987, point 2.1.174.

⁵ OJ C 305, 16.11.1987.

⁶ COM(87) 522 final.

⁷ OJ L 146, 31.5.1986; Bull. EC 5-1986, point 1.1.3

⁸ OJ L 58, 28.2.1987, Bull. EC 2-1986, point 2.1.174.

⁹ Bull. EC 1-1987, point 2.1.128.

¹⁰ Bull. EC 9-1986, point 2.1.161.

2. External relations

New round of multilateral trade negotiations

Agricultural products

2.2.1. On 19 and 20 October the Council (General Affairs) discussed the Commission's communication concerning negotiations on agriculture. It found the guidelines set out in the annex to the Commission communication an adequate basis for the Commission representative to present, at the forthcoming meeting of the GATT Negotiating Group on Agriculture, the broad outlines of a Community submission for negotiations on agriculture in the context of the multilateral trade negotiations.

The Council also noted that throughout the negotiations, the Commission will be taking care to see the comprehensive approach agreed on at Punta del Este¹ respected and the basic principles and mechanisms of the CAP preserved.

Meetings of the negotiating groups

GATT Articles

2.2.2. The Group on GATT Articles met on 22 and 23 October to continue the review of various articles of the General Agreement.² Discussions concentrated on the balance-of-payments provisions (Articles XII, XIV, XV and XVIII), where the need for any change to existing rules and procedures was questioned by several developing countries, and on Article XXVIII (Modification of schedules). The Group welcomed the Commission proposal to conduct an inquiry to examine the present relevance of the Protocol of Provisional Application. It also discussed the transition from the initial to the subsequent phase, with the Community insisting on the need to maintain flexibility.

Tariffs

2.2.3. At the fourth meeting of the Group on Tariffs, which took place from 16 to 19 October, the Community made a written contribution to the work of the Group, recommending tariff negotiations using a general harmonization formula for the reduction of high tariffs, while leaving lower tariffs to be negotiated by means of the request and offer procedure often used in GATT. The Community is prepared to envisage further tariff reductions on condition that other contracting parties do likewise and that the more advanced developing countries increase the level of their bindings.

Surveillance Body

2.2.4. The Surveillance Body held its third meeting on 13 October. The meeting provided an opportunity for the Community to explain its notifications relating to a number of measures which it considers may breach the standstill commitment entered into at Punta del Este. There were also discussions on the follow-up to the rollback commitment.

Negotiations on goods

2.2.5. The Group on Negotiations on Goods³ met on 12 October to review the progress of the Uruguay Round of negotiations on goods and to decide on a schedule of meetings for the remainder of the year.

Natural-resource-based products

2.2.6. The Group on Natural-resource-based Products met on 21 October to continue discussion on the various submissions presented, including the Community pro-

¹ Bull. EC 9-1986, point 1.4.1 *et seq.*

² Bull. EC 9-1987, point 2.2.1.

³ Bull. EC 7/8-1987, point 2.2.2.

posal concerning non-ferrous products and fishery products. The work of the Group is proceeding in line with the negotiation plan.

Non-tariff measures

2.2.7. The Group on Non-tariff Measures, which met on 15 October, discussed the establishment of a suitable data base, the type of measures to be examined in future and the procedures for negotiations in this area.

Tropical products

2.2.8. At the meeting of the Group on Tropical Products on 14 October the Community made an offer concerning the liberalization of tropical products intended to benefit the developing countries.

Commercial policy

Implementing the common commercial policy

Commercial policy instruments

Import arrangements for State-trading countries

2.2.9. On 22 October the Commission sent to the Council a proposal for an amendment to the Council Decision of 22 December 1986 on import quotas to be opened by Member States in respect of State-trading countries in 1987.¹ The purpose of this amendment is to adapt the quotas to the new classification system for textile products and to developments in the economic situation.

Easing of restrictive measures

2.2.10. 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: aluminous cement (CCT ex 25.23);³

Italy—Romania: regenerated textile fibres of viscose (discontinuous), not carded, combed or otherwise prepared for spinning (Nimexe code 56.01.21 — category ex 126);³

Italy—People's Republic of China: yarn spun from waste silk, other than noil, in gum (unbleached), degummed or bleached (Nimexe code 50.05.10 — category ex 130 B);³

Benelux—Soviet Union: textile products (category 5 — Nimexe code 60.05.34);⁴

Federal Republic of Germany—Czechoslovakia: aluminium sulphate (CCT 28.38 A ex IV); travel goods and other containers of leather or of composition leather (CCT 42.02 ex B); gloves of leather or of composition leather (CCT 42.03 B III);

Italy—Czechoslovakia: iron or steel wire, whether or not coated, but not insulated (CCT 73.14).

Modification of quotas

United Kingdom—Soviet Union: transistorized television broadcast receivers (CCT 85.15 A ex III).⁴

Trade protection

2.2.11. Trade protection measures taken in October are shown in Table 4:

¹ OJ L 31, 2.2.1987, Bull. EC 12-1986, point 2.2.1.

² OJ L 346, 8.12.1983.

³ OJ C 275, 14.10.1987.

⁴ OJ C 278, 16.10.1987.

Table 4 — *Trade protection measures*

Commission

Initiation of anti-dumping proceedings concerning imports of:

Paracetamol originating in China

OJ C 236, 2.9.1987

Urea originating in Austria, Hungary, Malaysia, Romania, the USA or Venezuela

OJ C 271, 9.10.1987

Initiation of an investigation under Article 13(10) of Regulation (EEC) No 2176/84 of 23 July 1984¹ concerning:

Certain kinds of hydraulic excavators originating in Japan

OJ C 285, 23.10.1987

Initiation of a Community investigation proceeding concerning imports into France of:

Footwear originating in South Korea or Taiwan

OJ C 274, 13.10.1987

Extension of the anti-dumping proceeding concerning imports of:

Urea originating in Czechoslovakia, the German Democratic Republic, Kuwait, Libya, Saudi Arabia, the USSR, Trinidad and Tobago or Yugoslavia

(provisional anti-dumping duty: OJ L 121, 9.5.1987)

¹ OJ L 201, 30.7.1984

Individual sectors

Textiles

Agreements and arrangements with non-member countries

MFA countries

2.2.12. Consultations between the Community and Hong Kong were held in Brussels on 22 and 23 October. In the course of these discussions both sides agreed to an adjustment as from 1 January 1988 of a number of quantitative limits in order to allow for certain classification changes which will occur when the Harmonized System¹ comes into effect next year.

Mediterranean preferential countries

2.2.13. Consultations were also held in Brussels with the Turkish Association of Exporters of Clothing Products on 6 and 7 October. A number of issues arising from

the management of the administrative cooperation arrangement for clothing were examined.

Relations with industrialized countries

United States

2.2.14. Mr George Bush, Vice-President of the United States of America, visited the Commission on 2 October. He met Mr Delors and Mr De Clercq, Commission Member with special responsibility for external relations and trade policy and discussed with them the main problems at international and bilateral level. The two sides agreed that the harsh tone of recent negotiations between the United States and the Community was harmful to relations in general and that a climate of cooperation

¹ OJ L 198, 20.7.1987, Bull. EC 4-1987, point 2.1.49.

should be restored. On the question of trade, they agreed on the importance of growth, particularly in indebted countries, in improving the international situation. Mr Delors and Mr De Clercq reaffirmed the Community's position with respect to the signs of protectionism in Congress and urged the United States authorities to continue to fight it. Mr Bush repeated the United States' request for economic stimulus in Japan and the Community.

The discussions also covered agricultural matters, and the question of surpluses in particular. Mr Bush expressed interest in the plans for alternative uses for cereals (ethanol). The Commission pointed out that painful efforts were being made to reform the CAP and asked that similar efforts be made by the United States.

2.2.15. On 19 and 20 October the Council heard a statement by the Commission on the possibilities of avoiding a new trade conflict with the United States from 1 January 1988 while ensuring the applications of the hormones Directive on the scheduled date.¹ It approved the approach set out and asked the Commission to bring its efforts to a successful conclusion.

2.2.16. Mr De Clercq, representing the Commission, and Mr Martin Bangemann (Federal Republic of Germany), Mr Michel Noir (France), Mr Miguel A. Feito (Spain) and Mr Kenneth Clarke (United Kingdom) held a meeting in London on 27 October with Mr Yeutter, the United States Trade Representative, to discuss the problem of trade in civil aircraft.² It was agreed at this meeting that the potential conflict would be settled by negotiation, and the negotiators were provided with a framework in which to work. Their task is to establish rules for the future which do not call into question the measures already adopted in favour of Airbus and which also take into account the military R&D programmes which have applications for United States industry. Moreover, this solution must be applicable at international level within the GATT framework. A report on progress in the negotiations will be drawn up in time for

the ministerial meeting between the Community and the United States on 11 December.

Japan

2.2.17. The GATT panel on the taxation of alcoholic beverages set up at the Community's request³ published its recommendations on 13 October. In particular it found the grading system for whisky and brandy, the *ad valorem* taxation system applied in Japan, and the differences in taxation between shochu on the one hand and vodka, whisky and brandy on the other to be contrary to Article 14(2) of GATT, thus endorsing the Community's line of argument about a disguised discrimination system.

2.2.18. On 30 October⁴ the Commission decided to extend for six months the prior surveillance of imports of personal computers and certain kinds of hand tools and colour television receivers originating in Japan introduced in May.⁵

Australia

2.2.19. The sixth round of ministerial consultations between the Community and Australia was held in Brussels on 12 October.⁶ The Community was represented by Mr Frans Andriessen, Commission Vice-President with special responsibility for agriculture, and Mr Willy De Clercq, the Commission Member with special responsibility for external relations and trade policy; the Australian Government was represented by Mr John Kerin, Minister for Primary Industry, and Mr Michael Duffy, deputy Minister in charge of trade negotiations.

¹ OJ L 382, 31.12.1985; Bull. EC 12-1985, point 2.1.173.

² Bull. EC 3-1987, point 2.2.46, Bull. EC 7:8-1987, point 2.2.66.

³ Bull. EC 7 8-1987, point 2.2.13, Bull. EC 9-1986, point 2.2.14.

⁴ OJ L 309, 31.10.1987.

⁵ Bull. EC 5-1987, point 2.2.11.

⁶ Bull. EC 11-1986, point 2.2.13.

Dealing first with international issues, the participants looked at the progress made so far and the prospects for the multilateral trade negotiations in progress. The two delegations also expressed their joint concern at the protectionist trends appearing in the United States, and in particular the Trade Bill before Congress.

At bilateral level, a number of outstanding matters were raised in both the agricultural sector (beef/veal, wine, butteroil, etc.) and in industry (aid to the coal, leather and textile sectors and offsets policy). The two sides agreed to the economic liberalization objectives envisaged by the Australian delegation. When examining recent trends in trade (in 1986 the Community was Australia's second biggest trading partner and its principal supplier) Mr De Clercq pointed out that the depreciation of the Australian dollar was having a harmful effect on some Community exports and he pressed for greater liberalization of Australian industry, which was still very protected, especially the motor, textile and footwear sectors. Mr Andriessen gave a detailed description of the progress made in reforming the CAP, while pointing out the political difficulties encountered in the process. He also gave a broad outline of the Commission's proposals on agriculture in the round of trade negotiations (→ point 2.2.1). The participants expressed their satisfaction with developments in cooperation in science and technology and their desire to extend this cooperation to other fields.

New Zealand

2.2.20. In Strasbourg on 13 October Mr Andriessen, Commission Vice-President with special responsibility for agriculture, and Mr De Clercq, Commission Member with special responsibility for external relations and trade policy met Mr Moore, the New Zealand Overseas Trade Minister. The talks covered the multilateral trade negotiations, concerning agriculture in particular, the operation of GATT, the accessibility of the US Trade Bill, and agricultural issues such as Community legislation on the

use of hormones,¹ the accessibility of the UK market where New Zealand butter is concerned, sheepmeat/goatmeat and milk products.

EFTA

2.2.21. The first ministerial conference on the environment bringing together the Community Member States, the EFTA countries and the Community took place in Noordwijk (Netherlands) on 25 and 26 October (→ point 2.1.133).

Austria

2.2.22. On 15 and 16 October Mr Willy De Clercq, Commission Member with special responsibility for external relations and trade policy, visited Vienna where he and Mr Alois Mock, Austria's Vice-Chancellor and Foreign Minister, attended the first session of the annual ministerial consultations. Mr De Clercq also met the Chancellor, Mr Franz Vranitzky, and two Ministers, Mr Robert Graf (Economy) and Mr Josef Riegler (Agriculture), as well as a parliamentary delegation.

In the course of the discussions the Austrian authorities defined their idea of *rapprochement* with the Community. They saw this as involving very wide and active participation in the construction of a European economic area, accompanied by alignment of current and future Austrian legislation on Community provisions as far as possible. The participants drew up an initial list of areas for achieving this *rapprochement* on a case-by-case basis without interfering in the Community's internal decisions. Mr De Clercq was also reminded of the urgent need to resolve the problems of road transit through the Brenner Pass.

While in Vienna Mr De Clercq signed the headquarters agreement conferring bilateral status on the Commission Delegation in Vienna, which from now on will be accredited not only to the international

¹ OJ L 382, 31.12.1985.

organizations situated in Vienna but also to Austria.

Relations with other countries and regions

Mediterranean countries ¹

Mediterranean policy of the enlarged Community

2.2.23. On 19 October the Community and the Republic of Cyprus signed the Protocol,² initialled on 10 July,³ adapting the EEC-Cyprus Association Agreement following the accession of Spain and Portugal to the Community.

2.2.24. On 1 October the Commission sent the Council a recommendation for a Decision⁴ concerning the conclusion of a Protocol to the EEC-Israel Agreement,⁵ and a draft Protocol annexed to the EEC-Israel Agreement, following the accession of Spain and Portugal to the Community.

Cyprus

2.2.25. On 19 October the Community and Cyprus signed a Protocol, initialled on 22 May,⁶ on the implementation of the second stage of the Agreement establishing an association between the Community and Cyprus. The Protocol provides for the establishment, in two stages, of a customs union between the Community and Cyprus.

Malta

2.2.26. In October Mr Delors received the new Ambassador of Malta, HE Mr Joseph Licari, who presented his letters of credence.

Yugoslavia

2.2.27. On 21 October the Commission sent the Council a recommendation⁷ for a Decision concerning the conclusion of an

additional Protocol to the EEC-Yugoslavia Cooperation Agreement,⁸ establishing new trade arrangements. The recommendation is the result of negotiations between the Commission and Yugoslavia, in accordance with the Council Directives of 25 November 1985 and 21 October 1986.⁹

Tunisia

2.2.28. On 20 October the Commission sent the Council a draft Regulation¹⁰ amending the Regulation of 16 October 1978¹¹ concerning the conclusion of an agreement in the form of an exchange of letters between the EEC and Tunisia, on certain wines originating in Tunisia entitled to a designation of origin. The aim of this proposal is to give effect to the exchange of letters, which amends the list of Tunisian wines entitled by the Cooperation Agreement to enter the Community under the zero-duty tariff quota.

Algeria, Tunisia, Egypt, Jordan

2.2.29. The Financial Protocols negotiated between the Community and Algeria, Egypt, Jordan and Tunisia respectively were signed on 26 October.

Morocco

2.2.30. Mr Delors' official visit to Morocco took place at a difficult juncture. At a time when negotiations are still under way between the Community and Morocco on a number of unresolved issues, Moroc-

¹ For financial and technical cooperation with Mediterranean countries, see point 2.2.59.

² OJ L 133, 21.5.1973; OJ L 174, 30.6.1981.

³ Bull. EC 7-8-1987, point 2.2.31.

⁴ COM(87) 456 final.

⁵ OJ L 136, 28.5.1975.

⁶ Bull. EC 5-1987, point 2.2.19.

⁷ COM(87) 508 final.

⁸ OJ L 41, 14.2.1983.

⁹ Bull. EC 10-1986, point 2.2.21.

¹⁰ COM(87) 483 final

¹¹ OJ L 296, 21.10.1978.

co's application for membership¹ has led to a search for ways of strengthening cooperation even further. Mr Delors had an audience with the King and talked to Mr Laraki, the Prime Minister, Mr Filali, Minister for Foreign Affairs, Mr Berrada, Finance Minister, Mr Smili, Fisheries Minister, Mr Seqat, Secretary of State for Relations with the Community and Mr Osman, President of the Parliament. The talks served primarily to settle various points arising from current negotiations on the trade section of the Cooperation Agreement and fisheries, and to confirm the climate of trust which is essential to reach solutions satisfactory to both sides.

Israel

2.2.31. Mr Cheysson visited Israel from 10 to 13 October at the invitation of the Israeli Government. During his visit Mr Cheysson met Mr Yitzhak Shamir, Prime Minister, Mr Shimon Peres, Foreign Minister and Mr Arieh Nehamkin, Agriculture Minister, to discuss various problems concerning the EEC-Israel Agreement.² The Israelis reaffirmed their interest in strengthening industrial and technological cooperation. Mr Cheysson also had several discussions on the situation in the Middle East. Progress was also made in talks with the Israelis on the possibility of Palestinian producers exporting to the Community under the preferential arrangements established.

Countries of the Gulf and the Arabian peninsula

2.2.32. On 8 October the Commission sent the Council a draft Decision which would authorize it to negotiate a cooperation agreement with the Member States of the Gulf Cooperation Council. The Council had an initial exchange of views on the proposal on 20 October and agreed to look at it again on 23 November.

Asia³

Association of South-East Asian Nations

2.2.33. The third plenary meeting⁴ of the EEC-Asean Business Council took place in

Brussels on 21 October. Over 100 representatives from European and South-East Asian business circles held an in-depth discussion of ways and means of increasing trade and industrial cooperation between the two regions. Participants discussed the factors in both Europe and Asean countries, which currently discourage more extensive European investment in these countries. In this connection, the problem of intellectual property rights was raised.

Latin America

Argentina

2.2.34. Mr Claude Cheysson paid an official visit to Buenos Aires on 28 and 29 October. He met the President of the Republic, Mr Raúl Alfonsín, the Foreign Minister, Mr Dante Caputo, the Minister for Economic Affairs, Mr Juan Sourouille, the President of the Senate, Mr Víctor Martínez and the President of the Chamber of Deputies, Mr Juan-Carlos Pugliese. Mr Cheysson, together with Mr Caputo, opened the second round of Commission-Argentina high-level consultations.⁵ The exchange of views covered the international economic situation, the outlook for Central America and regional integration and also new forms of cooperation between the Community and Latin America, developments in international trade in agricultural products and the GATT multilateral trade negotiations.

Regarding bilateral relations, the two sides noted that apart from the usual problems caused by exports of Argentine agricultural products, cooperation had been strengthened, particularly in the fields of science and technology, energy and trade pro-

¹ Bull. EC 7/8-1987, point 2.2.35, Bull. EC 9-1987, point 2.2.19

² OJ L 136, 28.5.1975.

³ For financial and technical cooperation with Asian countries, see point 2.2.60.

⁴ Bull. EC 11-1985, point 2.3.18.

⁵ Bull. EC 3-1986, point 2.2.26.

motion. The need for Argentina to diversify its exports was also raised.

Uruguay

2.2.35. Mr Cheysson paid an official visit to Uruguay on 26 and 27 October. During his visit he was received by the President of the Republic, Dr Julio María Sanguinetti, and had in-depth discussions with the Foreign Minister, Mr Enrique Iglesias, the Agriculture Minister, Mr Pedro Bonino, and the Minister for Economic Affairs, Mr Ricardo Zerbino. Mr Cheysson met the President of the Senate, Mr Enrique Tarigo, and he had an exchange of views with the parliamentary committee on international relations.

The aim of all these meetings was essentially to establish cooperation between the Community and Uruguay, particularly in areas such as industrial cooperation, which in the medium term would result in increased and diversified exports.

During the weekend prior to his official visit to Montevideo, Mr Cheysson met the Rio Group in Punta del Este.¹

State-trading countries

China

2.2.36. The Community helped organize a seminar on multimodal transport (by sea, inland waterway and land) in which experts from the port of Dalian in China took part. After a stay in Bremen, the participants visited various port installations in the Community. On 6 October they went on a fact-finding visit to the Commission.

Poland

2.2.37. On 26 October the Commission approved emergency aid of 2 million ECU for the Polish people. 1.5 million ECU will be used to buy medicines and drugs, and 500 000 ECU for the purchase of medical supplies and instruments. The programme will be carried out by various NGOs and

the goods will be distributed to the people by the Polish Church and the German Red Cross.

USSR

2.2.38. On 28 October Mr De Clercq received Mr Malkevich, Soviet First Deputy Minister for Foreign Trade, during an official visit to the Commission. This was the first official visit paid by a Soviet minister to the Commission; it was requested by Mr Malkevich, who was in Brussels for contacts with the BLEU. Talks focused mainly on the prospects of establishing official relations between the Community and the CMEA, and on trade between the Community and the Soviet Union.

Development

North-South relations

Cooperation in international forums

United Nations Conference on Trade and Development

2.2.39. The Community took part in the 34th session of the Trade and Development Board, the first part of which was held in Geneva from 5 to 16 October.² This was the first meeting of the Board since Unctad VII³ and one of the main items on the agenda was what follow-up there should be to the Final Act of the seventh conference. It was agreed that Unctad should deal with those aspects of the Final Act for which it was responsible in the course of the regular Board meetings and in the technical committees.

¹ The Rio Group is a coordination group made up of the Contadora Group (Colombia, Mexico, Panama and Venezuela) and the Support Group working for peace in Central America (Argentina, Brazil, Peru and Uruguay).

² Bull. EC 9-1986, point 2.2.29.

³ Bull. EC 7/8-1987, point 2.2.38.

Another important item on the agenda was the restructuring of the organization by the end of the year, called for in a report of the UN Group of 18. Unctad is to submit a report giving its recommendations on the functioning of the organization with special reference to operational relationships with other bodies and possible overlap. The report will be discussed at a short session of the Board on 19 and 20 November before transmission to Ecosoc.

The Board also reached agreement on the date, duration and mandate of the conference to review the special new programme of action for the least developed countries, to be held in Paris in September 1990.

2.2.40. On 30 October Parliament adopted a resolution concerning the seventh UN Conference on Trade and Development (Unctad VII), which took place in Geneva from 9 July to 3 August (→ point 2.4.20).¹

United Nations Industrial Development Organization

2.2.41. The third consultative meeting on the pharmaceuticals industry, organized by the United Nations Industrial Development Organization (Unido) in close cooperation with the World Health Organization (WHO), was held in Madrid from 5 to 9 October. Talks focused on two items, the industrial uses of medicinal plants in the developing countries and international cooperation to develop the pharmaceuticals industry.

There were over 350 participants from industry, governments and professional organizations. Recommendations for future work by Unido in connection with the pharmaceuticals industry were adopted, stressing among other things the importance of this industry in the developing countries for the implementation of the WHO resolution on 'Health for all by the year 2000'.

Generalized tariff preferences

Scheme proposed for 1988

2.2.42. At its meeting on 19 and 20 October the Council reached substantial

agreement on three sectors covered by the 1988 scheme for generalized tariff preferences (GSP), namely industrial goods, iron and steel, and agricultural products.² Talks on the fourth sector, textiles, are still under way.

The Council adopted a Decision on these sectors in order to give business circles and customs authorities concerned with the GSP the necessary time to prepare themselves for the introduction of the Harmonized System of goods classification³ and the new customs tariff from 1 January 1988.⁴

2.2.43. On 16 October Parliament gave its opinion on the Commission's proposals⁵ concerning the Community's scheme of generalized tariff preferences for 1988. It expressed broad approval of the guidelines and reaffirmed its support for the general initial objectives of the GSP, namely increasing the developing countries' earnings from exports of manufactures, speeding up these countries' economic growth and, above all, improving the economic position of the least developed countries. Parliament accepted that the importance of implementing the Harmonized Commodity Description and Coding System on 1 January 1988 by applying at Community level the Integrated Community Tariff (Taric) on that date meant that the 1988 GSP scheme was being adopted in exceptional circumstances that constituted good grounds for making only minimal changes for 1988. It noted that the Commission was pursuing its policy of differentiation on the basis of products and countries and stressed that this policy was only acceptable in so far as it improved the poorer countries' access to the Community market and did not make the system as a whole any more restrictive.

¹ OJ C 318, 30 11 1987.

² Bull. EC 6-1987, point 2.2.38.

³ OJ L 198, 20.7.1987; Bull. EC. 4-1987, point 2 1 49.

⁴ OJ L 256, 7.9.1987; Bull. EC. 7. 8-1987, point 2.1.80.

⁵ OJ C 305, 16 11.1987

Commodities and world agreements

Coffee

2.2.44. An agreement on the reintroduction of quotas was reached on 5 October after intensive negotiations at a meeting of the International Coffee Council.¹ The agreement covers the next two coffee marketing years with variations for each.

For the 1987/88 marketing year the Council approved a breakdown based on a proposal negotiated between 18 and 20 September and backed by all the producers (except Indonesia). This quota allocation is based on that applied in 1984, but modified by a 'political' coefficient.

The allocation for the second year, 1988/89, will be made on the basis of a weighted average representing a compromise between three positions, that of the producers, that of Indonesia and that of the vast majority of consumer countries. This weighted average will be used to establish an allocation that takes account of production trends and the state of stocks but is also equipped with a safety net. This formula is a compromise between an *ad hoc* allocation for the first year and one for the second year based on more objective criteria related to structural production trends and the producing countries' coffee policy.

The overall quota of 58 million sacks has been set with the aim of firming coffee prices, currently around the USD 1.07/lb mark, and driving them into the USD 1.20-1.40/lb bracket.

The quotas have been designed to stabilize coffee prices and should help protect the export earnings of the often debt-burdened producer countries. The agreement is also realistic, attempting as it does to take account of long-term production and consumption trends.

2.2.45. A Regulation establishing the date of implementation in the Community of a system of certificates of origin provided for under the 1983 International Coffee Agree-

ment² when quotas are in force was adopted by the Commission on 6 October.³ This Regulation gives effect from 6 October to the provisions of the Council Regulation of 28 September,⁴ adopted in response to the decision of the International Coffee Council to reintroduce coffee quotas (→ point 2.2.44).

Campaign against hunger in the world

Food aid

Reform of food aid policy and food aid management

2.2.46. On 27 October the Commission transmitted to the Council a proposal⁵ to amend the Regulation of 22 December 1986 on food aid policy and food aid management.⁶ The purpose of the proposal is to amend the provisions of the Regulation to take account of the new procedures laid down by the Council on 13 July concerning the different types of committee that may assist the Commission in the exercise of its powers.⁷

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2.2.47. In accordance with the Council Regulation of 22 December 1986⁶ the Commission approved the following emergency food aid allocations:

1 October: 9 000 tonnes of vegetable oil, 3 000 tonnes of butteroil and 2 000 tonnes of milk powder to India, faced with both drought and floods of disastrous proportions. The two have led to serious crop losses. This was the second time in two months that the Commission had stepped

¹ Bull. EC 6-1987, point 2.2.40.

² Bull. EC 6-1983, point 2.2.58; Bull. EC 9-1983, point 2.2.33.

³ OJ L 284, 7.10.1987.

⁴ OJ L 276, 29.9.1987; Bull. EC 9-1987, point 2.2.28.

⁵ OJ C 309, 19.11.1987; COM(87) 492 final.

⁶ OJ L 370, 30.12.1986; Bull. EC 12-1986, point 2.2.31.

⁷ OJ L 197, 18.7.1987; Bull. EC 7/8-1987, point 2.4.10.

in to aid the victims of climatic disasters in southern Asia;¹

1 October: 20 000 tonnes of cereals to Laos in response to the drought that has threatened the main October rice harvest. The aid will be delivered and distributed by the World Food Programme and the non-governmental organization Trocaire;

2 October: 50 000 tonnes of cereals to Ethiopia to help combat the famine caused by

the current drought. Ethiopia's Relief and Rehabilitation Commission will deliver and distribute 25 000 tonnes and a consortium of some 50 NGOs working in Ethiopia as part of the Christian Relief and Development Association will take charge of the other half.

2.2.48. On 15 October the Commission decided, with the approval of the Food Aid Committee, on the following food aid operations under the 1987 budget (Table 5).

Table 5 — *Food aid operations*

Recipient	<i>tonnes</i>			
	Cereals	Milk powder	Butteroil	Oil
Ecuador		300		
Sao Tome	1 000			100
Zambia	20 000			
Sudan		600	200	
El Salvador				400
Niger		500		
WFP	6 250		240	
Total	27 250	1 400	440	500

2.2.49. Also on 15 October, having received a favourable opinion from the Food Aid Committee, the Commission adopted the Regulation governing the Community's contribution of 4.5 million ECU to the financing of food purchases by NGOs (Article 951 of the budget).

2.2.50. On 15 October Parliament adopted a resolution on the famine in Ethiopia (→ point 2.4.11).²

Emergency aid

Mauritania

2.2.51. In response to a request by the Mauritanian Government, the Commission decided to send emergency aid of 100 000 ECU. The aid will be used for the immediate start-up of a vaccination programme against yellow fever, which is spreading

through the country. The programme will be carried out by the French NGO 'Médecins sans frontières'.

Mali and Guinea-Bissau

2.2.52. The Commission approved emergency aid for Mali and Guinea-Bissau under the Lomé Convention.

Mali was allocated 165 000 ECU, which will be administered by 'Médecins sans frontières' and used to buy and distribute medicines to stem the yellow fever epidemic in the country.

Guinea-Bissau was allocated 13 000 ECU in response to an appeal by the government, which is faced with a cholera epidemic.

¹ Bull. EC 7/8-1987, point 2.2.49.

² OJ C 305, 16.11.1987.

Locally, the operation will be administered by the Commission delegate.

South Africa

2.2.53. Emergency aid of 200 000 ECU was granted for the victims of the recent floods in Natal and will be channelled through NGOs. It will be used to finance a relief programme for the poorest of the affected families.

India

2.2.54. Following the flooding in parts of India the Commission, in addition to emergency food aid (→ point 2.2.47), approved aid of 5 million ECU for the purchase of pumps, drilling equipment, medicines and other basic necessities.

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2.2.55. On 12 and 15 October Parliament adopted resolutions on the political, economic and social situation in Bangladesh and conditions for Community aid to that country, and on the Medellín disaster in Colombia (→ point 2.4.11).¹

Help for the victims of apartheid

Financing decision

2.2.56. On 6 October the Commission approved a further financial contribution of 3.7 million ECU for 13 projects to aid the

victims of apartheid. This decision follows those taken since July 1986 allocating 14 million ECU to 76 projects.²

These financing decisions are in part a follow-up to the ministerial-level political cooperation meeting held in Luxembourg on 10 September 1985.³

Trade promotion

ACP States

International trade fairs

2.2.57. Ten ACP States and the COL-EACP (the Europe/ACP professional trade organization) attended the Anuga World Food Market in Cologne from 10 to 15 October. They all expressed satisfaction with the amount of business done.

Financial and technical cooperation

ACP States

2.2.58. In October the Commission decided to allocate resources from the fourth, fifth and sixth EDFs totalling 129 629 000 ECU to finance projects, programmes and emergency aid operations which it administers (Table 6).

¹ OJ C 305, 16.11.1987.

² Bull. EC 7/8, point 2.2.43; Bull. EC 11-1986, point 2.2.40; Bull. EC 1-1987, point 2.2.32; Bull. EC 4-1987, point 2.2.36; Bull. EC 6-1987, point 2.2.49, Bull. EC 7/8-1987, point 2.2.52.

³ Bull. EC 9-1985, point 2.5.1.

Table 6 — *Financing of operations under the fourth, fifth and sixth EDFs*

	Project	Grants	Loans
<i>Economic infrastructure</i>			
Tanzania, Burundi, Rwanda and Zaire	Transport Central Corridor	13.000	
Suriname	Roads	7.500	
Burundi, Uganda, Rwanda and Kenya	Uganda section of Northern Corridor	48.500	

Development

<i>million ECU</i>			
	Project	Grants	Loans
<i>Rural production</i>			
Liberia	Development programme for the South-East	22.000	5.000
Kenya, Uganda and Tanzania	Fisheries	1.500	
Gambia	Fisheries	3.000	
Congo, Gabon, Equatorial Guinea, Sao Tome and Zaire	Fisheries	6.700	
Zaire	Forestry	1.000	
Grenada	Agriculture	0.275	
Côte d'Ivoire	Agriculture	2.000	
		1.120	
<i>Industrialization</i>			
Mauritius	Programme to diversify sectors of production	5.000	5.000
<i>Social development</i>			
Niger	Health care infrastructure	0.779	
Madagascar	Training	3.900	
<i>Trade promotion</i>			
All ACP countries	Support for ACP-EEC professional organizations	3.177	
<i>Emergency aid</i>			
Mali	Combating a yellow fever epidemic	0.165	
Guinea-Bissau	Combating a cholera epidemic	0.013	
	Total	119.629	10.000

Southern and eastern Mediterranean countries

2.2.59. The Commission decided on 29 October to allocate a maximum of 500 000 ECU in grants for the purchase of laboratory equipment for the medical faculty of the University of Lebanon.

Latin American and Asian developing countries

2.2.60. Having received a favourable opinion from the Committee on Aid to Non-associated Developing Countries, the Com-

mission decided on 6 October to finance the following operations under Article 930 of the budget:

India: development of water supply systems to diversify crops in Maharashtra (total cost 52.8 million ECU, Community contribution 3 million ECU; autonomous project); improvement of mutton production in Tamil Nadu (total cost 9.6 million ECU, Community contribution 6.1 million ECU; autonomous project);

People's Republic of China: pilot project to develop irrigation in Gansu province in the North-East (total cost 5.1 million ECU,

Community contribution 3 million ECU; autonomous project);

Bangladesh: flood control and drainage IV (total cost 25.07 million ECU, Community contribution 2.08 million ECU; parallel cofinancing with the International Development Association).

Cooperation via non-governmental organizations

2.2.61. In the period 1 January to 31 October the Commission committed 51.8 million ECU for the cofinancing of 373 projects presented by 140 NGOs.

The Commission also contributed 5 101 276 ECU to 75 campaigns to promote European public awareness of development issues.

Visits

2.2.62. At the invitation of the Kenyan, Ugandan and Rwandan Governments, Mr Lorenzo Natali made an official visit to these countries from 5 to 14 October. Mr Natali had meetings with Mr Daniel Arap Moi, Mr Yoweri Museveni and Mr Juvenal Habyrimana and other leading members of the three governments, with whom he reviewed the present situation in Africa and the state of cooperation with the Community under Lomé III.

Mr Natali's visit gave a fillip to the implementation of the Convention and was an opportunity to discuss the outlook for ACP-EEC cooperation with these countries' authorities as preparations get under way for the negotiations on the fourth Lomé Convention, due to start up in 1988.

International organizations and conferences

United Nations Organization

Economic and Social Council

2.2.63. At its final session, convened on 1 October, the Economic and Social Council

took note of the reports by the Intergovernmental Committee for Science and Technology for Development and the Trade and Development Board.

The Secretary-General of Unctad gave an oral report on Unctad VII¹ and its impact — which was regarded as favourable — on development, growth and international trade.

Council of Europe

Parliamentary Assembly

2.2.64. At the autumn session of the Council of Europe's Parliamentary Assembly from 1 to 8 October, debates were held on nuclear accidents, scientific and technological cooperation in Europe and political cooperation between Europe and Africa. The Assembly also heard statements from Mr Jean-Claude Paye, Secretary-General of the OECD, on the OECD's activities, and from Mrs Anita Gradin, the Swedish Foreign Trade Minister and current president of EFTA, on the strengthening of cooperation between EFTA and the EEC. With regard to this and the completion of the internal market in 1992, the Assembly expressed the hope that the institutional framework for Europe's future construction would be rationalized so as to avoid a break in the economic links between Community and non-Community countries in the Council of Europe.

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2.2.65. The Unctad Trade and Development Board met from 5 to 16 October (→ point 2.2.39).

Diplomatic relations

2.2.66. The following ambassadors presented their letters of credence to the

¹ Bull. EC 7/8-1987, point 2.2.38.

President of the Council and the President of the Commission. Their appointments took effect on the dates shown.

16 October

HE Mr Abdulrahman Abdullah Al-Wohaibi, Head of Mission of the State of Qatar to the European Communities; HE Mr Joseph Licari, Permanent Delegate of the Republic of Malta to the EEC and Head of Mission to the ECSC and Euratom.

20 October

HE Mr Özdem Sanberk, Permanent Del-

egate of the Republic of Turkey to the EEC and Head of Mission to the ECSC and Euratom; HE Mr Peter C. J. Curtis, Head of Mission of Australia to the European Communities.

22 October

HE Mr Rashid Orlando Marville, Head of Mission of Barbados to the European Communities; HE Mrs Maria Manuela Margarido, Head of Mission of the Democratic Republic of Sao Tome and Principe to the European Communities.

3. Financing Community activities

Budgets

General budget

Preliminary draft budget for 1988

2.3.1. The President of the Council (Budgets) called a fresh meeting¹ on 1 October in the hope of establishing the draft 1988 budget and presenting it to Parliament by 5 October as required by Article 203(4) of the EEC Treaty. Despite further compromise proposals from the Presidency, no consensus could be found on a draft budget for 1988. The final attempts made by the Foreign Ministers meeting in Nyborg on 4 and 5 October were equally fruitless.

2.3.2. On 7 October the Commission officially invited the Council, under the procedure for failure to act laid down in Article 175 of the Treaty, to establish a draft budget as soon as possible covering the Community's financial requirements for 1988 and with revenue and expenditure in balance as required by Article 199 of the Treaty. It warned the Council that if it still failed to act within the two months allowed it would bring an action before the Court of Justice for infringement of the Treaty.

2.3.3. Also on 7 October the President of Parliament similarly called on the Council to present a draft budget for 1988. On 15 October Parliament passed a resolution on the budgetary problems² in which it decided to initiate proceedings

¹ Bull. EC 9-1987, point 2.3.1.

² OJ C 305, 16.11.1987.

before the Court of Justice for failure to act, should the Council have taken no action in response to the abovementioned notice by 7 December at the latest (→ point 2.4.5.).

Implementation of the 1987 budget

2.3.4. On 6 October the Commission sent a communication to the budgetary authority containing a detailed report on the implementation of the 1987 budget at 31 August and the outlook for the rest of the financial year, together with a proposal for a multiple transfer of appropriations relating to Section III (Commission) of the 1987 budget.¹

The transfers proposed by the Commission in the light of the prospects for the utilization of appropriations will eliminate the negative reserves entered in the 1987 budget and will adjust certain payment appropriations so as to produce a better end-of-year outturn figure.

Own resources

2.3.5. On 29 October Parliament delivered an opinion² on the Commission proposal³ to the Council for a Regulation introducing a temporary exception from Regulation No 2891/77 of 19 December 1977⁴ implementing the Decision of 21 April 1970 on the replacement of financial contributions from the Member States by the Community's own resources. Parliament saw the proposal as nothing more than a budgetary device which was not an appropriate solution to the real problem of the deficit still to be covered in 1987⁵ and, recalling its refusal to associate itself with the procedure for draft supplementary and amending budget No 1/1987, accordingly rejected the proposal.

Budget discharge

Financial year 1986

2.3.6. In accordance with Article 83 of the Financial Regulation of December 1977,⁶ the Commission has sent the Court of Auditors its replies to the comments which the Court considered should appear in its annual report concerning the financial year 1986.

1984

2.3.7. On 29 October Parliament passed a resolution on action taken by the Commission in response to the comments made in the resolution accompanying the Decision granting a discharge in respect of the implementation of the 1984 budget (→ point 2.4.20).²

Financial regulations

2.3.8. On 7 October the Commission sent the Council a third amendment⁷ of its proposal of December 1980⁸ amending the Financial Regulation of 21 December 1977 applicable to the general budget of the European Communities.⁶ The amendment makes further adjustments to the amended proposal of 15 March 1984⁹ and follows on from the second amendment which the Commission sent to the Council on 29 July.¹⁰

The reasons for the amendment are the entry into force of the Single Act,¹¹ which

¹ COM(87) 424 final.

² OJ C 318, 30.11.1987.

³ OJ C 241, 8.9.1987; Bull. EC 7/8-1987, point 2.3.4.

⁴ OJ L 336, 27.12.1977.

⁵ OJ C 246, 14.9.1987; Bull. EC 7/8-1987, point 2.3.2.

⁶ OJ L 356, 31.12.1977.

⁷ OJ C 313, 25.11.1987; COM(87) 458 final.

⁸ OJ C 119, 21.5.1981; Bull. EC 12-1980, point 2.3.72.

⁹ OJ C 97, 9.4.1984; Bull. EC 3-1984, point 2.3.2.

¹⁰ Bull. EC 7/8-1987, point I.1.10.

¹¹ OJ L 169, 29.6.1987; Supplement 2/86 — Bull. EC.

introduced new provisions into the EEC Treaty in the field of research and technological development, and the objective of imposing stricter discipline in budget management, which requires changes to the provisions relating to research in order to ensure harmonized treatment for the whole of the budget. The proposal should strengthen the principle of annuality and make for greater transparency in the budget structure by clearly identifying appropriations for staff and administrative expenditure and appropriations for research and technological development.

2.3.9. On 23 October the Commission sent the Council a proposal¹ for a Regulation amending temporarily the Financial Regulation of 21 December 1977.² The proposal is to adjust the financial rules in line with the amendments to the Regulation of 21 April 1970³ on the financing of the common agricultural policy. These adjustments, which were adopted by the Council on 19 October, set up a mechanism of 'advances against amounts booked to the accounts' to apply until 30 October 1988 (→ point 2.4.169).

Budget control

2.3.10. In order to step up and intensify the fight against fraud affecting the Community budget, the Commission decided, on 14 October, to set up a central unit under the direct responsibility of the President to coordinate the work of the anti-fraud units operating within the Commission's departments.

ECSC operating budget

2.3.11. On 29 October Parliament adopted a Decision granting the Commission a discharge in respect of the ECSC accounts for the financial year 1985.⁴

2.3.12. Also on 29 October it passed a resolution on the Court of Auditors' report on the ECSC financial statements at 31 December 1985 and on the Court's report (annex to the ECSC annual report for 1985) on the accounting and financial management of the ECSC (→ point 2.4.20).⁴

Financial operations

ECSC

Loans raised

2.3.13. In October the Commission made a number of private placings in Belgian francs, sterling, lire and marks for the equivalent of 194.8 million ECU.

Loans paid out

2.3.14. Acting under Articles 54 and 56 of the ECSC Treaty, the Commission made the following loans in October, totalling 74.25 million ECU.

Industrial loans

2.3.15. Industrial loans (Article 54) amounting to 58.4 million ECU were paid out for the Italian steel industry and for coal consumption in France and Germany.

Conversion loans

2.3.16. Conversion loans (Article 56) totalling 14.7 million ECU were paid out

¹ OJ C 298, 7.11.1987.

² OJ L 356, 31.12.1977.

³ OJ L 94, 28.4.1970.

⁴ OJ C 318, 30.11.1987.

to Spain, the United Kingdom and Belgium.

Workers' housing

2.3.17. Housing loans amounted to 1.15 million ECU for steelworkers and mine-workers in Germany, France, Belgium, Italy, Luxembourg and the United Kingdom.

Euratom

Loans raised

2.3.18. In October the Commission made a number of private placings in Belgian francs and yen for the equivalent of 128.1 million ECU.

EEC-NCI

Loans raised

2.3.19. In October the Commission made

a private placing for the equivalent of 58.4 million ECU and an eight-year public issue of PTA 10 million at 12 3/8% with an issue price of 100%. This is the first issue to be floated by the Community on the Spanish market. The proceeds will be used under the New Community Instrument for loans to small and medium-sized businesses in Spain.

*

2.3.20. On 30 October the Commission signed contracts with seven Portuguese financial institutions for providing interest subsidies on bank loans to small businesses. At the request of Parliament a specific item for this job creation idea was entered in the Community budget.¹ The success of this pilot action will determine whether it is extended to other Member States, and for Portugal the measures are a precursor to the cofinancing of the regional aid scheme.

¹ Bull. EC 6-1987, point 2.1.16.

4. Political and institutional matters

European political cooperation

2.4.1. On 3 and 4 October the Foreign Ministers held an informal (Gymnich-type) meeting in Nyborg, Denmark. Matters relating to political cooperation were touched on briefly at the end of the meeting.

On 9 October the Presidency issued the following statement by the Twelve in favour of free elections in Chile:

'The twelve countries of the European Community firmly believe it is essential for Chile to return to a truly democratic government if peace and respect for human rights are to be restored there. Accordingly, they consider that the Chilean people should have complete freedom of information and opinion, and should be able to elect their President and the members of their parliament in a ballot guaranteeing the free expression of their will.

In restating their condemnation of violence, whatever its source, the twelve countries of the European Community hope that the government, the institutions and all the political forces in Chile will take the steps needed in order that the forthcoming elections may be conducted in accordance with the international instruments to which Chile is a party, such as the Universal Declaration of Human Rights of December 1948 and the International Covenant on Civil and Political Rights of December 1966.'

2.4.2. On 14 October the Presidency sent the following message of congratulations to Mr Oscar Arias, President of Costa Rica:

'Dear Mr President,

In my capacity as President of the Council of the European Community and of European Political Cooperation I have the honour to congratulate you wholeheartedly on the award to you of the Nobel Peace Prize for 1987.

The initiative for peace in Central America which you, in the framework of the Contadora process, submitted early this year for consideration by the other Central American Heads of State, broke the deadlock in the peace process. Your courageous efforts to establish peace in Central America have led to the agreement reached at the Guatemala Conference.

The adoption of the peace plan in Guatemala on 7 August this year created renewed hopes that the hostilities in the region would be brought to an

end, and peaceful economic and social development initiated.

The well-deserved honour bestowed on you is a manifestation of the international interest and sympathy for your personal efforts and those of the region itself to achieve a lasting and just peace in Central America.

The twelve Member States of the European Community hope that these efforts will bring lasting peace and true democracy to the region, and I take this opportunity to express to you once again our firm support of your endeavours and our hope that the efforts may soon be crowned with success.

Yours sincerely,
Uffe Ellemann-Jensen
Minister for Foreign Affairs of Denmark'

2.4.3. At its October part-sessions Parliament adopted a number of resolutions on political cooperation and on the protection of human rights (→ points 2.4.13 and 2.4.21).¹

European policy and relations between the institutions

European policy

Implementing the Single Act

2.4.4. At its meeting on 19 and 20 October the Council, in preparation for the Copenhagen European Council, reviewed all the problems connected with the strengthening of budgetary discipline, the adjustment of the own resources system and the reform of the structural Funds.² The aim was to bring the positions of the delegations closer together, wherever possible, in order to eliminate some of the conflicting viewpoints and outline what might be the basis for decisions in Copenhagen in December.

¹ OJ C 305, 16.11.1987, OJ C 318, 30.11.1987

² Bull. EC 2-1987, points 1.1.8 to 1.1.21; Supplement 1/87 — Bull. EC.

Relations between the institutions

Proceedings for failure to act

2.4.5. In response to the Council's failure to adopt a draft 1988 budget before the 5 October deadline laid down by the EEC Treaty, the President of the Commission, Mr Delors, sent a letter to the Council on 7 October, under Article 175 of the Treaty, calling on it to establish a draft budget as soon as possible to cover the Community's financial requirements for 1988. If the Council fails to act within the two months allowed by Article 175 — i.e. by 7 December — the Commission will pursue the procedure under that Article and bring an action before the Court of Justice. The Commission believes that the present situation demonstrates, in striking fashion, just how essential it is that the European Council of 4 and 5 December adopt a system of stable, adequate and guaranteed own resources to cover the Community's requirements and in particular enable the Single Act to be implemented.

The President of Parliament made a similar call to the Council. On 15 October Parliament passed a resolution in which it considered that the Council's failure to act was far more serious than simply not submitting the draft 1988 budget on time and therefore intended to ask the Court of Justice to give a ruling on the Council's failure to meet its obligations under the Treaties, particularly as regards the adoption in due time of the decisions necessary to ensure the full financing of Community policies.¹

Exercise of implementing powers conferred on the Commission

2.4.6. The Commission decided to apply to the Court of Justice to have Article 6(4) of the Council Regulation of 19 October on the coordination and promotion of research in the fisheries sector² declared void. This Article provides for the 'management committee' procedure, whereas the Commission feels that it is a matter of applying Article 205 of the EEC Treaty ('the Commission

shall implement the budget.'). which therefore falls within its exclusive competence.

Institutions and organs of the Communities

Parliament

*Strasbourg: 12 to 16 October*³

2.4.7. Dr Hillery, President of Ireland, addressed Parliament during its first part-session in October. He took as his main theme the balance that must always be struck between imagination and long-term prospects on one side and routine business on the other. The discussions on the Community budget crisis, the debate on the maximum permitted radioactivity levels to be set for foodstuffs and how this procedure affects application of the Single Act, and the statements on security in Europe were the highspots of the week's sittings and somewhat eclipsed the debate on discrimination against women.

Absence of a budget

2.4.8. The dominant theme of the first October part-session was the Council's failure to present a draft budget for 1988. The lengthy debate devoted to it plainly showed that while Parliament was united in condemning the Council, it was divided on what action to take.

¹ OJ C 305, 16.11.1987.

² OJ L 314, 4.11.1987; Bull. EC 7/8-1987, point 2.1.44.

³ The complete texts of the resolutions adopted by Parliament are reproduced in OJ C 305, 16.11.1987, and the report of the proceedings is contained in OJ Annex 2-356. 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). The European Alliance for Renewal and Democracy (RDE) has changed its name to European Democratic Alliance (ADE).

The Council President, Mr Knud Erik Tygesen, had to report that, for the first time in the Community's history, the Council had been unable to comply with Article 203(4) of the Treaty. The budget rapporteur, Mrs Carla Barbarella (COM/I), reminded the House that the revenue to which the Community was legally entitled fell 6 000 million ECU short of the amount required to meet all the needs and added that the Community's financing system was now in a very bad way, having survived since 1983 only by means of increasingly inextricable expedients. Mr Joan Colom i Naval (S/E) stressed the gravity of the 'offence' of which the Council was now guilty and said he supported the position taken by the Spanish and Greek Governments, which had rejected the compromise proposals put forward by the Presidency. Mr Horst Langes (PPE/D) attacked the Council for failing to establish the legal bases for the new resources whose absence it was itself now bemoaning, and suggested that Parliament adopt a draft budget without waiting two months to see what action the Council would take. Mr Peter Price (ED/UK) felt that Parliament should bring proceedings before the Court of Justice against the Council for failure to act. But, like Mrs Christiane Scrivener (LDR/F), he did not want Parliament to act unilaterally and in breach of the Treaty by adopting a 'draft budget'. What mattered most to Mr Jean-Claude Pasty (ADE/F) was knowing what Europe wanted and what proportion of national resources might be made over to it. The Chairman of the Committee on Budgets, Mr Jean-Pierre Cot (S/F), pointed to the manifold defaults of the Council: default on the clock, default on the substance, legal default, political default. But Parliament should not make itself out to be the guardian of virtue, said Mr John Tomlinson (S/UK); it had already backed too many illegal practices for that. Winding up the debate, the President of the Council said he was just as sorry as Parliament that they had no budget. Without wishing to pillory any Member State, he regretted that national interests had prevailed over Community interests. He remarked that the lack

of a budget was a symptom and that the Budget Council could tackle only the symptoms and not the roots of the trouble, such as the revenue ceiling, budgetary discipline, economic cohesion and the budgetary imbalances, which had to be settled between the Heads of State and Government.

At the end of the debate Parliament unanimously passed the resolution moved by Mrs Barbarella, in which it stated that it would bring proceedings before the Court of Justice for failure to act, should the Council not respond to the call made by Parliament's President on 7 October under Article 175 of the EEC Treaty. Claiming that the Council's 'failure to act went far beyond simply failing to submit the 1988 draft budget on time', it 'therefore intended to ask the Court of Justice of the European Communities to give a ruling on the Council's failure to meet its obligations under the Treaties, particularly as regards the adoption in due time of the decisions necessary to ensure the full financing of Community policies'.

2.4.9. Parliament passed a legislative resolution embodying its opinion in first reading on the Commission proposal for a Directive on the approximation of the laws, regulations and administrative provisions of the Member States relating to construction products (→ point 2.1.10).

2.4.10. Parliament gave opinions on the following proposals:

(i) a Regulation on the application of the Combined Nomenclature to the statistics of trade between Member States and amending the Regulation of 24 June 1975 on the external trade statistics of the Community and statistics of trade between Member States¹ (→ point 2.1.53);

(ii) a Decision establishing an action programme at Community level to promote the vocational rehabilitation and economic integration of people with disabilities and a Decision adopting an action programme at Community level to promote the social

¹ OJ L 183, 14.7.1975.

integration and independent living of people with disabilities (→ point 2.1.89);

(iii) a Regulation introducing special rules for the financing of the common agricultural policy (→ point 2.1.167);

(iv) a Regulation on the conclusion of the agreement between the Community and the Islamic Republic of Mauritania on fishing off Mauritania and adopting provisions for its application (→ point 2.1.188);

(v) a Regulation on the conclusion of the agreement between the Community and Angola on fishing off the coast of Angola (→ point 2.1.189);

(vi) an amendment to the Directive of 19 December 1984 on the weights, dimensions and certain technical characteristics of certain road vehicles¹ (→ point 2.1.198);

(vii) the fixing of the Community's generalized tariff preference scheme for 1988 (→ point 2.2.43);

(viii) the appointment of six members of the Court of Auditors (→ point 2.4.37).

2.4.11. Resolutions were passed on the following subjects:

Completion of the internal market. Parliament noted that the Council was falling further behind schedule and that only 58 proposals of the Commission's White Paper on completing the internal market had been adopted,² while 112 were still awaiting a Council Decision. The House was appalled that the Agriculture Ministers had not managed to adopt a single proposal in the agri-food sector between May 1986 and May 1987 and that no progress had been made on freedom of movement and a people's Europe. Parliament generally endorsed the Commission's proposals for removing tax barriers but asked for more time to appraise them in detail and prepare any amendments. It decided to give internal market proposals priority under its new procedures.

Regulating the production and consumption of medicinal plants and preparations deriving from them. On the grounds of the advantages of medicinal plants in the treat-

ment of mild disorders and since natural medicines play an important role in the Third World, Parliament called on the Commission to take steps to ensure the control and use of medicinal plants and preparations deriving from them. It suggested that the many very well-known medicinal plants that had been used since time immemorial might be exempted from the controls imposed on proprietary medicinal products. The Commission was asked to encourage and sustain exchanges of information and research results between the Member States and prompt them to ban any misleading advertising. It should also act to impose proper price controls for these products, to help develop a scientific approach to ensure that medicinal plants offer similar guarantees to those laid down for proprietary products and that they are placed under the exclusive responsibility of State-registered pharmacists.

The aircraft industry. Parliament was determined that the Community should continue to have a strong and independent aircraft industry. National, intergovernmental and Community initiatives in this industry needed to be more closely coordinated and there were a number of areas where the Community had a specific role to play in stimulating the competitiveness of the European industry. It was also essential to coordinate the European aircraft and aerospace industries and the Community's civil and military policies so as to avoid dispersing financial, technological and commercial efforts. Parliament therefore wanted to see a Community strategy devised for this sector.

The effects of Articles 92 and 93 of the Treaty on regional policy. With over 50% of the surface area of the Community defined as assisted areas, Parliament emphasized the need to concentrate aid from the Member States and the structural Funds on the weakest regions. The need to promote investment in the Community's least-favoured regions must take precedence whenever

¹ OJ C 2, 3.1.1985; Bull. EC 12-1984, point 2.1.200.

² Bull. EC 6-1985, points 1.3.1 to 1.3.9.

it conflicts with the degree of latitude allowed to the economically more advanced Member States to pursue their own regional policies. The House asked the Commission to publish its new methods of aid assessment and new policy guidelines and made recommendations for greater transparency and fairer allocation of aid.

Paid educational leave. Parliament called on those Member States that had not done so to ratify ILO Convention No 140 on paid educational leave. Education and training suited to skill requirements should be extended progressively to include people without jobs. It might be desirable to phase implementation of paid educational leave in such a way that a maximum of interested parties might ultimately be able to benefit. The Commission was urged to conduct a study into the most effective legal instrument for achieving this in collaboration with the European Centre for the Development of Vocational Training.

Reintegration of women into working life. Realizing the difficult situation of women who have had momentarily to give up their jobs for family reasons, Parliament first called on the Member States to take appropriate measures to ensure that *all* members of society are given the opportunity to develop their individual talents and hence to give women who wish to return to work the necessary support. The Commission was then requested to set up a pilot programme for the reintegration of women into working life based on Parliament's recommendations. The Council was urged to hold, before the end of 1989, a joint meeting of all ministers concerned.

Depiction and position of women in the media. Parliament found that the portrayal of women in the media is not sufficiently true to their actual roles; it recommended that the media formulate positive measures and plans for the advancement of women which would ensure non-discrimination in recruitment, training and promotion. Recommendations were also made to radio and television corporations, advertising agencies, governments, political parties, trade

unions, works councils and staff committees; the Commission was asked to give a lead by acting on a number of specific suggestions.

Women in sport. In view of the benefits that women can and should get from sport, Parliament made a number of points and recommendations relating to legislation, the role of the media, education and therapy, sports and leisure facilities, competition and representation of women in sport. It called for further action to identify existing barriers to greater participation by women in sport and strict medical supervision over training so that young children are not subjected to excessive strain.

Discrimination against immigrant women and female migrant workers in legislation and regulations in the Community. Parliament was concerned that in some Member States the law governing the residence of immigrant women was becoming increasingly restrictive. As the right to reunite the family should apply to persons of either sex who wanted their families to join them, the House made certain observations and indicated the measures to be taken to avoid any sexual discrimination against immigrant women.

Costs of interpretation and translation in labour courts. Parliament had learned that the Federal German Government had started negotiations with the other Member States and with Bangladesh, India, Yugoslavia, Pakistan, the Philippines and Turkey for bilateral agreements guaranteeing reciprocity in meeting these costs, and that certain Member States had not accepted such an agreement. Commending the generosity of the Federal Government, the House pointed out that it was an essential principle of industrial relations law that recourse to the courts should be free of charge. The Commission was asked to draw up a draft uniform regulation on translation and interpretation costs in industrial tribunals.

The mountain regions. Parliament felt that since mountain regions cover a little over half the surface area of the Community and the people living there have to cope with

common problems, a strategy is required at Community level based on an integrated approach to the problems of development of the mountain regions, with strict environmental safeguards and the promotion of housing. The resolution contained recommendations for economic development, agriculture, infrastructure and transport and the environment and the Commission was requested to draft a communication spelling out how the Community could help to promote economic and social development in the mountain regions.

The regional problems of Ireland. Parliament regretted that in the 14 years since Ireland's accession, the Community had not done more to promote the necessary transformation in Ireland's economy and that the disparities in prosperity between Ireland and the wealthier regions of the Community had widened rather than narrowed. The House made certain proposals for improving regionalization and overcoming problems specific to Dublin and recommendations to the Irish Government for planning, regionalizing, programming and reforming agriculture. The Commission was urged to encourage the Irish Government to establish a structure of regional authorities, work closely with the Irish authorities to prepare programmes designed to diversify agricultural production, offer Ireland higher rates of participation of Community funds and take steps to help the population of Dublin to deal with its economic, social and environment problems.

Torrential rains in Catalonia. Parliament urged the Commission to grant as much aid as possible to the victims of the torrential rains on 3 and 4 October which had caused the tragic death of 11 people, the disappearance of a number of others and severe damage to crops, houses, roads, railways and the electric power grid.

The floods in Catalonia, Majorca and Languedoc-Roussillon. Dismayed at the number of people who lost their lives or are missing and by the scale of the damage, Parliament considered it essential that the Community

make a contribution towards aiding the victims and repairing the infrastructures; the Commission was asked to grant emergency aid to the worst-hit areas.

Support measures for the regions of northern Portugal recently affected by severe storms. Parliament expressed its solidarity with the disaster victims in four parishes in the Vila da Feira district which suffered tremendous damage, and, recommending that the aid be supplied directly to the local authorities, called on the Commission to provide financial and other necessary means of support to enable the region to recover from the effects of the storm.

The extremely serious consequences of the prolonged drought and water supply crisis in central and southern regions of Italy. Parliament called on the Commission to draw up, in agreement with the Italian Government and the local authorities, a programme of aid for areas where extensive damage has been caused by the shortage of water.

Renegotiation of the Community Regulation on sheepmeat. Parliament claimed that the 1980 sheepmeat Regulation¹ had not succeeded in establishing a common organization of the market and must therefore be revised. It asked the Commission to present proposals that are fair to all producers, the aim of the revision being to harmonize premiums and guarantees for all sheep-farmers.

Rational use of energy in the field of transport. Since the first oil crisis in 1973 the Community's overall energy consumption has fallen by 5% while energy consumption for transport has risen by 25%, although the improved fuel efficiency of cars has reduced fuel consumption by 20% over the last eight years. These facts prompted Parliament to take the Commission to task for taking virtually no action on the recommendations it has made in the past for promoting public transport, promoting combined

¹ OJ L 183, 16.7.1980, Bull. EC 10-1980, points 1.4.1 to 1.4.5.

transport, eliminating traffic bottlenecks and ensuring more efficient management of air traffic movements. The House raised many points on the situation of transport in the Community and advocated measures that should substantially reduce fuel consumption.

*The legal base for the proposal for a Council Regulation (Euratom) laying down maximum permitted radioactivity levels for foodstuffs, feedingstuffs and drinking water in the case of abnormal levels of radioactivity or of a nuclear accident.*¹ Parliament challenged the legal base (Article 31 of the Euratom Treaty) chosen by the Commission for its proposed Regulation. It believed that the legal base should be Article 100A of the EEC Treaty (completion of the internal market) and asked the Commission to amend its proposal accordingly.

The disaster at Medellín in Colombia. Shocked by the number of dead, injured and homeless, Parliament considered that the Community must show its solidarity with these distressed communities and urged the Commission to grant emergency aid.

The political, economic and social situation in Bangladesh and the conditions for Community aid. Parliament expressed its concern at the scale of poverty and the natural disasters that have afflicted Bangladesh and at its dependence on external aid. It recommended that the existing Commission office in Bangladesh be reinforced. The House advocated measures to be taken in support of Bangladesh, particularly the development of Community collaboration in technical assistance programmes and food aid. A number of recommendations were made for strengthening the main strands of the country's economy.

The famine in Ethiopia. Parliament called for renewed and urgent impetus to the aid programme launched by the Community and various Member States to help avert the threatened famine and for humanitarian considerations to be given priority. The Commission was urged, when implementing emergency aid programmes,

to ensure that such aid goes solely and directly to those affected by the famine, and to inform Parliament and, through it, the public about the situation as regards transfers of population, reaffirming its opposition to such a policy in view of the disastrous consequences.

2.4.12. Parliament adopted a resolution on the budgetary problems. It noted that the Council's failure to present the draft budget to Parliament by 5 October as required by Article 203(4) of the EEC Treaty was the latest development in a political and financial crisis which has now been going on for years. As it feels that this crisis is blocking progress on Community policies, the House decided to bring the Council before the Court of Justice for failure to act, should the call made to the Council by Parliament's President on 7 October under Article 175 of Treaty go unheeded (→ points 2.3.3 and 2.4.5).

2.4.13. In the fields of political cooperation and human rights Parliament passed resolutions on the following subjects:

Political aspects of a European security strategy. Arguing that security must be based on a system of guarantees more stable than purely military ones and that the basic premise of any security policy is still a balance of forces, Parliament set out the main lines of the policy that the Community should follow in order to strengthen the autonomy of its security and defence, reinforce peace by creating a climate of trust between East and West, adopt common criteria for monitoring the sale of arms to non-member countries and intensify political, economic and cultural cooperation between the various parts of Europe.

The need for respect for human rights in the Baltic States. Following the demonstrations by thousands of Estonians, Latvians and Lithuanians on 23 August for the right of self-determination of their peoples, Parliament expressed concern about the violations of human rights and of freedom

¹ OJ C 174, 2.7.1987; Bull. EC 5-1987, point 2.1.208.

of religion in the Baltic States and by their intense russification and, invoking the Helsinki Final Act, called on the Soviet authorities to release all Baltic political and religious prisoners and to respect the right of self-determination and human rights in the Baltic States. The media in the Community were urged to report not only the oppression in the Baltic States, but also the history of that oppression.

The situation in Colombia. As Colombia has for several decades been suffering from violence which on one occasion caused a lengthy break in the nation's democratic way of life, Parliament called on the Colombian Government to do its utmost to bring an immediate end to the massacres perpetrated by paramilitary groups, determine how far the Colombian army was implicated in these crimes and ensure respect for the law. The Foreign Ministers meeting in political cooperation, and the governments of the Twelve, were instructed to make representations to the Colombian authorities with the aim of ensuring that the right to life and human rights are respected and that talks are reopened as soon as possible with the armed opposition.

Freedom for Jews to emigrate from the USSR and the concept of 'State secrets'. Parliament appealed to the government of the Soviet Union to make 1987 a decisively important year for granting exit visas to all Jews who have requested one. The House also urged the Foreign Ministers meeting in political cooperation and in bilateral contacts to take every opportunity to discuss with the Soviet authorities the reasons why exit visas are refused, what is meant by 'State secrets' and the possibility of obtaining some indication of the length of time likely to be involved if a person is refused an exit visa on the grounds that he is party to a State secret.

Imprisonment of Hélène Passtoors in South Africa. The Belgian linguist, Hélène Passtoors was arrested in South Africa on 28 June 1985 under the Internal Security Act, which reverses the burden of proof, requiring the accused to prove his or her inno-

cence; during her trial after 11 months of solitary confinement, legally unacceptable types of evidence were used and she was sentenced to 10 years' imprisonment. Parliament condemned the sentence and called for her immediate deportation to a country of her choice. The Foreign Ministers, and especially the Belgian Foreign Minister, were asked to do all they could to induce the South African authorities to release Hélène Passtoors, on humanitarian as well as other grounds.

Kidnapping of a young Frenchwoman in Ethiopia. Parliament expressed serious concern about the fate of Sophie Bedon, a young nurse working as a member of a team from International Action against Famine in the province of Tigré, who was kidnapped on 1 October and is probably being held in Sudan. The House urged the Ethiopian and Sudanese Governments to do everything they could to secure her rapid release.

Imprisonment of a young Frenchman in Turkey. Parliament protested at the treatment inflicted on Michel Caraminot, a French tourist guide arrested on the night of 17-18 June and accused without evidence of spreading pro-Armenian and pro-Kurd propaganda. The House was glad that Michel Caraminot had been released provisionally but considered it unacceptable that he is not authorized to leave Turkey before the verdict. The Foreign Ministers meeting in political cooperation were urged to make representations to the Turkish authorities to end this forced residence.

The seizure of two German nationals by the Saudi Arabian authorities. Parliament accused the Saudi authorities of a blatant violation of human rights by detaining Uwe Hensel, a technician, and Hartmut Krause, a fitter, as virtual hostages since the beginning of 1986, and called on them to allow these men to leave Saudi Arabia immediately.

Disappearance of Marta Galicia and Salvador Ubau in El Salvador. Parliament has learned that Marta Galicia was arrested on 18 August and Salvador Ubau kidnapped on 1 September, but the Salvadoran authorities

deny that either of them is being held. It accordingly called on the Foreign Ministers meeting in political cooperation to take the necessary steps to elicit from the government of El Salvador clear information concerning the fate of Marta Galicia and Salvador Ubau and to do everything possible to prevent further detentions in non-recognized centres.

Situation in Tibet. Parliament expressed grave concern at the recent disturbances in Lhasa and, noting the tolerance which has been shown in recent times by the Chinese authorities towards the Tibetan Buddhist religion, urged the Chinese Government to respect the rights of the Tibetans to religious freedom and cultural autonomy and suggested that the Dalai Lama's five-point programme could well form the basis of a settlement.

The situation in Fiji. Parliament condemned the seizure of power by Colonel Rabuka and his draft constitutions based on racial discrimination. The House called on the Community institutions and the governments of the Member States to make every effort to aid those who wish to uphold democracy and the rule of law. Parliament asked the Commission to consider whether the setting-up of a military dictatorship in Fiji should entail suspension of the Community's sugar agreement with Fiji; it believed that it was in the Community's interest to maintain stability in the South Pacific and to promote democracy in the ACP States.

*Strasbourg: 26 to 30 October*¹

2.4.14. The second October part-session saw major and interesting debates on crucial issues for the Community: they included the 'post-Chernobyl' Directive on the maximum admissible limits of radioactivity in foodstuffs, the collapse on the stock markets (a debate prefaced by a statement from Mr Jacques Delors, President of the Commission), agricultural stocks, aids to agricultural income and the Community scheme to encourage the cessation of farming,

implementation of the 1987 budget and the operation and efficiency of the Community structural Funds.

The Community and the stock market crisis

2.4.15. In a statement on the recent stock market crisis, the President of the Commission vividly described how the world is now living dangerously on the two time bombs of the financial crisis and the indebtedness of the Third World. Awareness of the risks had come too late in the day; Europe had made an inadequate contribution to the growth of world trade. In Mr Delors's view too much attention had been paid to the symptom of the crisis — the volatility of the exchange markets — and not enough to the roots of the trouble — excessive growth of the financial sector and indebtedness. To attack these roots the United States must reduce its budget deficit and diminish its economic growth; Europe must increase its growth rate; Japan must open up its market; Europe and Japan must take up the running from the United States in world trade in the event of an American recession.

In conclusion Mr Delors proposed three subjects for consideration: the essential strengthening of the international role of the ECU, which should become a reserve currency; application of the European cooperative growth strategy proposed three years ago; a European initiative to try and solve the problem of the indebtedness of the Third World.

Speakers in the debate, such as Mr Jean Besse (S/F), believed that the crisis which had just broken was not a minor hitch and that Europe was not in a position to insist on a reduction of the American budgetary deficit if it was not capable of using the latitude available to it at home, or like Mr Fernand Herman (PPE/B), that immediate

¹ The complete texts of the resolutions adopted by Parliament are reproduced in OJ C 318, 30.11.1987, and the report of the proceedings is contained in OJ Annex 2-357.

proposals should be made for strengthening the EMS and the ECU and amending the Treaties with a view to achieving greater monetary integration and closer alignment of economic policies.

Some 20 Members took the floor to deplore the Community's passive attitude during the present crisis and to ask Mr Delors what the Commission was planning to do. He replied that the Community was showing great understanding in its negotiations with the United States in order to avoid any upsurge of protectionism. But if the Community spoke with a single voice, it could obtain much more. The Commission had just proposed the creation of a European financial area which, had it been created five years ago, would not have left the Community quite so helpless when the stock markets plummeted.

At the end of the debate Parliament adopted the resolution moved jointly by the Socialists, the PPE group, the Liberals, the Communists and the ADE group, which feared the risk of a recession and the repercussions of stock market crisis on growth and employment in Europe and throughout the world. Parliament called for a common strategy, more liberalization of financial markets, organization of the EMS and more vigorous efforts by the Federal Republic of Germany and Japan to stimulate growth in order to help reduce the American deficit.

2.4.16. Parliament passed a legislative resolution embodying its opinion in first reading on the Commission proposal for a Directive on the approximation of the laws, regulations and administrative provisions of the Member States relating to the classification, packaging and labelling of dangerous preparations (→ point 2.1.127).

2.4.17. Parliament gave its opinion in a decision on the common position of the Council relating to a research and development coordination programme of the EEC in the field of medical and health research (→ point 2.1.42).

2.4.18. Parliament gave opinions on the following proposals:

(i) a Directive amending for the third time the Directive of 28 March 1983¹ determining the scope of Article 14(1) (d) of the sixth VAT Directive² as regards exemption from value-added tax on the final importation of certain goods (→ point 2.1.58);

(ii) a Directive amending for the first time the Directive of 28 March 1983¹ on tax exemptions applicable to permanent imports from a Member State of the personal property of individuals (→ point 2.1.59);

(iii) an amendment to the Directive of 28 March 1983³ on tax exemptions within the Community for certain means of transport temporarily imported into one Member State from another (→ point 2.1.60);

(iv) a Directive on indirect taxes on transactions in securities (→ point 2.1.72);

(v) Regulations establishing a Community system of aids to agricultural income, a framework system for national aids to agricultural income, and a Community scheme to encourage the cessation of farming (→ point 2.1.159);

(vi) a Regulation on the preparation and marketing of liqueur wines produced in the Community and an amendment to the Regulation of 16 March 1987 on the common organization of the market in wine⁴ (→ point 2.1.153);

(vii) a Regulation laying down the general rules for the supply of food from intervention stocks to designated organizations for distribution to the most deprived persons in the Community (→ point 2.1.138);

(viii) a Regulation on special measures for the processing of certain varieties of oranges and amending the Regulation of 18 December 1969⁵ (→ point 2.1.149);

(ix) a Regulation on the conclusion of the agreement between the Community and the

¹ OJ L 105, 23.4.1983, Bull. EC 3-1983, point 2.1.44.

² OJ L 145, 13.6.1977.

³ OJ L 105, 23.4.1983, Bull. EC 3-1983, point 2.1.43.

⁴ OJ L 84, 27.3.1987; Bull. EC 3-1987, point 2.1.167.

⁵ OJ L 324, 27.12.1969.

Government of Dominica on fishing (→ point 2.1.192);

(x) a Regulation on the conclusion of the agreement amending the agreement between the Community and the Government of the Democratic Republic of Sao Tome and Principe on fishing off the coast of Sao Tome and Principe, signed in Brussels on 1 February 1984¹ (→ point 2.1.191);

(xi) a Decision on a Community system of rapid exchange of information in cases of abnormal levels of radioactivity or of a nuclear accident (→ point 2.1.213);

(xii) a Regulation introducing a temporary exception from the Regulation of 19 December 1977² implementing the Decision of 21 April 1970 on the replacement of financial contributions from the Member States by the Communities' own resources (→ point 2.3.5).

2.4.19. Acting pursuant to its budgetary powers Parliament adopted a Decision granting a discharge to the Commission in respect of the ECSC accounts for the financial year 1985 (→ point 2.3.11).

2.4.20. Resolutions were passed on the following subjects:

Mergers. Parliament reaffirmed its support for the principle of preliminary control, at Community level, of large-scale mergers and acquisitions. It urged the Council to adopt the merger control Regulation and proposed to make a separate report on the subject.

The stock exchange crisis. Parliament expressed grave concern about the repercussions of this crisis. It called on the US authorities to take steps to bring about a genuine reduction in the budget deficit and on the German and Japanese Governments to adopt policies more in harmony with world economic stability and growth. The Louvre Agreements were to be respected and the European countries should speed up the introduction of structural measures which might lower interest rates in a coordinated manner. Parliament also called for the liberalization of the capital markets,

efforts to organize the European monetary area and measures to support the investment potential of small and medium-sized businesses.

Languages and cultures of regional and ethnic minorities in the Community. Parliament called for the principles and proposals set out in its resolutions of 16 October 1981³ and 11 February 1983⁴ to be fully applied. It recommended that the Member States take measures concerning administration and the law, the mass media and cultural infrastructure, social and economic life and the protection and promotion of the language and culture of ethnic minorities in the border regions. Parliament issued Directives to the Commission and asked it to support the European Bureau for Lesser-used Languages.

The storms in Europe. Parliament expressed its sympathy with the families of the dead, the injured and other victims of the hurricane which struck northern Portugal, Galicia, Brittany and Normandy, the south and east of England, and the extensive flooding in Wales and Northern Ireland. It hoped that the Member States' meteorological services would cooperate as actively as possible and urged the Commission to make the necessary aid available.

Budgetary control of the efficiency of the structural Funds. Parliament drew conclusions from the analysis of the operation of the structural Funds and considered why they were inefficient. It stipulated criteria for improved management of these financial instruments and asked the Commission and the Council to lay down a legal framework with a view to rationalizing the activities of the Funds and making the financial assistance they provide as effective as possible.

Expediting the implementation of a trans-frontier action programme for the coal- and steel-producing frontier region of Saarland-

¹ OJ L 54, 25.2.1984; Bull. EC 7/8-1983, point 2.1.162, OJ L 144, 27.4.1985; Bull. EC 4-1985, point 2.1.92.

² OJ L 336, 27.12.1987.

³ OJ C 287, 9.11.1981, Bull. EC 10-1981, point 2.3.21.

⁴ OJ C 68, 14.3.1983; Bull. EC 2-1983, point 2.4.15.

*Lorraine-Luxembourg.*¹ Parliament called on the Commission to take over the initiative for and coordination of joint action to implement this transfrontier integrated programme as a matter of urgency. The Commission was asked to commit itself to the construction of the Paris-Mannheim high-speed rail link, with a spur to the Saar-Lorraine-Luxembourg region.

The position to be adopted by the Community at the second ministerial conference of North Sea countries to be held in London on 25 and 26 November. As the agreements reached at the first ministerial-level conference in November 1984 on the reduction of discharges and stricter control of illegal discharges have not been sufficiently effective, Parliament called on the Commission and all the Member States involved to agree on measures to prevent further damage to the marine ecosystem of the North Sea and on measures to be applied subsequently. The Commission was also urged to make absolutely sure that all Directives affecting the North Sea are scrupulously complied with.

Court of Auditors' special report on the contract measures for the expansion of markets for milk and milk products financed by proceeds of the co-responsibility levy. Parliament noted the partial analysis made in the Court of Auditors' report² and concluded that serious doubts were entertained about the effectiveness of all the measures studied. It listed the Commission's shortcomings and proposed changes to the procedure for awarding contracts.

Natural sweet wines. In view of the urgent need to clarify the definition and classification of natural sweet wines, production of which now exceeds 3 million hectolitres, Parliament held that the Council must quickly regulate the liqueur wines sector. It was asked to keep intermediate alcoholic beverages of between 15 and 22° proof alcohol in a separate tax category and to define the vine varieties from which liqueur wines may be made, the geographical extent of the production areas and certain traditional aspects of wine-making. Parliament agreed that the Member States could set more

restrictive standards. By means of bottling and labelling aid the Community should participate in the efforts by producers to increase the percentage of their harvest marketed directly. The establishment of a group of Community controllers was advocated.

*The seventh session of the United Nations Conference on Trade and Development, Geneva, 9 July to 3 August.*³ Parliament appraised the results of Unctad VII, at which the Community had played a positive role. It regretted that no new initiatives had been taken in favour of the least-developed countries. The House called for contact with the Council and the Commission in order to establish common guidelines for the participation of MEPs in future delegations to Unctad.

Action taken by the Commission in response to the comments made in the resolution⁴ accompanying the Decision granting a discharge in respect of the implementation of the 1984 budget. Parliament again commended the Commission for the spirit of cooperation it had displayed, but noted that the development of Community policies must be accompanied by a tightening of the controls applied by Parliament. The House deplored the lack of progress in countering frauds and irregularities affecting revenue. The Commission was again requested to draft specific proposals for coordinating controls and to extend their implementation in the Member States. Parliament pointed to the cloud of uncertainty hanging over interinstitutional relations in the field of budgetary management and again called upon the Commission to put forward firm proposals to help improve these trilateral relations.

Court of Auditors' report on the financial statements of the ECSC at 31 December 1985 and its report on the accounting and financial management of the ECSC. Parliament noted the more cooperative approach adopted by the Commission in a bid to

¹ OJ C 176, 16.7.1986; Bull. EC 6-1986, point 2.4.9.

² OJ C 127, 26.5.1986; Bull. EC 2-1986, point 2.4.27.

³ Bull. EC 7/8-1987, point 2.2.38.

⁴ OJ L 150, 4.6.1986; Bull. EC 4-1986, point 2.3.7.

find solutions to the problems besetting the ECSC budget and called on it to undertake to make further progress in complying with the principles set out in its resolution designed to achieve greater budget transparency.

2.4.21. In the field of political cooperation and human rights Parliament passed resolutions on the following subjects:

Release of Anna Chertkova from the Kazan psychiatric prison hospital. Parliament requested the Foreign Ministers meeting in political cooperation to make representations to the Soviet authorities with a view to securing the release of Anna Chertkova, held since 1973, solely because of her religious faith, in various psychiatric hospitals in the company of criminals and atheists.

Death sentences in Tunisia. Parliament expressed its distress at the hanging of two Muslim fundamentalists, Mehrez Budega and Bulbala Dejl, sentenced to death after a trial unanimously considered to be irregular, and called on the President of Tunisia to commute a death sentence imposed on another five Tunisian citizens. He was urged to remove such an inhuman punishment from Tunisian law.

Human rights in Morocco. Parliament welcomed the settlement of the case of General Oufkir's children but voiced its grave concern over the danger that threatens the lives of missing persons in Morocco. It condemned the abductions and all other forms of repression and urged the Moroccan authorities to release all missing persons, believed to be in detention, and political prisoners. The Foreign Ministers meeting in political cooperation were urged to try and persuade the Moroccan Government to uphold individual and collective rights in Morocco.

Violation of human rights in Burkina Faso and in particular the assassination of Captain Thomas Sankara, Head of State. Parliament condemned the violations of human rights committed during the military coup on 15 October during which President Sankara, who was a signatory to the third Lomé

Convention and engaged in implementing projects financed by the EDF, had been overthrown and assassinated. It called on the Commission to suspend implementation or consideration of any cooperation project with Burkina Faso, except for those involving emergency food aid. The House urged the Foreign Ministers meeting in political cooperation and the ACP-EEC Council of Ministers to consider the effects of the coup on existing relations between the Community, all the parties to the Lomé Convention and Burkina Faso.

Sentencing of Mr Faisal Hussein. Parliament called for the immediate release of Mr Hussein, President of the Society of Arab Studies, who had been making peaceful efforts to find a just and lasting peace settlement between the Palestinians and the Israelis, and had been arrested by the Israeli authorities and sentenced to six months' detention on the basis of an administrative decision. The House also called for the release of eight other Palestinians arrested with Mr Hussein, and of all other prisoners of conscience.

The Guatemala peace plan. Parliament reaffirmed its support for President Arias's peace plan, which had led to the Guatemala Agreement, and called for special aid to be granted in parallel with the aid provided for in the Cooperation Agreement with Central America. It called for appropriate measures to ensure the safe return of refugees to their home regions and urged the Foreign Ministers meeting in political cooperation to do everything at international level to ensure the success of the Esquipulas II Agreement. The Council was asked to see that the 120 million ECU promised to the countries of Central America was granted in 1987.

Arias Guatemala peace plan (Esquipulas II). Parliament stated its conviction that the peace agreement is the only non-military option to preserve peace throughout the region and make it independent of the two major powers. It deplored the aid promised to the Contras by the US President and called on all non-Central American Governments to refrain from interference in Central America. The Commission was called

upon to play an active part in the Esquipulas II peace plan.

The need to reopen the dialogue between the Republic of Korea and North Korea. Parliament welcomed the outcome of the referendum of 27 October and implementation of the new Constitution in the Republic of Korea. It called on the two governments to reopen the dialogue and conclude a non-aggression agreement. It hoped that the 1988 Olympic Games in Seoul would help consolidate peace in the Korean peninsula.

Threat of extinction of the Baha'i community in Iran. Following the execution on 28 September of two more Baha'is in Iran, where well over 200 Baha'is have now met their deaths with a further 199 being subjected to inhuman treatment and barbaric torture in prisons, Parliament reiterated its constant support for religious minorities and in particular for the Baha'is in Iran. The House called for the immediate release of all Baha'is imprisoned in Iran because of their religious beliefs, and maintained that the Iranian Constitution contravened the Universal Declaration of Human Rights of 10 December 1948.

Situation of political prisoners in Cuba. Aware that the Cuban Government is holding several hundred political prisoners, Parliament cited the cases of 10 persons in prison for over 20 years and urged the Cuban authorities to release them. The House requested the United Nations Human Rights Commission to draw up a

comprehensive report on the human rights situation in Cuba and called for safeguards for the independence of the law courts in Cuba. The Foreign Ministers meeting in political cooperation were asked to exert as much pressure as possible on the Cuban Government to secure the release of the political prisoners.

Implementation by the Member States of the Community of economic sanctions against South Africa. As the measures taken to this end by the Member States had failed to persuade the South African Government to abandon its apartheid policy, Parliament set out the guidelines that should now be adopted and proposed bans on the supply of arms, exports of crude oil, military cooperation, imports of gold coins, imports of iron ore and steel products and new investments. The House appealed to all the Member States to abide by the undertakings which they gave in European political cooperation and urged the Commission, the Council and the Foreign Ministers meeting in political cooperation to press ahead with preparation of further measures.

Council

2.4.22. The Council held four meetings in October. The table below 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 October*

Number, place and date of meeting	Subject	President	Commission	Main items of business
1188th (continued) ¹ Luxembourg 1 October	Budget	Mr Tygesen	Mr Christopheren	1988 budget: preparation of draft ²

Number, place and date of meeting	Subject	President	Commission	Main items of business
1194th Luxembourg 5 October	Internal market	Mr Wilhjelm	Lord Cockfield Mr Sutherland	Public supply contracts: common position ³ General system of recognition of higher education diplomas Noise levels of lawnmowers: agreement in principle ⁴ Merger control
1195th Luxembourg 19 and 20 October	General affairs	Mr Ellemann-Jensen	Mr Delors Mr Andriessen Mr Christophersen Mr Cheysson Mr De Clercq Mr Varfis	Single Act: preparations for Copenhagen European Council ⁵ Action to be taken in cases of abnormal levels of radioactivity or of a nuclear accident: Community system of rapid exchange of information; IAEA Convention on Early Notification of a Nuclear Accident; maximum permitted radioactivity levels for foodstuffs ⁶ GATT — Uruguay Round: negotiations on agriculture ⁷ Relations with Gulf Cooperation Council ⁸ Relations with United States: application of hormones Directive ⁹ Negotiations under GATT Article XXIV.6 Export credits for ships Generalized preferences scheme for 1988
1196th Luxembourg 19 and 20 October	Agriculture	Mr Toermaes	Mr Andriessen	Financing of the common agricultural policy: conciliation meeting with Parliament; adoption ¹⁰ Application of agricultural stabilizers Agricultural income support Implementation of provisions of hormones Directive ⁹ Voluntary restraint agreement on trade in sheepmeat and goatmeat ¹⁰ Olive oil: representative market price and threshold price

¹ Bull. EC 9-1987, point 2.4.15

² Financing Community activities

³ Businesses

⁴ Environment and consumers.

⁵ European policy.

⁶ Nuclear safety

⁷ New round of multilateral trade negotiations

⁸ Relations with other countries and regions.

⁹ Relations with industrialized countries.

¹⁰ Agriculture

Commission

Activities

Decisions, communications and proposals

2.4.23. The Commission sent the Council three proposals on the liberalization of capital movements, a prerequisite for the creation of the European financial area which must accompany the completion of the internal market (→ point 1.1.1 *et seq.*).

The Commission sent the Council the annual economic report for 1987-88 entitled 'Using the Community dimension to reinforce internal growth. More dynamic growth is necessary and possible' (→ point 1.4.1 *et seq.*).

In the field of research the Commission sent a communication to the Council and Parliament on the new outlook for the Joint Research Centre, together with the draft Decisions for specific programmes covered by the R&D framework programme for 1987-91 (→ point 1.3.1 *et seq.*). It also sent a proposal to the Council on the revision of the multiannual research programme in the field of biotechnology (1985-89) in order to extend it to Spain and Portugal and to intensify the volume of its activities in certain sectors which are particularly important for the development of biotechnology at Community level (→ point 2.1.39). Finally, it sent the Council a proposal for a Decision on the continuation of the programme of forecasting and assessment in science and technology (FAST II) for a period of five years from 1 January 1988 (→ point 2.1.33).

On the basis of the conclusions to be drawn from a report on the 'free food' operation launched in January following the particularly severe weather last winter, the Commission has decided to continue to distribute food to those most in need and to make such schemes permanent rather than 'one-off' (→ point 1.2.1 *et seq.*).

Following the conclusions of the Council meeting of 21 September devoted to steel

policy for 1988-90, the Commission appointed a working party of Three Wise Men, their terms of reference being to obtain the clearest possible information on possible plant closures during the three years covered by the quota system (→ point 2.1.21).

Under the Erasmus programme, the Commission decided on an initial series of financial aids for the academic year 1987/88 (→ point 2.1.79).

The Commission approved Community support for the modernization of Portuguese industry on the basis of four priority themes: speeding up action to strengthen basic infrastructures, expansion of vocational training facilities, improved resources for business financing, and productivity missions (→ point 2.1.112).

The Commission sent the Council a proposal for Directives which would allow the principal points of an EEC negotiating proposal on agriculture in the Uruguay Round to be presented at the next meeting of the GATT negotiating group on agriculture (→ point 2.2.1).

Court of Justice¹

Analysis of judgments delivered between 1 July and 30 September 1987

Competition

2.4.24. In *Vereniging van Vlaamse Reisbureaus*² the Court confirmed and consolidated its earlier decision,³ holding that legislative provisions or regulations requiring travel agents to observe the prices and

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*).

² Case 311/85 *Vereniging van Vlaamse Reisbureaus v Sociale Dienst van de Plaatselijke en Gewestelijke Overheidsdiensten*.

³ Joined Cases 209 to 213/84 *Ministère public v Asjes and Others*.

tariffs for travel set by tour operators, and prohibiting them from sharing the commission paid in respect of the sale of such travel with their customers or granting rebates to their customers were incompatible with the obligations of the Member States pursuant to Article 5 of the EEC Treaty, in conjunction with Articles 3(f) and 85, where the object or effect of such national provisions was to reinforce the effects of restrictive practices contrary to Article 85. The ruling goes a considerable way towards clarifying the question whether Member States' business legislation must conform to the principles laid down by the Treaty regarding competition.

Free movement of persons and social provisions

2.4.25. In joined Cases 281, 283 to 285 and 287/85¹ the Court found that migration policy in relation to non-member countries cannot fall entirely outside the social field within the meaning of Article 118 of the EEC Treaty. The Court accepted the Commission's argument that the employment situation and living and working conditions within the Community could be affected by the policy which Member States followed with regard to workers from non-member countries. The promotion of cultural integration, however, lay outside the scope of the first paragraph of Article 118.

The Court applied the 'effectiveness doctrine' to conclude that 'the second paragraph of Article 118 must be interpreted as conferring on the Commission all the powers which are necessary in order to arrange the consultations' it called for, in particular, 'the Commission must necessarily be able to require the Member States to notify essential information ... likewise it must be able to require them to take part in consultations'.

The judgment represents a victory for the Commission's view of migration policy in relation to non-member countries, and sets a precedent which will be relevant both as regards the Commission's general powers

and as regards the other fields listed in the first paragraph of Article 118.

2.4.26. In *Demirel v Stadt Schwäbisch Gmünd*² the Court delivered a particularly important judgment concerning the free movement of workers provided for in the Association Agreement with Turkey with regard to the Community's powers under Article 238 of the EEC Treaty and the effect of the provisions of the Agreement, which was concluded on the basis of that Article.

The scope of Community powers under Article 238, the legal basis of the EEC-Turkey Agreement, had long been in dispute. The Court clearly espoused the broad interpretation supported by the Commission, holding that in the case of an association agreement which created specific and preferential links with a non-member country that was intended, at least in part, to join the system established by the Community, Article 238 necessarily empowered the Community to give undertakings to non-member countries in all the areas covered by the Treaty. Pursuant to Article 48 *et seq.* the free movement of workers was a field covered by the Treaty, and undertakings given in that sphere consequently fell within the competence of the Community under Article 238.

This finding was necessary if the Court was to have jurisdiction to interpret the Association Agreement. On a narrow interpretation the subject-matter fell within the competence of the Member States, the Agreement being a mixed one to which the Member States were also party; if the Court had accepted that view it would probably have had to hold that it had no jurisdiction to hear the case. It follows that the other fields which are covered by the Treaty and are within the terms of the Association Agreement, notably freedom of establishment, freedom to provide services, and free movement of capital, also fall within the competence of the Community. The

¹ *Federal Republic of Germany, France, Netherlands; Denmark, and United Kingdom v Commission.*

² Case 12/86.

importance of this finding goes beyond the narrow context of the EEC-Turkey Agreement itself, and raises the question whether the participation of the Member States in such agreements is still justified.

On the substance, the Court rejected the argument that the provisions of the Agreement on the free movement of workers combined with Article 7 of the Agreement constituted rules of Community law which had direct effect in the Member States. Thus individuals could not rely on them to claim rights before the national courts. From the grounds of the judgment it would appear that this finding holds not only for the transitional period—which ended on 31 October 1986—but thereafter too, when the freedom of movement of workers between the Community and Turkey ought already to have been secured, a process which was to have been 'guided' by Articles 48, 49 and 50 of the EEC Treaty.

Taxation

2.4.27. In Case 356/85 *Commission v Belgium* the Court dismissed an action brought against a Member State for applying a higher rate of VAT on wine of fresh grapes, an imported product, than on beer, a domestic product. The Commission argued that this infringed Article 95 of the EEC Treaty.

The Court said that only the cheaper wines could compete as a genuine alternative to beer for purposes of the second paragraph of Article 95, and that the Commission had not shown that the difference in the rates of tax charged on the two products could have the effect of protecting domestic products, a point which had to be established if that Article was to apply.

2.4.28. The Court decided against France in *Feldain v Directeur général des impôts*,¹ concerning the French system of taxation on imported motor cars with a taxable horsepower rating of over 16, which corresponded to the largest cylinder capacity manufactured in France.

The Court said that a system of road tax of that kind, in which one tax band comprised more taxable power ratings than the others, with the result that the normal progression of the tax was restricted in such a way as to afford an advantage to top-of-the-range cars of domestic manufacture, and in which the taxable power rating was calculated in a manner which placed vehicles imported from other Member States at a disadvantage, had a discriminatory or protective effect within the meaning of Article 95 of the Treaty.

The grounds of the judgment are similar to those in the Court's 1985 judgment in *Humblot v Directeur des services fiscaux*,² where it condemned the French special 'supervignette' tax which applied only to imported top-of-the-range cars. Following that judgment France introduced a new system of road tax, which appeared to be based on neutral criteria but in fact allowed the discriminatory taxation of imported cars to continue.

External policy

2.4.29. Case 81/86 *De Boer Buizen*³ concerned the Council Regulations of 9 January 1985⁴ implementing the arrangement reached with the United States in January 1985 on steel tubes and pipes.⁵ A Dutch dealer had brought an action for compensation on the ground that it could not obtain licences that would enable it to export tubes and pipes to the United States. The arrangements introduced by the Regulations in question allocate export licences to steel-makers only, leaving them free to transfer such licences to dealers if desired.

The Court assessed the legality of the Regulations from the viewpoint of discrimination against dealers *vis-à-vis* steelmakers. The Court emphasized that in introducing

¹ Case 433/85.

² Case 112/84.

³ *De Boer Buizen v Council and Commission*.

⁴ OJ L 9, 10.1.1985; Bull. EC 1-1985, point 2.2.13.

⁵ Bull. EC 1-1985, point 2.2.13.

a system of licences for exporting tubes and pipes to one of the largest markets, the Community institutions had a duty to consider the particular situation of firms specializing in the distribution of those products. Such firms should not bear more than their fair share of the burden resulting from the restriction of export markets. The Court concluded, however, that this was not the situation in this instance.

Budgetary questions

2.4.30. The action brought in Case 70/86 sought a declaration from the Court that Greece had not fulfilled its obligations under the Treaty by paying over to the Commission two days late its financial contributions for the month of June 1983 and refusing to pay the interest provided for by Article 11 of Council Regulation 2891/77¹ of 19 December 1977 implementing the Decision of 21 April 1970 on the replacement of financial contributions from Member States by the Communities' own resources.²

Greece pleaded that the strike of bank employees on 1 and 2 June amounted to *force majeure*. The Commission argued that it did not, since it was not outside the control of the Greek Government and was at any rate foreseeable.

The Advocate-General in his Opinion took the view that a Member State cannot rely on *force majeure* in order to avoid its obligation to pay default interest under the provision in question. In the view of the Advocate-General, these financial provisions form part of the basic rules of the Community's legal system, which must be strictly observed in order to ensure the effective functioning of the Community. He went on to conclude that the facts relied upon did not amount to a case of *force majeure*.

The Court, upholding the Commission's argument, held that Greece had indeed failed to fulfil its obligations as alleged and that the strike relied on by the Greek

Government could not be considered a case of *force majeure*. The Court did not examine whether, if there was a case of *force majeure*, Member States would be required to pay the interest in question.

Composition of the Chambers and appointment of Presidents³

2.4.31. On 30 September the Court made the following appointments for a period of one year from 7 October 1987:⁴

Judge G. Bosco as President of the First Chamber,

Judge O. Due as President of the Second Chamber,

Judge J. C. Moitinho de Almeida as President of the Third Chamber,

Judge G. C. Rodríguez Iglesias as President of the Fourth Chamber,

Judge G. Bosco as President of the Fifth Chamber,

Judge O. Due as President of the Sixth Chamber.

The composition of the Chambers was determined as follows:

First Chamber

G. Bosco, President
R. Joliet and F. A. Schockweiler, Judges.

Second Chamber

O. Due, President
K. Bahlmann and T. F. O'Higgins, Judges.

Third Chamber

J. C. Moitinho de Almeida, President
U. Everling and Y. Galmot, Judges.

¹ OJ L 336, 27.12.1977.

² OJ L 94, 28.4.1970.

³ For the election of the President of the Court, see OJ C 277, 29.10.1985, and Bull. EC 10-1985, point 2.5.45.

⁴ OJ C 307, 17.11.1987.

Fourth Chamber

G. C. Rodríguez Iglesias, President
T. Koopmans and C. N. Kakouris, Judges.

Fifth Chamber

G. Bosco, President
J. C. Moitinho de Almeida, U. Everling, Y. Galmot, R. Joliet and F. A. Schockweiler, Judges.

Sixth Chamber

O. Due, President
G. C. Rodríguez Iglesias, T. Koopmans, K. Bahlmann, C. N. Kakouris and T. F. O'Higgins, Judges.

Appointment of First Advocate-General

2.4.32. On 30 September the Court appointed Mr Darmon First Advocate-General for one year from 7 October.¹

¹ OJ C 307, 17.11.1987.

2.4.33. New cases

Case	Subject	Basis
Customs union		
268/87 Cargill v Inspecteur der Invoerrechten en Accijnzen	Customs classification of milled soya-bean covers (CCT headings 23.02 B, 23.04 B, 23.06 B and 23.07)	Article 177 EEC
291/87 Volker Huber, Edition und Galerie v HZA Frankfurt am Main-Flughafen	Can printed products produced by a mechanical process printing large numbers of copies be considered 'original lithographs' (CCT headings 99.02 and 49.11)?	Article 177 EEC
Taxation		
285/87 Dico v Directeur des services fiscaux de Nîmes ¹	Is the charging of a central government tax on automatic amusement machines incompatible with Article 33 of the sixth VAT Directive when their operation is already subject to VAT?	Article 177 EEC
Competition		
85/87R Dow Chemical Nederland v Commission ²	Application, primarily, for an interim order requiring the Commission, until the Court has given judgment in the main application, to refrain from making any use of the documents and information which it obtained in the course of the investigation carried out at the applicant's office on 20 and 21 January 1987, to suspend its enquiry in Cases IV 31865 and IV 31866 and to refrain from initiating fresh inquiries on the same subject-matter until it has provided a fair and reasonable definition of the markets and products concerned in the inquiry and of the alleged infringement of the Treaty, and in addition, produced evidence to justify the continuation of the inquiry	Article 186 EEC Article 83 of the Rules of Procedure

Case	Subject	Basis
<p>State aid</p> <p>301/87 France v Commission³</p>	<p>Annulment of the Commission Decision of 5 July 1987 declaring assistance granted by the French Government to a manufacturer of textiles, clothing and paper-based products (Bous-sac Saint Frères) to be unlawful and incompatible with Article 92 of the EEC Treaty</p>	<p>Article 173 EEC</p>
<p>Social security</p> <p>269/87 Ventura v Landesversicherungsanstalt Schwaben¹</p>	<p>Must Article 44(3) of Council Regulation No 1408/71 be interpreted as meaning that orphans' benefits within the meaning of Article 79 of the Regulation must be provided to an orphan residing in Italy without application of Article 48(1) if the insured person has in fact completed in Italy alone an insurance period of less than 12 months (Article 48(1)) but meets the qualifying period requirement and other requirements of Italian law, together with the requirements regarding periods completed in the Member States?</p>	<p>Article 177 EEC</p>
<p>Agriculture</p> <p>270/87 Cooperatieve Melkwerkingsvereniging DOC v Produktschap voor Zuivel</p>	<p>Interpretation of Council Regulation No 986/68 laying down general rules for granting aid for skimmed milk and skimmed-milk powder for use as feed, in particular the words 'to which nothing has been added' in Article 1(a), read in conjunction with Commission Regulation No 1105/68</p>	<p>Article 177 EEC</p>
<p>318/87 RAR v Commission</p>	<p>Annulment of Article 2(1)(b) and Article 7(b) of Commission Regulation No 2146/87 adopting measures for the supply of raw sugar from beet harvested in the Community to Portuguese refineries during the 1987/88 marketing year</p>	<p>Article 173 EEC</p>
<p>338/87 Germany v Commission</p>	<p>Annulment of Commission Decision 87/468/EEC on the clearance of the accounts presented by the Member States in respect of the EAGGF Guarantee Section expenditure for 1984, and of Commission Decision 87/469/EEC on the clearance of the accounts presented by the Member States in respect of the EAGGF Guarantee Section expenditure for 1985, in so far as they disallow expenditure required by the rules establishing a common organization of the market in milk and milk products (special assistance for the use of skimmed milk)</p>	<p>Article 173 EEC</p>
<p>334/87 Greece v Commission⁴</p>	<p>Annulment of Commission Decision 87/468/EEC on the clearance of the accounts presented by the Member States in respect of the EAGGF Guarantee Section expenditure for 1984, in so far as it disallows certain expenditure which should be financed by the EAGGF</p>	<p>Article 173 EEC</p>

Case	Subject	Basis
335/87 Greece v Commission ⁴	Annulment of Commission Decision 87/469/EEC on the clearance of the accounts presented by the Member States in respect of the EAGGF Guarantee Section expenditure for 1985, in so far as it disallows certain expenditure which should be financed by the EAGGF	Article 173 EEC
337/87 Italy v Commission	Annulment of Commission Decision 87/468/EEC on the clearance of the accounts presented by the Member States in respect of the EAGGF Guarantee Section expenditure for 1984, in so far as it disallows expenditure required by the rules on the common organization of the markets in milk and milk products, processed fruit and vegetables and fisheries	Article 173 EEC
338/87 Italy v Commission	Annulment of Commission Decision 87/469/EEC on the clearance of the accounts presented by the Member States in respect of the EAGGF Guarantee Section expenditure for 1985, in so far as it disallows expenditure required by the rules on the common organization of the markets in milk and milk products, processed fruit and vegetables and fisheries	Article 173 EEC
Institutions		
302/87 Parliament v Council ⁵	Annulment of Council Decision 87/373/EEC laying down the procedures for the exercise of implementing powers conferred on the Commission	Article 173 EEC
Consumer protection		
298/87 Smanor	Interpretation of Articles 30 to 36 of the EEC Treaty and Articles 5, 15 and 16 of Council Directive 79/112/EEC on the labelling, presentation and advertising of foodstuffs for sale to the ultimate consumer, as they relate to Decree No 82.184 of 22 February 1982, which prohibits the deep-freezing of yoghurt	Article 177 EEC
Administrative questions		
308/87 Grifoni v Commission ⁶	Application for damages in compensation for the injury suffered by the applicant as a result of the failure of the JRC to comply with Italian safety legislation	Article 188 EAEC
Infringements		
294/87 Commission v Italy ⁷	Failure to fulfil obligations under Council Regulation No 2261/84 and Commission Regulation No 3061/84: failure to complete permanent computerized files of olive-oil data by the prescribed date of 1 November 1985	Article 169 EEC

Case	Subject	Basis
296/87 Commission v Belgium ¹	Failure to incorporate into national law Council Directive 80/1107/EEC on the protection of workers from the risks related to exposure to chemical, physical and biological agents at work	Article 169 EEC
297/87 Commission v Luxembourg ⁶	Failure to incorporate into national law Council Directive 80/1107/EEC on the protection of workers from the risks related to exposure to chemical, physical and biological agents at work	Article 169 EEC
299/87 Commission v Ireland ⁶	Failure to incorporate into national law Council Directive 83/416/EEC concerning the authorization of scheduled inter-regional air services for the transport of passengers, mail and cargo between Member States	Article 169 EEC
305/87 Commission v Greece	Failure to fulfil obligations under Articles 7, 48, 52 and 59 of the EEC Treaty: maintaining in force and applying certain provisions of legislation concerning transactions by foreigners who are nationals of Member States in respect of real estate situated in border regions	Article 169 EEC
309/87 Commission v Belgium ⁶	Failure to incorporate into national law Council Directive 82/528/EEC on pesticide residues	Article 169 EEC
319/87 Commission v Belgium ⁶	Failure to incorporate into national law Commission Directive 84/319/EEC on trichinae	Article 169 EEC
321/87 Commission v Belgium ⁵	Seeking a declaration that, by obliging nationals of other Member States residing legally in Belgium to undergo, on entry into Belgian territory, a personal inspection to determine whether they hold a residence or establishment permit, Belgium is infringing Council Directives 68/360/EEC and 73/148/EEC, which require only an identity card or a valid passport	Article 169 EEC
323/87 Commission v Italy ⁶	Article 95 of the EEC Treaty: tax discrimination against rum	Article 169 EEC
324/87 Commission v Italy ³	Failure to incorporate into national law Council Directive 83/91/EEC on imported fresh meat	Article 169 EEC
325/87 Commission v Italy ³	Failure to communicate national measures implementing Commission Directive 85/146/EEC on measures of length	Article 169 EEC
326/87 Commission v Italy ³	Failure to communicate national measures implementing Commission Directive 84/414/EEC on thermometers	Article 169 EEC
327/87 Commission v Italy ³	Failure to incorporate into national law Council Directive 85/1/EEC on units of measurement	Article 169 EEC
328/87 Commission v Italy ³	Failure to incorporate into national law Council Directive 84/643/EEC on foot-and-mouth disease and swine vesicular disease	Article 169 EEC

Case	Subject	Basis
329/87 Commission v Italy ³	Failure to incorporate into national law Council Directive 84/645/EEC on classical swine fever	Article 169 EEC
339/87 Commission v Netherlands	Failure to incorporate into national law Council Directive 79/409/EEC on the conservation of wild birds	Article 169 EEC
340/87 Commission v Italy	Failure to fulfil obligations under Articles 9 and 12 of the EEC Treaty and Council Directive 83/643/EEC: charging operators with the cost of inspections and administrative formalities carried out during the business hours of border offices but outside normal civil service working hours	Article 169 EEC

Disputes between the Community and its staff

v Council:

314/87 Binns and Christofas⁸ — Application of Council Regulation No 3619/86 as regards the five-yearly review of the weighting; annulment of salary statements

v Commission:

289/87 Giubilini

292/87 Pizzuolo

307/87 Klein⁹

310/87 Stempels⁸

295/87 Bertolo and Others⁸

332/87 Dapo and Others

Application of Council Regulations No 3619/86 and No 3856/86 as regards the five-yearly review of the weighting; annulment of salary statements

300/87 Baumgartner and Others⁹

312/87 Nonon and Others⁸

317/87 Kingston and Others⁸

336/87 Actis-Dato and Others³

Application of Council Regulation No 3619/86 as regards the five-yearly review of the weighting; annulment of salary statements

v Parliament:

313/87 Andreasen and Others⁸

Application of Council Regulation No 3619/86 as regards the five-yearly review of the weighting; annulment of salary statements

293/87 Vainker⁹

331/87 Exarchos

v Court of Justice:

315/87 Swinnock⁸ — Application of Council Regulation No 3619/86 as regards the five-yearly review of the weighting; annulment of salary statements

v Court of Auditors:

316/87 Price⁸ — Application of Council Regulation No 3619/86 as regards the five-yearly review of the weighting; annulment of salary statements

322/87 Frank⁶

¹ OJ C 285, 23 10 1987

² OJ C 312, 24 11 1987.

³ OJ C 317, 28 11.1987.

⁴ OJ C 313, 25.11.1987.

⁵ OJ C 321, 1.12.1987.

⁶ OJ C 307, 17.11.1987.

⁷ OJ C 290, 30 10.1987.

⁸ OJ C 301, 11.11 1987.

⁹ OJ C 294, 5 11 1987

2.4.34. Judgments

Date and Case	Held
<p>ECSC—Steel</p> <p>27.10.1987: 392/85 Finsider v Commission</p>	<p>Application dismissed (seeking annulment of the Commission Decision of 9 October 1985 imposing a fine on the applicant for exceeding its production quotas for the second quarter of 1983)</p>
<p>Internal market/approximation of legislation</p> <p>8.10.1987: 80/86 Criminal proceedings against Kolpinghuis Nijmegen¹</p>	<ol style="list-style-type: none"> 1. An authority of a Member State may not rely, as against an individual, on a provision of a Directive which has not yet been properly implemented in national law 2. In applying its national legislation, a court of a Member State is bound to interpret it in the light of the letter and purpose of the Directive, in order to attain the result required by the third paragraph of Article 89 of the Treaty; but a Directive cannot, in itself and independently of a law adopted in order to implement the Directive, determine or increase the criminal liability of persons who infringe its provisions 3. The fact that at the material time the period within which the Member State was to adapt its national legislation had not yet expired has no effect on the replies set out above
<p>Customs union</p> <p>22.10.1987: 314/85 Foto-Frost v HZA Lubeck-Ost²</p>	<ol style="list-style-type: none"> 1. The national courts themselves have no jurisdiction to declare that measures taken by Community institutions are invalid 2. The decision addressed to the Federal Republic of Germany on 6 May 1983 in which the Commission stated that post-clearance recovery of import duties must be carried out in a particular case is invalid
<p>Safeguard clause/Act of Accession of Greece</p> <p>28.10.1987: 254/86 Damianos Soph. Simeonidis v Minister for Commerce³</p>	<p>Articles 6 and 7 of Decision 84/64/EEC should be interpreted as meaning that the Greek authorities may, so long as the whole of the quota of 1 100 tonnes is allocated, set the share of a new importer at a figure less than 10% of the total quota which is identical to the smallest shares allocated to existing importers, in such a manner as to ensure that existing patterns of trade are observed</p>

Date and Case	Held
Freedom of establishment and freedom to provide services	
6.10.1987: 152/83 Demouche and Others v Fonds de garantie automobile and Bureau central français ⁴	The Court has no jurisdiction to give a ruling on the question asked by the national court (seeking interpretation of agreements on insurance against civil liability in respect of the use of motor vehicles in relation to Directive 72/166/EEC)
Competition	
1.10.1987: 311/85 Vereniging van Vlaamse Reisbureaus v Sociale Dienst van de Plaatselijke en Gewestelijke Overheidsdiensten ³	<ol style="list-style-type: none"> 1. Legislative provisions or regulations of a Member State requiring travel agents to observe the prices and tariffs for travel set by tour operators, prohibiting them from sharing the commission paid in respect of the sale of such travel with their customers or granting rebates to their customers and regarding such acts as contrary to fair trading practice are incompatible with the obligations of the Member States pursuant to Article 5, in conjunction with Articles 3(f) and 85 of the EEC Treaty, where the object or effect of such national provisions is to reinforce the effects of agreements, decisions or concerted practices which are contrary to Article 85 2. Legislative provisions or regulations of a Member State of the kind referred to in the reply to the first question are not incompatible with Articles 30 and 34 of the Treaty
28.10.1987: 85/87R Dow Chemical Nederland v Commission	The application for interim measures is dismissed
State aids	
14.10.1987: 248/84 Germany v Commission ¹	The Commission Decision of 23 July 1984 (declaring regional aid for Borken-Bocholt and Siegen to be incompatible with the common market) is declared void
15.10.1987: 96/87 Chambre de commerce et d'industrie de Cherbourg v Commission	Removed from the Court Register (seeking annulment of a Commission Decision concerning the establishment of a new cross-channel passenger service between Caen and Portsmouth)
Social security	
6.10.1987: 197/85 ONPTS v Stefanutti ¹	<ol style="list-style-type: none"> 1. Where the widow of a migrant worker has become entitled under the legislation of a single Member State to a personal invalidity pension and claims in another Member State a survivor's pension to which she has become entitled under the legislation of that Member State alone, Regulation (EEC) No 1408/71 does not preclude the application of the latter Member State's rules against the overlapping of national and foreign benefits

Date and Case	Held
	<p>2. The classification for the purposes of the rules against overlapping benefits applied by a Member State providing a survivor's pension to which the recipient became entitled under the legislation of that Member State alone, of an invalidity pension paid by another Member State, is not governed by Community law</p> <p>3. The provisions of Article 7(1) (b) of Regulation No 574/72 are applicable to the overlapping of a survivor's pension to which the recipient became entitled under the legislation of a single Member State with a pension of a different nature (an invalidity or old-age pension) to which entitlement was acquired solely under the legislation of another Member State if the application of the national legislation alone proves to be less favourable to the recipient</p>
<p>Social policy</p> <p>1.10.1987: 84/85 UK v Commission⁶</p>	<p>Commission Decision C(84) 1941 of 19 December 1984 is declared void in so far as it purports to apply reductions of UKL 13 083 004 to grants from the European Social Fund to the United Kingdom in respect of measures for young people under 25</p>
<p>Free movement of workers</p> <p>15.10.1987: 222/86 UNECTPF v Heylens and Others⁷</p>	<p>Where in a Member State access to an occupation as an employed person is dependent upon the possession of a national diploma or a foreign diploma recognized as equivalent thereto, the principle of the free movement of workers laid down in Article 48 of the Treaty requires that it must be possible for a decision refusing to recognize the equivalence of a diploma granted to a worker who is a national of another Member State by that Member State to be made the subject of judicial proceedings in which its legality under Community law can be reviewed, and for the person concerned to ascertain the reasons for the decision</p>
<p>Agriculture</p> <p>6.10.1987: 118/86 Openbaar Ministerie v Nertsvoederfabriek Nederland⁴</p>	<p>It is not incompatible with Council Regulation No 827/68 on the common organization of the market in certain products listed in Annex II to the Treaty and Council Regulation No 2777/75 on the common organization of the market in poultrymeat for national rules laid down in the interests of the protection of the health and life of humans and animals to provide that only holders of a destructor's licence issued by the administrative authorities may collect and process all waste products of animal origin and that</p>

Date and Case	Held
	<p>producers of poultry offal must dispose of it, as a waste product of animal origin, only to authorized licence-holders. However, in so far as they affect intra-Community trade, such rules are compatible with Articles 30, 34 and 36 of the Treaty only in so far as they do not place in the way of imports from and exports to other Member States barriers other than those justified under Article 36 of the Treaty by a concern to secure compliance, in the national territory, with health provisions governing the collection and transportation of products regarded as harmful to health</p>
20.10.1987: 119/86 Spain v Council and Commission ²	<p>Application dismissed (seeking annulment of Council Regulation No 569/86 laying down general rules for the application of the supplementary mechanism applicable to trade, and of Commission Regulations Nos 574/86, 624/86, 641/86, 643/86 and 647/86 laying down detailed rules for the application of the mechanism)</p>
20.10.1987: 128/86 Spain v Commission ²	<p>1. Commission Regulation No 648/86 fixing the regulatory amounts for 1985/86 for imports of certain viticultural products from Spain into the Community as constituted at 31 December 1985 and Commission Regulation No 969/86 amending Regulation No 648/86 are void in so far as they fix the regulatory amounts for viticultural products other than table wines</p> <p>2. The remainder of the application is dismissed</p>
22.10.1987: 337/85 Ireland v Commission ²	<p>Commission Decision No 85/458/EEC on the clearance of the accounts presented by Ireland in respect of the EAGGF Guarantee Section expenditure for 1981 is void in so far as it did not recognize as chargeable to the EAGGF the amount of IRL 2 281 965.15 for the payment of export refunds in respect of exports to third countries</p>
27.10.1987: 109/86 Ioannis Theodorakis Viomichania Eleou v Hellenic Republic ³	<p>The concept of <i>force majeure</i> within the meaning of Articles 36 and 37 of Commission Regulation No 3183/80 must be interpreted as meaning that it does not extend to a case where exports were not effected during the validity of an export licence because the purchaser, contrary to his contractual obligation, failed to take delivery of the goods sold for the purpose of exportation</p>
Infringements	
13.10.1987: 236/85 Commission v Netherlands ¹	<p>By failing to adopt within the prescribed periods all the laws, regulations and administrative provisions needed to comply with Council Directive 79/409/EEC on the conservation of wild birds, the Netherlands has failed to fulfil its obligations under the EEC Treaty</p>

Date and Case	Held
14.10.1987: 208/85 <i>Commission v Germany</i> ¹	By failing to adopt all the measures needed to implement Council Directive 79/831/EEC amending for the sixth time Directive 67/548/EEC on the approximation of the laws, regulations and administrative provisions relating to the classification, packaging and labelling of dangerous substances, the Federal Republic of Germany has failed to fulfil its obligations under the Treaty
14.10.1987: 278/85 <i>Commission v Denmark</i> ¹	By failing to adopt all the measures needed to implement Council Directive 79/831/EEC amending for the sixth time Directive 67/548/EEC on the approximation of the laws, regulations and administrative provisions relating to the classification, packaging and labelling of dangerous substances, Denmark has failed to fulfil its obligations under the Treaty
15.10.1987: 271/86 <i>Commission v Germany</i> ¹	Removed from the Court Register (failure to incorporate into national law Council Directive 79/112/EEC in respect of the obligation to indicate the date of minimum durability of beer)

Disputes between the Community and its staff

v Commission:

7.10.1987: 401/85 *Schina*⁵—Application dismissed

7.10.1987: 140/86 *Strack*⁵—Application dismissed

7.10.1987: 17/87 *Rijnoudt*¹—Removed from the Court Register

27.10.1987: 176 and 177/86 *Houyoux and Guery*—For the applicants (retroactive payment of rent allowance provided for in Council Regulation No 6/66/Euratom, 121/66/EEC)

v Economic and Social Committee:

7.10.1987: 248/86 *Bruggeman*—Application dismissed as inadmissible

27.10.1987: 146 and 431/85 *Diezler and Others*³—The applications of the applicants other than Mr Müllers in Case 146/85 are dismissed as inadmissible. The application of Mr Müllers in Case 432/85 is dismissed as inadmissible. The decision of the general meeting of the staff of the Economic and Social Committee on 19 April setting up a voting system for the election of its Staff Committee is annulled, together with the decision of the President of the Economic and Social Committee rejecting Mr Müller's complaint of 22 April and the complaint of the other applicants of 18 July 1985

¹ OJ C 294, 5.11.1987.

² OJ C 307, 17.11.1987.

³ OJ C 312, 24.11.1987.

⁴ OJ C 288, 28.10.1987.

⁵ OJ C 290, 30.10.1987.

⁶ OJ C 285, 23.10.1987.

⁷ OJ C 300, 10.11.1987.

Court of Auditors

2.4.35. The Court of Auditors adopted a special report on the management and control of Community wine distillation measures.¹ This report shows that the complex series of measures in force lack coherence and succeed in removing surplus wine from the market only by creating unwanted stocks of alcohol (approximately 13.4 million hectolitres at 31 August 1986). In particular, the attractive prices offered by distillation measures actually perpetuate the present structural surplus for low-quality table wines which could not be disposed of otherwise. In addition, the recently introduced measures for the compulsory distillation of table wine are unlikely to lead to lower yields because of the ease with which overproducers may transfer their obligations to other producers and thus escape the financial sanctions contained in the measures. As regards the administration of the measures, the Court's report shows that weaknesses in the regulations and in some of the control arrangements leave the system open to a serious risk of irregularities or fraud.

In the reply accompanying the report, the Commission states that it too has identified weaknesses in some wine distillation measures and has been trying to clear them up for years.

Each distillation measure has its specific features allowing the Commission to react with some flexibility to the market situation.

Following the sharp drop in consumption (18 % between 1982 and 1986), the surpluses of table wine have become structural. Under the rules laid down by the Council, the Commission had therefore exercised its powers to reduce access to high-cost distillation in favour of compulsory distillation, which costs little and penalizes large producers. As regards the fight against fraud and irregularities, the Commission will pursue the action already started with the necessary firmness. To supplement the wine register measures, it has also sent proposals

to the Council for strengthening the control bodies at national and Community level.

2.4.36. On 7 October the Court of Auditors adopted a special report on Community aid to speed up agricultural development in Greece. This report examines the specific measures financed by the EAGGF Guidance Section since Greek accession in 1981 to improve agricultural structures in Greece. These measures cover improvement of the rural infrastructure, irrigation, land ownership, development of stockbreeding, training and forestry. The Community has provided some 270 million ECU for this purpose. The Court analyses the consistency of the various rules involved and the value of the programmes presented and the effectiveness of assistance from the angle of quantitative and qualitative results in the improvement of agricultural structures. The monitoring and control of these measures by both Community and national departments is also examined. This special report is of interest in view of the forthcoming implementation of the integrated Mediterranean programmes in Greece. It is accompanied by the Commission's replies.

2.4.37. After consulting Parliament,² the Council, in a decision of 19 October,³ renewed the terms of office of Mr Aldo Angioi, Mr Carlos Manuel Botelho Moreno, Mr Keld Brixtofte, Mr Richie Ryan, and Mr Josep Subirats Piñana and appointed Mr François Hebette to replace Mr Paul Gaudy for the period 18 October 1987 to 17 October 1993.

Economic and Social Committee

249th plenary session

2.4.38. The Economic and Social Committee held its 249th plenary session in Brussels on 21 and 22 October with Mr William G. Poeton and then Mr José Zufiaur Nar-

¹ OJ C 297, 6.11.1987.

² OJ C 305, 16.11.1987.

³ OJ L 304, 27.10.1987.

vaiza in the chair. All the opinions on the agenda were adopted.

Foodstuffs

2.4.39. The Committee unanimously approved the proposal for a Council Directive on the official inspection of foodstuffs.¹

The Committee felt that the effectiveness of the framework Directive would depend on the adoption of a number of additional regulations in such areas as the organization of inspection, sampling and health and hygiene criteria. It noted also that differences in the Member States' rules on product labelling could give rise to considerable difficulties in the application of the Directive and therefore insisted that harmonization be introduced without delay in this field.

Public supply contracts

2.4.40. The Committee adopted *nem. con.*, with five abstentions, an opinion on the proposal for a Council Directive coordinating the laws, regulations and administrative provisions relating to the application of Community rules on procedures for the award of public supply and public works contracts.²

It approved the basic principle of the proposal but considered that the tenderer could be guaranteed protection only if uniform provisions were adopted on time-limits, penalty payments and administrative procedures. The Committee also called upon the Commission to examine within the next two to three years the effectiveness of the measures taken and, if necessary, to prepare further proposals.

Esprit programme

2.4.41. The Committee adopted *nem. con.*, with three abstentions, an opinion on the proposal for a Council Regulation concerning the European strategic pro-

gramme for research and development in information technologies (Esprit)³

The Committee welcomed the continuation of the programme as proposed by the Commission. It noted with satisfaction that smaller businesses had figured largely in the first phase of the programme and felt that the Commission should also try to attract firms and research institutes from less-favoured regions and regions in industrial decline, so as to stimulate industrial development and new growth. Finally, it underlined the importance of proper coordination between Esprit projects and other Community projects in the field of information and communications technology, as well as relevant national R&D projects.

Delta programme

2.4.42. The Committee unanimously adopted an opinion on the proposal for a Council Regulation on a Community action in the field of learning technology Delta (Developing European learning through technological advance).⁴

The Committee approved the Delta programme but regretted that the consultation initiated by the Commission in the early phases of drawing up the programme had been confined largely to users in universities and to the major electronics industries. It felt that all the social and economic interest groups concerned should be consulted. The Committee also drew attention to the constant needs arising in the monitoring, development and dissemination of projects.

Drive programme

2.4.43. The Committee unanimously adopted an opinion on the proposal for a Council Regulation on a Community programme in the field of information technology and telecommunications applied to

¹ OJ C 20, 27.1.1987; Bull. EC 12-1986, point 2.1.28.

² OJ C 230, 28.8.1987; Bull. EC 7/8-1987, point 2.1.21.

³ OJ C 283, 21.10.1987; Bull. EC 7/8-1987, point 2.1.65.

⁴ OJ C 265, 5.10.1987; Bull. EC 7/8-1987, point 2.1.67.

road transport (Dedicated road infrastructure for vehicle safety in Europe).¹

The Committee approved the proposal and requested that the programme be adopted without delay since, as it underlines, this European initiative was already facing competition from overseas, particularly from Japan. It felt that an assessment should be made of the programme's effects on the common transport policy and of the social aspects of the project, such as its effects on the qualifications required of professional drivers. Finally, the Committee asked that a 'Drive policy council' be set up, to be composed of technical experts and specialists in the social sciences and communication, nominated by the bodies taking part and by commercial businesses.

Integrating the disabled

2.4.44. The Committee unanimously adopted an opinion on the proposal for a Council Decision establishing an action programme at Community level to promote the vocational rehabilitation and economic integration of people with disabilities² and on the proposal for a Council Decision adopting an action programme at Community level to promote the social integration and independent living of people with disabilities.²

The Committee welcomed the proposals and reiterated the importance it attached to the integration of the disabled. It felt that particular attention should be given to solving the problems connected with the mobility of the disabled. It regretted the inadequacy of the budgetary resources earmarked for the programme, especially for action in the field of new technologies.

Veterinary and animal husbandry legislation

2.4.45. The Committee unanimously adopted a favourable opinion on the proposal for a Council Decision on a system for health control of imports from third

countries at frontier inspection posts (Shift project).³

The aim of the project is to increase the uniformity of analytical methodology and the stringency of inspection procedures in the different Member States. The Committee underlined, however, that special attention should be paid in the feasibility study to the increased cost burden which could fall upon certain Member States which are already facing financial difficulties in complying with existing animal and public health legislation.

Speed limits

2.4.46. The Committee adopted by 110 votes to 9, with 21 abstentions, an opinion on a communication on speed limits in the Community.⁴

The Committee approved the aim of the communication but felt that it was incomplete and did not constitute a satisfactory basis for drawing up a proposal for a Directive on speed limits. It therefore made its own examination and looked into the question of new regulations in this area. In conclusion it drew the attention of the Commission and the Council to the negative effects arising from any decisions to reduce authorized speed limits and called for the rapid harmonization of deterrent measures and penalties.

Financing of major infrastructure projects

2.4.47. The Committee adopted by a large majority, with three votes against and one abstention, an opinion on the proposal for a Council Decision on the financing of major Community infrastructure projects.⁵

The Committee agreed that the launching of large-scale infrastructure projects was a

¹ Bull. EC 7/8-1987, point 2.1.68.

² OJ C 257, 28 9.1987; Bull. EC 7/8-1987, point 2.1.141.

³ OJ C 153, 11.6.1987; Bull. EC 5-1987, point 2.1.172.

⁴ Bull. EC 12-1986, point 2.1.299.

⁵ OJ C 80, 27.3.1987; Bull. EC 12-1986, points 1.3.8 to 1.3.13.

necessary condition for European integration and development but drew attention to the risk of increased regional disparities. It recommended that approval be given initially only to a short list of projects in a limited number of Community regions on the basis of social and economic priorities. When enough projects had passed the preparation and financing stage the programme and the long-term plans would need to be reassessed in their entirety in the light of the experience gained.

European Investment Bank¹

Operations in October

2.4.48. Loans totalling 470.8 million ECU² for investments within the Community were announced by the EIB in October — 262.2 million ECU in Italy, 106.2 million ECU in France, 58 million ECU in Spain, 30 million ECU in Ireland and 14.4 million ECU in the United Kingdom. Of this total, 49.4 million ECU was lent from the resources of the New Community Instrument (NCI).³ Outside the Community the Bank lent 9.5 million ECU to an ACP State under the third Lomé Convention, and 1.5 million ECU to a Mediterranean country.

Community

Italy

2.4.49. Over LIT 390 000 million, including LIT 74 300 million from NCI resources, was granted to various industrial, infrastructure and energy projects in Italy. In the infrastructure sector, the Bank lent LIT 88 000 million for projects undertaken under FIO (Fondo Investimenti e Occupazione), chiefly by local authorities: two of the loans concern water projects in the Florence area — LIT 30 000 million for works in the Arno basin to protect Florence and Pisa from flooding and to improve water supplies to Florence and its environs and LIT 20 000 million to provide waste

water treatment and collection for a large part of the Florence urban area and to upgrade existing waste water treatment works in the Cuoio area between Florence and Pisa. LIT 15 000 million will be used to establish a national emergency telecommunications network by satellite to detect risks of floods, fires and earthquakes. LIT 10 000 million is to help finance a watershed management/anti-pollution scheme covering the Metauro river basin in the provinces of Urbino and Pesaro (Marche). LIT 8 000 million is for the installation of waste water collection and treatment facilities in the communes of San Remo and Ventimiglia in Liguria. LIT 5 000 million goes towards the construction of two small ports in Calabria, at Bagnara on the Tyrrhenian coast and at Cariati on the Ionian coast.

In the transport sector, LIT 50 000 million will help finance the construction of the final sections of the Autostrada dei Trafori to Switzerland (Ghemme-Feriollo, Gravelona-SS33 and Gattico-SS32) and LIT 8 000 million goes to Avianova SpA, a subsidiary of Alisarda, for the purchase of three ATR 42-300 aircraft for the operation of interregional routes to Sardinia.

Investment in the industrial sector accounts for loans worth LIT 177 700 million, of which LIT 24 000 million goes to improvements and extensions to pharmaceutical production facilities at Pomezia, Lazio. A total of LIT 153 700 million, including LIT 34 300 million from NCI resources, has been advanced in the form of global loans to Mediocredito Centrale, Interbanca, Banca Nazionale del Lavoro (BNL), Banco di Napoli, Istituto Regionale per il Finanziamento alle Industrie in Sicilia (Irfis), Istituto Regionale di Credito Agrario dell'Emilia-Romagna and Istituto Mobiliare Italiano

¹ Further details can be obtained from the European Investment Bank, 100 bd Konrad Adenauer, L-2950 Luxembourg (tel. 43791).

² The conversion rates at 30 September 1987 used by the EIB in statistics for the final quarter were 1 ECU = BFR 43.13, DKR 7.98, DM 2.08, DR 158.82, ESC 163.62, FF 6.92, HFL 2.34, IRL 0.77, LFR 43.13, LIT 1 499, PTA 137.87, UKL 0.69, USD 1.13.

³ OJ L 298, 20.10.1978; Bull. EC 10-1979, point 2.1.10.

(IMI) for the financing of small and medium-sized industrial and agri-industrial ventures and for smaller-scale investments involving the application of advanced technology in industry.

Finally, a total of LIT 70 000 million has been made available in the form of global loans to BNL, IMI and Istituto di Credito Fondario delle Venezie for the financing of small and medium-scale energy and environmental protection projects.

France

2.4.50. The EIB has lent FF 735 million, mainly for infrastructure projects: a global loan of FF 400 million was granted to the Crédit local de France — CAECL SA for small and medium-sized public infrastructure projects in the Provence-Alpes-Côte d'Azur region. The investments undertaken by the public authorities (region, general councils, municipalities and groups of municipalities) will cover surface transport and communications equipment, water supplies to urban areas and sewerage and the infrastructure needed for the development of tourism. The construction of this basic infrastructure, to be selected in collaboration with the EIB, will improve the conditions for the economic development of the region; this is also one of the objectives of the integrated Mediterranean programme covering the area.

FF 300 million has gone to the financing of the Mâcon-Châtillon section (96 km) of the A40 between the A6 (Paris-Lyons) and Geneva and the Mont Blanc tunnel to Italy. The A40 motorway will substantially improve links between the Paris area, eastern France and Italy by bypassing the Lyons conurbation. It will thus help complete one of the main European motorway links from France, Benelux, north-west Germany, the United Kingdom and Ireland to Italy. The project, estimated at around FF 6 000 million and due to be completed in 1989, involves 12 major bridges and a number of junctions, in particular for Bourg.

FF 25 million has been granted to the Communauté urbaine de Lyon (Courly) for the

construction of a household waste incinerator at Gerland to replace the existing plant which emits far more smoke than the limits allow. The new plant, to be installed on a 16 000 m² site at Port Edouard Herriot, will have a capacity of 180 000 tonnes a year (two ovens each burning 12 tonnes an hour) and will be equipped with devices based on new technologies for the treatment of smoke and waste water. It will thus comply with the latest national standards, which are even higher than those laid down in the Community's environmental directives. The new equipment will also lead to appreciable energy savings as a result of the improved recovery of steam which will be reused for electricity generation, the district heating network and heating for a number of local firms.

Finally, in the industrial sector, FF 10 million has been lent to Clextal SA, belonging to the Framatome group, for the modernization of the workshops of an extrusion and pumping equipment plant at Firmin, Loire, in order to increase production capacity and support a major programme of research and development and advanced technology. The project will involve 1 500 m² of buildings for a testing and demonstration workshop and the improvement and extension of the stock of machine tools using state-of-the-art technology (digital controls, additional computer facilities).

Spain

2.4.51. The EIB has granted almost PTA 8 400 million for a bridge, dams and roads; the work will be carried out by the Ministry of Public Works and Urban Development to improve water management and communications in less developed regions and to tighten links between Spain and the rest of the Community.

A loan of PTA 2 000 million goes towards construction of a bridge linking Portugal with south-west Spain on the Guadiana river near Ayamonte (west of Huelva). The 670 m two-lane bridge will replace a ferry which cannot carry buses or lorries and whose limited capacity causes long traffic

delays, particularly in summer. Due to be completed in 1989, the project also involves the construction of access roads and the upgrading of the Huelva-Seville highway linking the bridge into the national road network. The improved connection between the Algarve in Portugal and Andalusia will encourage tourism and other economic development both locally and at regional level. In July the EIB lent 3.1 million ECU for works on the Portuguese side of the bridge.

Almost PTA 3 400 million will finance construction of five dams on the middle and lower stretches of the Guadiana river basin. Located on tributaries, the dams form part of water management schemes to increase the supply and quality of water for domestic and industrial users, provide some irrigation and help flood control. Works include the Chanza dam reservoir to supply Huelva and adjoining industrial areas and the Villar del Rey dam serving Badajoz.

A further PTA 3 000 million is for work on the N4 linking Madrid to the major towns in Andalusia, such as Seville, Córdoba and Cádiz. The present route is not able to cope with the increasing volume of traffic, which has reached an average of 9 000 vehicles a day. Funds also go to upgrade sections of the major trunk network north of Madrid, including schemes on the N1, N2 and N620 linking Madrid and Portugal to northern Spain and France. Road links play a crucial role in Spain's economy, carrying more than 90% of the country's transport.

Ireland

2.4.52. IRL 23.2 million has been granted to Aer Lingus to help finance acquisition of two Boeing 737-300 aircraft, as a first step in a fleet modernization and renewal programme. Apart from better fuel efficiency and improved landing capability in bad weather, the new aircraft will have a more positive effect on the environment through lower noise. Based at Dublin airport, the aircraft are to be used for both the Dublin-London route and for charter flights to Greece, Italy, Spain and Portugal, thus

improving air travel facilities between Ireland and other Community countries.

United Kingdom

2.4.53. UKL 10 million has been granted for infrastructure projects in the Manchester area to support productive activity and attract new investment into an area of high unemployment that has seen a decline in its traditional industries. UKL 5 million goes towards extension and refurbishment of facilities at Manchester airport, which serves a region that includes the assisted areas of Manchester, Merseyside, parts of South Yorkshire and North Wales. Manchester is the third largest airport in the UK with 90 000 aircraft movements in 1986, when it handled 7.5 million passengers and 38 000 tonnes of freight. Works include the expansion of the passenger terminal, which operates at its full present capacity, car parks, the cargo area and improvements to access routes.

A further UKL 5 million loan is for upgrading infrastructure and environmental improvement schemes needed to help broaden Manchester's industrial base and maintain its role as a commercial centre. The finance goes towards construction of parts of the Inner Relief Road that will reduce traffic congestion, the expansion of facilities at Manchester Polytechnic and development of small advance factory buildings. Also included are schemes to remove asbestos from public administration and education buildings, eliminating a health hazard.

Outside the Community

ACP States

2.4.54. The EIB lent 9.5 million ECU (around CFAF 3 300 million) under the third Lomé Convention for a project in the Côte-d'Ivoire to modernize three cotton ginning plants. The works being financed centre on reconstruction of a ginnery at Korhogo, in the north of the country, on a more suitable site from the environmental

angle, and modernization of ginneries at Boundiali (in the north-west) and Mankono (central western region). The works being funded, costing at more than CFAF 7 200 million and scheduled for completion by the end of 1988, will help to boost productivity at the plants and improve the quality of the cotton fibre produced, as well as upgrading processing capacity to keep pace with growth in seed cotton output. With implementation of the project, the final beneficiary's total ginning capacity will be upgraded to 224 000 tonnes of cotton. The loan has been granted to the government of Côte-d'Ivoire with an interest subsidy drawn from European Development Fund resources. The proceeds will be onlent to the Compagnie ivoirienne pour le développement des textiles, a semi-public limited company set up in 1974 which operates eight cotton ginneries.

Mediterranean

2.4.55. Under the Second Financial Protocol which entered into force in 1983, the EIB has granted a global loan of 1.5 million ECU to Tunisia for small and medium-sized agricultural and agri-processing ventures. The funds went to the Banque nationale de développement agricole for onlending in subloans to projects designed to boost agricultural production for local markets and increase self-sufficiency. A total of 1.1 million ECU was provided from the EIB's own resources (essentially from its borrowings on capital markets) with a 3% interest subsidy funded from budgetary resources, and 400 000 ECU in the form of a loan on special terms (40 years at 1%) from budgetary resources. The funds will be onlent mainly for small investments by private farmers engaged in cattle and sheep raising, and cereal and fruit production.

PLATE THREE

DOCUMENTATION

1. ECU

Values in national currencies of one ECU

30 October 1987¹

Belgian franc and Luxembourg franc (convertible)	43.1564
Belgian franc and Luxembourg franc (financial)	43.3314
Danish krone	7.96291
German mark	2.06145
Greek drachma	160.871
Portuguese escudo	165.656
French franc	7.01284
Dutch guilder	2.32061
Irish pound	0.778539
Italian lira	1 517.03
Spanish peseta	137.315
Pound sterling	0.692616
United States dollar	1.18610
Swiss franc	1.70680
Swedish krona	7.38054
Norwegian krone	7.83126
Canadian dollar	1.56471
Austrian schilling	14.5215
Finnish mark	5.05755
Japanese yen	164.774
Australian dollar	1.75589
New Zealand dollar	2.00018

¹ OJ C 291, 31 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

October 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	119.008 ⁸
	119.824 ⁹
	120.705 ¹⁰
	137.262 ¹¹
	116.673 ¹²
	150.275 ¹
	134.174 ^{7, 13, 14}
	128.340 ^{15, 16}
124.840 ⁵	
Portuguese escudo	181.888 ^{1, 11}
	173.609 ¹⁷
	151.812 ¹²
	171.725 ⁵
French franc	7.47587 ^{3, 6}
	7.65699 ⁴
	7.69553 ¹⁸
	7.54539 ¹
	7.45826 ²
	7.43671 ¹⁴
7.09967 ¹²	
Dutch guilder	2.70230 ⁶
	2.68801 ⁷
	2.68749 ¹
	2.67387 ⁵
Irish pound	0.832119 ²
	0.831375 ³
	0.844177 ¹⁸
	0.829519 ⁴
0.817756 ¹	
Italian lira	1 629.00 ¹⁹
	1 577.00 ⁴
	1 554.00 ^{1, 17}
	1 597.00 ^{7, 20}
	1 603.00 ¹⁴
1 613.00 ⁵	

October 1987	
National currency	Value in national currency of one ECU
Spanish peseta	149.272 ⁴
	151.806 ¹
	155.786 ²
	154.213 ^{3, 14}
	145.796 ¹²
Pound sterling	0.664702 ⁴
	0.710546 ¹⁸
	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 For pigmeat from 1.10.1987 to 4.10.1987.
⁹ For pigmeat from 5.10.1987 to 25.10.1987.
¹⁰ For pigmeat from 26.10.1987 to 31.10.1987.
¹¹ Amounts not related to the fixing of prices
¹² For olive oil.
¹³ For sugar and tobacco.
¹⁴ For wine.
¹⁵ For other crop products.
¹⁶ For eggs and poultry meat.
¹⁷ For fishery products.
¹⁸ For beef/veal.
¹⁹ For fruit and vegetables and tobacco.
²⁰ 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 3-1987

Point 2.1.83

Commission Decision of 25 March 1987 concerning aid granted by the French Government to two steel groups
OJ L 290, 14.10.1987

Bull. EC 7/8-1987

Point 1.1.4

Second amendment to the proposal for a Council Regulation amending the Financial Regulation of 21 December 1977 applicable to the general budget of the European Communities
OJ C 278, 16.10.1987

Point 2.1.15

Proposal for a Council Directive on the approximation of the laws of the Member States relating to the spray-suppression devices of certain categories of motor vehicles and their trailers

Proposal for a Council Directive on the approximation of the laws of the Member States relating to the lateral protection (side guards) of certain motor vehicles and their trailers
OJ C 265, 5.10.1987

Point 2.1.25

Commission communication to the Council — Steel policy

Proposal for a Council Regulation instituting a Community programme to assist the conversion of steel areas (Resider programme)

Proposal for a Council Decision concerning a contribution to the European Coal and Steel Community from the general budget of the European Communities to finance measures connected with the restructuring of the steel industry
OJ C 272, 10.10.1987

Point 2.1.65

Proposal for a Council Regulation concerning the European strategic programme for research and development in information technologies (Esprit)
OJ C 283, 21.10.1987

Point 2.1.67

Proposal for a Council Regulation on a Community action in the field of learning technology — Developing European learning through technological advance (Delta) — Pilot phase
OJ C 265, 5.10.1987

Point 2.1.94

Commission Decision of 29 July 1987 relating to a proceeding under Article 86 of the EEC Treaty (IV/32.279 — BBI/Boosey & Hawkes: Interim measures)
OJ L 286, 9.10.1987

Point 2.1.234

Award of aid from the EAGGF (Guidance Section), Regulation (EEC) No 1938/81, 1987
OJ C 287, 27.10.1987

Point 2.1.235

Award of aid from the Guidance Section of the European Agricultural Guidance and Guarantee Fund, Council Regulation (EEC) No 458/80, first tranche 1987
OJ C 287, 27.10.1987

Point 2.4.12

Amendment of the Council's Rules of Procedure adopted by the Council on 20 July 1987, on the basis of Article 5 of the Treaty of 8 April 1965 establishing a Single Council and a Single Commission of the European Communities

OJ L 291, 15.10.1987

Point 2.4.37

Special report 6 adopted by the Court of Auditors on the management and operation of the system of quotas and supplementary levies in the milk sector.

OJ C 266, 5.10.1987

3. Infringement procedures

Initiation of proceedings for failure to implement directives

3.3.1. In October the Commission sent letters of formal notice for failure to incorporate directives into national law (the Commission not having been informed of national implementing measures) in the following cases:

Internal market and industrial affairs

Commission Directive of 7 November 1973¹ adapting to technical progress the Council Directive of 6 February 1970 on the approximation of the laws of the Member States relating to the permissible sound level and the exhaust system of motor vehicles² (Greece).

Council Directive of 8 March 1977³ amending the Council Directive of 6 February 1970 relating to the permissible sound level and the exhaust system of motor vehicles² (Greece).

Council Directive of 23 November 1978 on the approximation of the laws of the Member States on the permissible sound level and exhaust system of motorcycles⁴ (Greece).

Commission Directive of 23 December 1985⁵ adapting to technical progress the Council Directive of 26 July 1971 on the approximation of the laws of the Member States relating to the braking devices of certain categories of motor vehicles and their trailers⁶ (Greece).

Commission Directive of 6 November 1986⁷ adapting to technical progress the Council Direc-

tive of 1 March 1971 on the approximation of the laws of the Member States relating to the rear-view mirrors of motor vehicles⁸ (France, Greece, Ireland, Luxembourg, Netherlands).

Council Directive of 25 April 1983 on the approximation of the laws of the Member States relating to materials and articles made of regenerated cellulose film intended to come into contact with food-stuffs⁹ (Ireland).

Council Directive of 25 July 1983 on the approximation of the laws of the Member States relating to certain lactoproteins (caseins and caseinates) intended for human consumption¹⁰ (Germany, Italy).

Council Directive of 21 December 1976 coordinating procedures for the award of public supply contracts¹¹ (Greece).

Council Directive of 22 July 1980¹² adapting and supplementing in respect of certain contracting authorities the Council Directive of 21 December 1976 coordinating procedures for the award of public supply contracts⁷ (Greece).

¹ OJ L 321, 22.11.1973.

² OJ L 42, 23.2.1970.

³ OJ L 66, 12.3.1977.

⁴ OJ L 349, 13.12.1978.

⁵ OJ L 380, 31.12.1985.

⁶ OJ L 202, 6.9.1971.

⁷ OJ L 327, 10.11.1986.

⁸ OJ L 68, 22.3.1971.

⁹ OJ L 123, 11.5.1983.

¹⁰ OJ L 237, 26.8.1983.

¹¹ OJ L 13, 15.1.1977.

¹² OJ L 215, 18.8.1980.

Grants for research into European integration, 1988-89

In order to encourage university research in the field of European integration, the Commission of the European Communities will award, in July 1988,

20 RESEARCH GRANTS OF A MAXIMUM OF 4 500 ECU¹

CONDITIONS:

1. The awards will be given to young university teaching staff at the start of their career who, individually or as a team, are doing research work on European integration.
2. Application forms are available from the Press and Information Offices of the European Communities given below.² The application must be submitted in duplicate and should contain:
 - an application form;
 - a 5-10 page typed description of the research project;
 - a curriculum vitae;
 - a certificate from the institution, confirming the position currently held by the applicant;
 - an estimate of the costs involved.
3. Applicants should not be over 40 years of age.
4. Awards are not renewable.
5. The maximum award of 4 500 ECU is paid in two instalments, at the beginning and at the end of the research.
6. Award holders who do not complete their research must reimburse the grant.
7. Employees of the institutions of the European Communities as well as their spouses and children are not eligible to apply.
8. The manuscript of the research should amount to a minimum of 40 000 words.
Languages admitted: Spanish, Danish, German, Greek, English, French, Italian, Dutch, Portuguese.
Final type-written text to be submitted in duplicate.
Deadline for submission of the research: 1 October 1989.
9. The Commission of the European Communities may assist with the costs of publishing the work.
10. The awards will be made by 15 July 1988 at the latest.
11. Applications must be submitted by 31 March 1988 to:

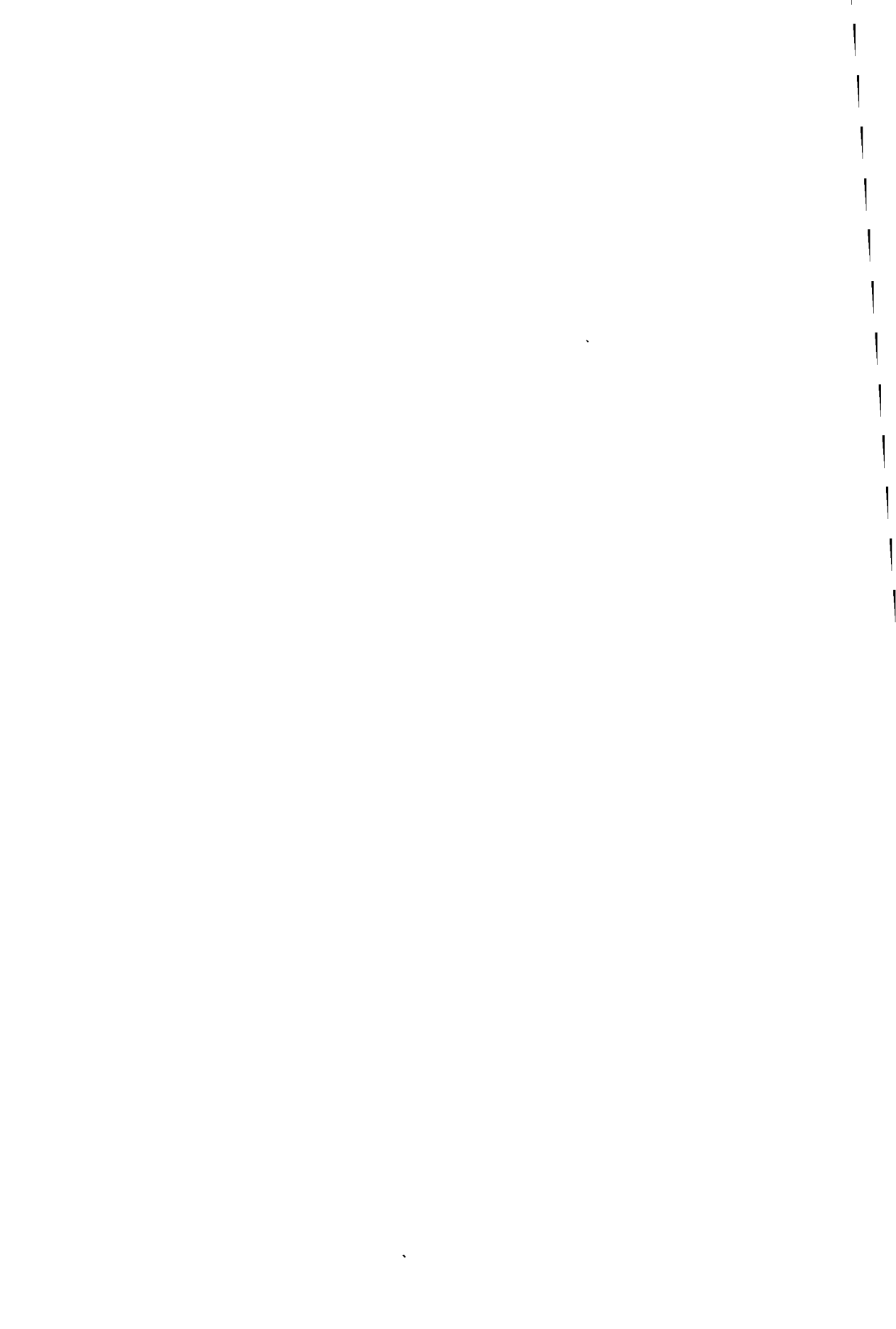
Commission of the European Communities
Directorate-General Information, Communication, Culture
University Information
200 rue de la Loi
B-1049 Brussels (Tel. 235 45 83 or 235 25 85)

¹ 4 500 ECU = circa BFR/LFR 200 000, DKR 36 000, DM 9 500, DR 720 000, ESC 730 000, FF 30 000, HFL 10 500, IRL 3 500, LIT 6 700 000, PTA 620 000, UKL 3 200

² Application forms can be obtained from the above address or from the Press and Information Offices of the European Communities listed below:

ATHENS 2, Vassilissis Sofias, GR — Athinaí 134.
BONN: Zitelmannstraße 22, D-5300 Bonn
BRUSSELS: Rue Archimède 73, B-1040 Bruxelles.
COPENHAGEN: Højbrohus, Østergade 61, Postbox 144,
DK-1004 København-K.
DUBLIN: 39 Molesworth Street, Dublin 2, Ireland
THE HAGUE: Lange Voorhout 29, NL — Den Haag
LISBON: 56-109, rua do Salitre, 1200 Lisboa.
LONDON: 8 Storey's Gate, London SW1 P3AT, United
Kingdom
LUXEMBOURG: Bâtiment Jean Monnet, Luxembourg-
Kirchberg
MADRID: Calle de Serrano 41, 5a planta, Madrid 28001
PARIS: 61, rue des Belles Feuilles, F-75782 Paris Cedex 16
ROME: Via Poli, 29, I-00187 Roma.

ANKARA: Kuleli Sokak 15, Gazı Osman Paça, Ankara.
BANGKOK: Thai Military Bank Bld , 9th & 10th Flrs, 34, Phya
Thai Road, Bangkok
CANBERRA: Capitol centre, Franklin Street, PO Box 609,
Manuka ACT 2603 Canberra
CARACAS: Valle Arriba, Calle Colibri, Carretera de Barruta,
Caracas
GENEVA: rue de Vermont, 37-39, CH-1211 Genève 20.
OTTAWA: Office Fower (Suite 1110), 350 Sparks Street, Ottawa
Ont. K1R 7S8.
TOKYO: Kowa 25 Building 8-7 Sanbancho Chiyoda-Ku, Tokyo
102.
WASHINGTON: 2100 M Street NW (Suite 707) Washington
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