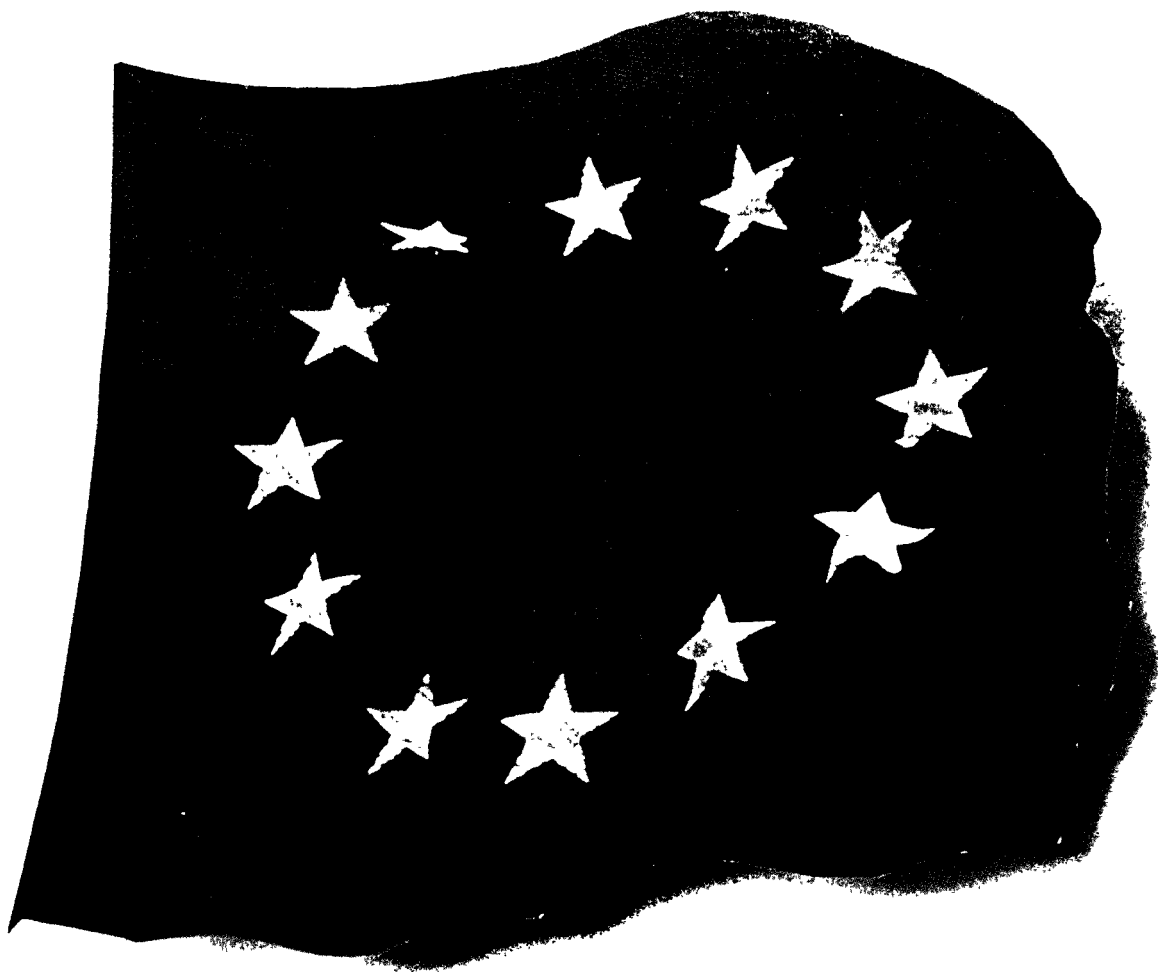


Bulletin of the European Communities

Commission



No 12 1987 Volume 20

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Bulletin of the European Communities

Commission

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* In preparation

PART ONE

SPECIAL FEATURES

Bulletin information service

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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).

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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. Implementing the Single Act

Follow-up to the Copenhagen European Council

1.1.1. The Copenhagen European Council on 4 and 5 December achieved some substantial progress in the preparation of a full agreement on the three reforms proposed by the Commission (of the common agricultural policy, the structural Funds and the Community budget).¹ However, since total agreement could not be reached, it was thought preferable not to issue any conclusions and to meet again in Brussels on 11 and 12 February rather than undermine the logic of the Commission's series of proposals. It did, however, adopt declarations on East-West relations, Afghanistan and the Middle East (→point 2.4.1).

Schlüter and Delors report to Parliament

1.1.2. Mr Poul Schlüter, President of the Council, and Mr Jacques Delors, President of the Commission, reported on the work of the European Council to the December part-session of Parliament.²

Extracts from Mr Schlüter's speech

1.1.3. '... The meeting of the European Council on 4 and 5 December 1987 was a disappointment ... The fact of the matter is that there has to be a decision on the future financing of the Community ...

There is no way around it. Which is why both the Community and the Member States had been determined that a decision should be reached on this occasion. This would have resolved the current problems of Community financing. This would have provided a financial framework for the development of the Community. This would have laid the foundation for a renewed cooperation centred on economic and social interdependence and the establishment of new common policies.

At the meeting of the European Council the Danish Presidency made extensive and wide-ranging proposals which followed the main lines and basic ideas of the Commission's memorandum on long-term financial reform which was to provide the

framework for the Community's development for the next five to six years ...

The Danish Presidency's memorandum to the meeting contains proposals for resolving all the main aspects of relevance to the matter of the Community's future financing.

Agricultural policy

... There is a need to reintroduce pricing as an instrument and make agricultural policy more market-oriented. Such a step must be accompanied by increased use of set-aside arrangements as well as other means available for agricultural policy.

The vital sector is cereals and also oilseeds and protein products, and it was in this sector that the Presidency tried to obtain a breakthrough in the negotiations on the basis of the model I have just outlined.

It was not a success. Some Member States thought that the Presidency's memorandum went too far; others, that it did not go far enough. Strictly speaking this should have led to the natural conclusion that the Presidency's memorandum was therefore the only possible basis for a compromise, but the delegations maintained their standpoints...

We [Danes] are ourselves agricultural producers. It was therefore not easy for us to put forward proposals which will undoubtedly be painful for the agricultural sector and in our own country as well. We did it none the less, because it was necessary ...

Budgetary discipline

Budgetary discipline must be an accompaniment, a complement or—if you wish—a safety net for the actual reform of the agricultural policy itself.

It was our intention in this way to preserve the common policy and ensure, by adjusting the common agricultural policy, that it remains under control.

This was our principal objective. A reform of the policy itself with budgetary discipline as a supporting factor ...

As far as non-compulsory expenditure is concerned, the Presidency proposed a solution which

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

² For Parliament's opinions on the Commission's proposals, see Bull. EC 11-1987, point 1.1.1 *et seq.*

would make it possible to realize the objectives of the Single European Act and enlarge the Community by establishing new common policies. The Presidency was anxious that the European Parliament's powers as regards the budget should be respected, and this point was included in its draft conclusions.

The Community's three structural Funds

... The Danish Presidency had hoped that it would be possible at the meeting in Copenhagen to take a decision on starting the process which has become necessary following enlargement to include these three Member States (Greece, Spain and Portugal) and which will inevitably hinge on the question of the appropriations to be allocated to the Community's three structural Funds.

Adjustment of financing arrangements

The European Council agreed at its meeting in Brussels that the financing arrangements should take greater account of the relative prosperity of the Member States.

This question was also included in the Danish Presidency's draft conclusions based on the fundamental idea of determining additional financial resources for the Community according to the Member States' respective shares in the Community's overall gross national income.

Financing framework

The Danish Presidency agreed with the Commission on the need for a substantial increase in the overall financing framework.

There would not otherwise be any basis for developing the Community for another five or six years.

Budgetary distortions

It may be regrettable, but it is a political reality that it is necessary to find a solution to the problem of budgetary distortions. The Danish Presidency was prepared to solve this problem in the same way as the other problems.

I feel the overall approach would have constituted a reasonable compromise between the various interests prevailing in the Community.

The failure to achieve a result was not the fault of one or more Member States or of any particular

factor. It occurred because certain Member States did not wish to cut the Gordian knot and take the necessary political decisions at this time. Member States apparently needed time to think about the consequences of agreement and to work out the economic and financial implications. This was something which could not be done within the period of time available for a single meeting of the European Council. The negotiations must therefore be resumed at a further meeting of the European Council under the German Presidency ...

It was disappointing that there was not the necessary political will at the European Council to solve the fundamental problems of the Community. On the other hand, it was gratifying to see that political cooperation between the 12 Member States has now progressed enough to make it possible even in the present situation to reach agreement on a number of major declarations on fundamental international questions which are of immediate importance to the Twelve (→point 2.4.1).

But it is an art to persuade a whole series of independent nations to cooperate. It is highly appropriate to speak of the art of cooperation.

That art is much needed now. No one can get his own way if the Community's current problems are to be solved. We must all show flexibility and a will to negotiate ...

The Community cannot stand still. It must develop. It must have the dynamic driving force that makes it possible to adopt new policies and find new solutions.'

Extracts from Mr Delors' speech

1.1.4. '... This Community of Twelve is only two years old but has already reached the moment of truth ... Where does that leave us after what I might call the "unfinished Copenhagen summit"? What is the state of discussions on the Commission's proposals? ...

There has undeniably been progress on agriculture. The three fundamental thrusts of the common agricultural policy have been ... agreed. Namely the need to match production to internal and external demand, defence of the rural milieu and of family farms ... the success of a firm and resolute policy towards non-member countries.

But, faced with the problem of cereals, ... the Council ascertained that there had been no convergence of positions on the guarantee threshold, the respective roles of prices, co-responsibility levy and intervention. A number of Member States, furthermore, were denying the Commission the administrative powers with which, under the

supervision of the Council of Ministers, it could have enforced budgetary discipline in the agricultural sector.

As for the areas of disagreement, these were concerned largely with the new structure of own resources and financing of the related policies and thus with the total amount of funds which should be made available to the Community between now and 1992 ...

But there was also a lack of understanding at this European summit ... all the more hard to comprehend in that the Commission's proposals were known seven months beforehand ...

There was silence in response to Parliament's offer of an interinstitutional agreement consistent with the spirit and broad lines of the Commission's proposal. ... The Commission brought it to the attention of the European summit, but Lord Plumb did so before me and spoke most eloquently of the political importance and innovative character of your initiative ...

There are lessons to be learned about the Community's methods of work. Let me quote here ... the limits placed by the governments on the work of Coreper ..., the solitary course pursued by certain ministers, the inflexibility of attitudes during the meetings ... All this meant that all the issues were left to the European summit despite ... the efforts which the Danish Presidency made to reduce the number of options to be discussed by the Heads of Government. ... Turning now to matters of substance, I have to say that the Commission has heard nothing which might lead it, in the interests of making the next summit a success, to change the essential thinking behind its proposals or their substance. No Member State has ... come up with a coherent counter-proposal ...

The final compromise has to be centred on the document "The Single Act: A new frontier for Europe" and ... on the joined position adopted by Parliament and the Commission. But it is a

dynamic compromise which provides the Community with every chance to achieve the five objectives of this new frontier by 1992 ... the large single market without frontiers, economic and social cohesion, substantially strengthened monetary cooperation, common policy on research and technology, the European social area ...

If [the governments] are at all willing to remember that they have signed the Single Act, if they are at all willing to be broad and enlightened in their outlook, success is still possible.'

*

1.1.5. In view of the failure of the efforts of the Danish Presidency, which the Commission had itself backed, to achieve a compromise and the lack of any alternative comprehensive proposal, the Commission decided to uphold its package of proposals for giving effect to the Single Act,¹ while regarding the accepted achievements of the Copenhagen European Council as a basis for the work which could ultimately bear fruit in February.

1.1.6. Since the Council of Budget Ministers concluded on 9 December that it was unable to draw up a draft budget for 1988, the Commission, like Parliament,² asked the Council to act³ and then in December referred the matter to the Court of Justice under Article 175 of the EEC Treaty. Since there was no decision on the budget, the provisional-twelfth system came into operation on 1 January.

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

² OJ C 20, 26.1.1988.

³ Bull. 10-1987, point 2.4.5.

2. A fresh boost for culture in the Community

1.2.1. The Culture Ministers of the Member States held an informal meeting in Copenhagen on 10 and 11 December, during which Mr Ripa di Meana, Member of the Commission with special responsibility for culture, presented the Commission communication on a fresh boost for culture in the European Community.¹

Commission communication

1.2.2. Against the twin goals of completing the large internal market by 1992 and progressing from a people's Europe to European union, the Commission explains the need for increased cultural activity, proposes guidelines and comes up with a series of ideas to encourage its development, all in an attempt to provoke in-depth discussion of the aims and forms of Community action in the cultural sector.

1.2.3. In the Commission's view, a fresh boost for culture is a political necessity given the growing awareness of what is at stake in the inter-relationship between the economy, technology and culture and the increasing concern about the future of cultural cooperation in Europe. At the same time, the success of various symbolic initiatives has demonstrated that the peoples of the Community share a common cultural heritage — the basis of European union — and that their awareness of this is one of the prerequisites for the solidarity which is vital for completion of the large market. It is also a social and economic necessity if Europeans are to preserve the special features of their culture and at the same time adapt to the information society born of the burgeoning new technologies.

1.2.4. The Commission proposal is for a combination of Community action and complementary cooperation. For its own part, it intends to face up to its responsibilities by encouraging the development of Community culture, continuing the specific measures it has been undertaking over the last decade and injecting its information

and communication policy with a cultural dimension. It plans to develop the mutual benefits of cooperation by selecting one or two significant operations to act as incentives. It also intends to become involved in the coproduction of audiovisual material so as to confer a Community dimension on joint action taken by some of the Member States.

Furthermore, in order to ensure that the study of the proposals involved takes account of all the special features of the cultural sector, the Commission intends to set up a Standing Committee on Culture, which it will chair.

1.2.5. Using these guidelines and the lessons learned from the Florence Conference on culture and its relations with technology and the economy,² the Commission has drawn up a framework programme for the period 1988 to 1992 covering the following five fields: creation of a European cultural area encompassing the cultural aspects of the internal market, information on cultural Europe, business sponsorship and publishing; promotion of the European audiovisual industry, with emphasis on television programmes and European Cinema and Television Year (1988); access to cultural resources, by exploiting the vast potential of European culture; training for the cultural sector; and dialogue with the rest of the world.

Informal meeting in Copenhagen

1.2.6. At their meeting in Copenhagen Culture Ministers welcomed the Commission communication as an excellent basis for the work ahead. Although they did not define the framework for the various measures to stimulate European culture or their scope, they agreed that priority should be given to the audiovisual sector, to books

¹ COM(87) 603 final.

² Bull. EC 3-1987, points 1.1.2 to 1.1.4.

(including the translation of literary works) and to training for cultural workers.

Ministers also had a preliminary discussion on the plan presented by one delegation to set up an intergovernmental institutional structure, in which the Commission would participate, for the development of cultural

cooperation between Member States. This structure would be open to non-member countries and to international organizations, particularly the Council of Europe, for the implementation of projects involving only some of the Member States, possibly alongside some non-member countries.

PART TWO

**ACTIVITIES
IN DECEMBER
1987**

1. Building the Community

Economic and monetary policy

Council

2.1.1. At its economic and financial affairs meeting on 7 December the Council devoted most of its time to discussing the annual economic report 1987-88, which it approved in accordance with the 1974 'convergence' Decision (→ point 2.1.2).

Economic situation

Annual economic report 1987-88

2.1.2. On 22 December, acting on a proposal from the Commission,¹ and in the light of the opinions of Parliament,² the Economic and Social Committee³ and the partners in the social dialogue at Community level (Unice, ETUC and CEEP),⁴ The Council adopted the Decision adopting the annual report on the economic situation in the Community and establishing economic policy guidelines for 1988. Since the report had been drafted before recent events on the financial and foreign exchange markets,⁵ the Council added a preamble presented by the Commission on 3 December,⁶ indicating that, although these events required a revision of the forecasts contained in the report, the basic analysis of the international environment and of the problems of unemployment and slow growth remained valid; the guidelines for economic policy remained relevant and their implementation had become even more urgent.

2.1.3. As requested by the European Council at its meeting in Luxembourg on 2 and 3 December 1985,⁷ the Commission adopted on 17 December, for transmission to the Council, a progress report on the European Monetary System (EMS) and the liberalization of capital markets.⁸ In the report, the Commission points out that the EMS has achieved its aims (notably by providing a framework for coordination of Member States' economic policies and by

helping to reduce monetary instability) while the process of liberalizing capital movements did not really get under way until 1986.⁹ It then highlights the close inter-relationship between completion of the large internal market, the strengthening of the EMS in 1987¹⁰ and implementation of the final phase of the liberalization of capital movements,¹¹ stressing in particular the twin need to extend the EMS to the whole of the Community and to create a true European financial area, a prime prerequisite of which is freedom to provide financial services. Finally, the Commission calls for the implementation of a true economic and monetary union as the only means of securing a lasting improvement in prosperity in the Community and of reinforcing its contribution to economic and monetary equilibrium in the world.

Free movement of capital

Safeguard measures

2.1.4. On 16 December the Commission decided¹² to renew and amend the Decision of 19 December 1984 authorizing Ireland to continue to apply certain protective measures pursuant to Article 108(3) of the EEC Treaty.¹³ The new Decision, which relaxes the restrictions applicable to the acquisition by residents of foreign securities, will expire on 31 December 1988.

¹ Bull. EC 10-1987, point 1.4.1 *et seq.*

² OJ C 345, 21.12.1987; Bull. EC 11-1987, point 2.1.3.

³ Bull. EC 11-1987, point 2.4.35.

⁴ Bull. EC 11-1987, point 2.1.5.

⁵ Bull. EC 11-1987, point 2.1.2.

⁶ COM(87) 685 final.

⁷ Bull. EC 11-1985, point 1.1.1 *et seq.*

⁸ COM(87) 650 final.

⁹ Bull. EC 5-1986, point 1.2.1 *et seq.*

¹⁰ Bull. EC 9-1987, point 1.3.1 *et seq.*

¹¹ Bull. EC 10-1987, point 1.1.1 *et seq.*

¹² OJ L 5, 8.1.1988.

¹³ OJ L 8, 10.1.1985; Bull. EC 12-1984, point 2.1.6.

Community borrowings

New Community Instrument

2.1.5. On 23 December the Commission transmitted to the Council and to Parliament a proposal¹ for a Decision amending the Council Decision of 9 March 1987 empowering the Commission to borrow under the New Community Instrument² with regard to exceptional Community aid for the reconstruction of the areas stricken by the earthquakes of September 1986 in Greece.

Monetary Committee

2.1.6. The Monetary Committee held its 339th meeting on 15 December, with Sir Geoffrey Littler in the chair. Among other things, it examined the economic and financial situation in Greece, as part of the surveillance carried out in connection with the Community loan, and reviewed the principal measures taken this year concerning capital movements within the Community.

Economic Policy Committee

2.1.7. The Economic Policy Committee held its 184th meeting on 10 December, with Mr Postma in the chair. It examined a number of matters relating to a medium-term public finance strategy.

Internal market and industrial affairs

Completing the internal market

Council

2.1.8. On 18 December the Council adopted common positions under the cooperation procedure on three proposals for Directives, one amending³ the 1974 Directive on the making-up by volume of certain prepackaged liquids,⁴ and the others con-

cerning the packaging and labelling of dangerous preparations and good laboratory practice (→ point 2.1.189).

However, it failed to reach a common position on proposals concerning the second Directive on non-life insurance (→ point 2.1.134) trade marks (→ point 2.1.21) and the information to be published when major holdings in the capital of a listed company are acquired or disposed of (→ point 2.1.135).

Implementing the White Paper⁵

2.1.9. The Commission adopted, for transmission to the Council, four proposals for Directives relating to pharmaceutical products (→ point 2.1.18).

The Commission gave an undertaking in the White Paper on completing the internal market to formulate proposals to bring innovations and legislation concerning payment media into line with the new market dimension. Having sent a communication entitled 'Europe could play an ace: the new payment cards'⁶ to the Council in January, it adopted a recommendation on a European code of conduct relating to electronic payment on 8 December⁷ (→ point 2.1.137).

2.1.10. On 17 December⁸ the Economic and Social Committee delivered its opinion on the proposal for a Directive on the control of the acquisition and possession of weapons⁹ (→ point 2.4.29).

¹ OJ C 20, 26.1.1988.

² OJ L 71, 14.3.1987; Bull. EC 3-1987, point 2.1.3.

³ OJ C 317, 10.12.1986; Bull. EC 12-1986, point 2.1.21.

⁴ OJ L 42, 15.2.1975.

⁵ Bull. EC 6-1985, point 1.3.1 *et seq.*

⁶ Bull. EC 1-1987, point 1.3.1 *et seq.*

⁷ OJ L 365, 24.12.1987.

⁸ OJ C 35, 8.2.1988.

⁹ OJ C 235, 1.9.1987; Bull. EC 7/8-1987, point 2.1.10.

A people's Europe

Citizens' rights

Voting rights in local elections

2.1.11. On 15 December Parliament adopted a resolution on voting rights in local elections for Community nationals residing in a Member State other than their own,¹ following the report from the Commission transmitted in September² (→ point 2.4.20).

Freedom of movement and freedom to provide services

Mutual recognition of diplomas and access to occupations

2.1.12. The Committee of Senior Public Health Officials met on 2 December, exchanging views and information on the first stage of implementation of the Council Directive of 15 September 1986 on specific training in general medical practice.³ By 1 January 1988 at the latest, this specific training must have been introduced in all Member States, so that the first diplomas can be issued from 1 January 1990.

The Committee also discussed the application of the Directives on doctors, nurses responsible for general care, dental practitioners and midwives in the enlarged Community⁴ and produced tables on migration of members of the health professions concerned in 1986 (Tables 1 to 4).

Nurses

2.1.13. On 29 December the Commission sent the Council a proposal⁵ for a Directive amending the Directives of 27 June 1977 on nurses responsible for general care.⁶

Pharmacists

2.1.14. At its meeting on 4 December the Advisory Committee on Pharmaceutical

Training discussed the various problems raised by the incorporation into national law of the pharmacists Directives of 16 September and 20 December 1985,⁷ which entered into force on 1 October.

The Committee is preparing a list of the information services in the Community which may be used by pharmacists moving from one Member State to another.

Free movement of goods

Removal of technical and administrative barriers to trade

Foodstuffs

2.1.15. On 8 December the Commission sent the Council a proposal⁸ for a Directive amending for the ninth time the Directive of 24 July 1973 on the approximation of the laws of the Member States relating to cocoa and chocolate products intended for human consumption.⁹ The purpose of this proposal is to allow Spain to continue to authorize the internal marketing of products of the type *familiar a la taza* under the name of chocolate.

2.1.16. As required by the Council Directive of 15 July 1980 relating to the exploitation and marketing of natural mineral waters,¹⁰ which entered into force on 17 July 1984, Denmark notified the Commission of an addition to the list of mineral waters recognized in Denmark.¹¹

¹ OJ C 13, 18.1.1988.

² Supplement 7/86 — Bull. EC; Bull. EC 9-1986, point 2.1.74.

³ OJ L 267, 19.6.1986; Bull. EC 7/8-1986, point 2.1.8.

⁴ Bull. EC 12-1986, point 2.1.14.

⁵ OJ C 20, 26.1.1988; COM(87) 649 final.

⁶ OJ L 176, 15.7.1977.

⁷ OJ L 253, 24.9.1985; Bull. EC 7/8-1985, point 2.1.13, OJ L 372, 31.12.1985; Bull. EC 12-1985, point 2.1.11.

⁸ OJ C 16, 21.1.1988; COM(87) 581 final.

⁹ OJ L 228, 16.8.1973.

¹⁰ OJ L 229, 30.8.1980.

¹¹ OJ C 340, 18.12.1987.

Table 1 — *Number of doctors who are Community nationals and obtained authorization in 1986, under the doctors Directives, to practise in one of the Member States listed at the head of the columns below, after obtaining their basic qualification in another¹*

	FR of Germany	France	Italy	Netherlands	Belgium	Luxembourg ²	United Kingdom	Ireland	Denmark	Greece	Spain	Portugal
Total	749	114	23	76	67	7	445	32	6	332	49	16
Nationals of:												
FR of Germany	36	9	7	9	9	1	49	5	0	3	25	1
France	68	27	5	3	9	3	18	1	0	3	6	2
Italy	78	19	1	3	4	0	62	0	3	13	1	0
Netherlands	128	3	2	10	27	0	39	1	1	2	5	1
Belgium	81	24	1	40	5	3	29	1	0	0	3	1
Luxembourg	43	1	0	0	1	0	0	0	0	0	0	0
United Kingdom	26	2	0	10	3	0	19	24	1	1	3	5
Ireland	5	0	0	0	1	0	51	0	0	0	0	0
Denmark	10	1	1	0	0	0	14	0	0	0	1	0
Greece	175	11	1	0	1	0	106	0	1	310	0	0
Spain	85	16	5	1	6	0	43	0	0	0	5	6
Portugal	14	1	0	0	1	0	15	0	0	0	0	0
Qualified in:												
FR of Germany	.	11	8	10	14	1	55	5	0	38	25	1
France	.	0	5	3	9	3	18	0	0	4	7	2
Italy	.	23	0	3	3	0	71	0	3	286	2	0
Netherlands	.	4	2	0	28	0	35	1	1	2	6	1
Belgium	.	34	1	48	0	3	32	1	0	0	3	1
Luxembourg	.	0	0	0	0	0	0	0	0	0	0	0
United Kingdom	.	3	0	10	3	0	0	25	1	1	5	5
Ireland	.	0	0	0	1	0	59	0	0	0	0	0
Denmark	.	2	1	0	0	0	15	0	0	0	1	0
Greece	.	12	1	0	1	0	100	0	1	0	0	0
Spain	.	22	5	2	7	0	44	0	0	1	0	6
Portugal	.	3	0	0	1	0	16	0	0	0	0	0

¹ This table, as the heading suggests, does not include those Community nationals who acquired their basic qualification in a Member State whose nationality they do not possess but in which they were authorized to practise (these are migrant students rather than migrant doctors). It does include all migrant doctors, including those planning to undergo specialized training in another Member State, provided they have received authorization to practise in that State. However, in France and Luxembourg, unlike the other Member States, migrants may undergo specialized training without having authorization to practise. They do not therefore appear in the statistics provided by France and Luxembourg for this table.

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

Table 2 — Number of nurses responsible for general care who are Community nationals and obtained authorization in 1986, under the Directives on nurses responsible for general care, to practise in one of the Member States listed at the head of the columns below, after obtaining their basic qualification in another¹

	FR of Germany ²	France	Italy	Netherlands	Belgium	Luxembourg	United Kingdom	Ireland ³	Denmark	Greece	Spain	Portugal
Total	62	190	31	55	74	107	530		14	8	30	3
Nationals of:												
FR of Germany	2	26	4	.	3	25	34		4	2	0	0
France	8	37	7	.	25	21	13		0	0	9	0
Italy	8	7	9	.	3	2	4		1	0	0	0
Netherlands	16	13	4	.	8	1	37		3	1	2	0
Belgium	11	69	0	.	28	54	4		1	0	2	1
Luxembourg	1	0	0	.	1	2	0		0	0	0	0
United Kingdom	9	31	2	.	3	0	0		1	2	2	0
Ireland	3	6	0	.	0	0	412		1	1	0	0
Denmark	2	1	0	.	1	1	23		3	0	1	0
Greece	0	0	0	.	0	0	1		0	2	0	0
Spain	1	0	5	.	1	0	0		0	0	13	0
Portugal	1	0	0	.	1	1	2		0	0	1	2
Qualified in:												
FR of Germany	0	32	8	12	8	26	.		5	3	3	1
France	10	0	9	2	35	20	.		0	0	13	1
Italy	8	8	0	0	3	0	.		1	1	3	1
Netherlands	16	16	4	0	18	1	.		3	1	2	0
Belgium	11	83	2	20	0	58	.		1	0	4	0
Luxembourg	1	0	0	0	1	0	.		0	0	0	0
United Kingdom	9	44	3	17	5	0	.		3	2	3	0
Ireland	3	6	0	2	0	0	.		1	1	0	0
Denmark	2	1	0	1	1	1	.		0	0	1	0
Greece	0	0	0	0	0	0	.		0	0	0	0
Spain	1	0	5	1	2	0	.		0	0	0	0
Portugal	1	0	0	0	1	1	.		0	0	1	0

¹ This table, as the heading suggests, does not include Community nationals who acquired their basic qualification in a Member State whose nationality they do not possess but in which they were authorized to practise (these are migrant students rather than migrant nurses). It does include all migrant nurses responsible for general care, including those planning to undergo specialized training in another Member State, provided they have received authorization to practise in that State.

² Not including Bremen and Saarland.

³ Figures not available.

Table 3 — Number of dental practitioners who are Community nationals and obtained authorization in 1986, under the dentists Directives, to practise in one of the Member States listed at the head of the columns below, after obtaining their basic qualification in another¹

	FR of Germany ²	France	Italy	Netherlands	Belgium	Luxembourg	United Kingdom	Ireland	Denmark	Greece	Spain ³	Portugal
Total	169	12	107	9	15	7	82	10	1	9		0
Nationals of:												
FR of Germany	6	2	25	.	2	0	3	0	0	0		
France	1	1	18	.	4	0	1	1	0	0		
Italy	5	0	7	.	0	0	0	0	0	0		
Netherlands	106	2	42	.	9	0	8	0	0	1		
Belgium	3	5	4	.	0	7	0	0	1	1		
Luxembourg	0	0	0	.	0	0	0	0	0	0		
United Kingdom	7	0	4	.	0	0	1	9	0	0		
Ireland	0	0	0	.	0	0	59	0	0	0		
Denmark	24	1	2	.	0	0	5	0	0	0		
Greece	17	1	5	.	0	0	5	0	0	7		
Spain	0	0	0	.	0	0	0	0	0	0		
Portugal	0	0	0	.	0	0	0	0	0	0		
Qualified in:												
FR of Germany	.	2	26	2	2	0	4	0	0	4		
France	.	0	20	0	4	0	1	0	0	1		
Italy	.	0	0	0	0	0	0	0	0	1		
Netherlands	.	1	42	0	9	0	8	0	0	1		
Belgium	.	5	5	5	0	7	0	1	1	2		
Luxembourg	.	0	0	0	0	0	0	0	0	0		
United Kingdom	.	2	5	1	0	0	0	9	0	0		
Ireland	.	0	0	0	0	0	59	0	0	0		
Denmark	.	1	2	1	0	0	5	0	0	0		
Greece	.	1	7	0	0	0	5	0	0	0		
Spain	.	0	0	0	0	0	0	0	0	0		
Portugal	.	0	0	0	0	0	0	0	0	0		

¹ This table, as the heading suggests, does not include Community nationals who acquired their basic qualification in a Member State whose nationality they do not possess but in which they were authorized to practise (these are migrant students rather than migrant dental practitioners). It does include all migrant dental practitioners, including those intending to undergo specialized training in another Member State, provided they have received authorization to practise in that State.

² Not including Hamburg, Schleswig-Holstein and Saarland.

³ Under the Act of Accession, freedom of movement for dental practitioners between Spain and the other Member States is deferred until 1 January 1991 at the latest.

Table 4 — *Number of midwives who are Community nationals and obtained authorization in 1986, under the midwives Directives, to practise in one of the Member States listed at the head of the columns below, after obtaining their basic qualification in another¹*

	FR of Germany ²	France	Italy	Netherlands	Belgium	Luxembourg	United Kingdom	Ireland ³	Denmark	Greece	Spain	Portugal
Total	6	5	6	13	3	1	18		0	1	2	0
Nationals of:												
FR of Germany		1	1	0	0	0	2			0	1	
France	5		2	0	2	1	0			0	1	
Italy	.	1		3	0	0	0			0	0	
Netherlands	.	0	0		0	0	0			0	0	
Belgium	.	2	0	0		0	0			0	0	
Luxembourg	.	0	0	0	0		0			0	0	
United Kingdom	1	0	0	13	0	0				0	0	
Ireland	.	0	0	0	1	0	16			0	0	
Denmark	.	0	0	0	0	0	0			0	0	
Greece	.	0	0	0	0	0	0			1	0	
Spain	.	0	0	0	0	0	0			0	0	
Portugal	.	0	0	0	0	0	0			0	0	
Qualified in:												
FR of Germany	.	1	1	0	0	0	.			1	1	
France	5		3	0	2	1	.			0	1	
Italy	.	1		0	0	0	.			0	0	
Netherlands	.	0	0		0	0	.			0	0	
Belgium	.	3	0	0		0	.			0	0	
Luxembourg	.	0	1	0	0		.			0	0	
United Kingdom	1	0	1	13	0	0	.			0	0	
Ireland	.	0	0	0	1	0	.			0	0	
Denmark	.	0	0	0	0	0	.			0	0	
Greece	.	0	0	0	0	0	.			0	0	
Spain	.	0	0	0	0	0	.			0	0	
Portugal	.	0	0	0	0	0	.			0	0	

¹ This table, as the heading suggests, does not include Community nationals who acquired their basic qualification in a Member State whose nationality they do not possess but in which they were authorized to practise (these are migrant students rather than migrant midwives).

² Not including Baden-Württemberg, Berlin, Bremen, Hamburg, Lower Saxony, North Rhine-Westphalia, Rhineland-Palatinate and Schleswig-Holstein.

³ Figures not available.

2.1.17. On 22 December the Council adopted, on a proposal from the Commission,¹ a Regulation amending the Council Regulation of 11 November 1980 fixing the quantities of basic products considered to have been used in the manufacture of goods covered by the Regulation laying down the trade arrangements applicable to certain goods resulting from the processing of agricultural products.² The purpose of this Regulation is to make the necessary adjustments to the commodity descriptions and tariff headings within the Combined Nomenclature based on the Harmonized System nomenclature.³

Pharmaceutical products

2.1.18. On 15 December the Commission adopted⁴ for transmittal to the Council four proposals for Directives on the approximation of provisions laid down by law, regulation or administrative action relating to certain medicinal products not yet covered by the Council Directives of 26 January 1965 and 20 May 1975 on proprietary pharmaceutical products.⁵ They include immunological products, medicinal products derived from human blood, radiopharmaceuticals and non-proprietary (generic) medicinal products. The proposal also contains a number of amendments to the general pharmaceutical Directives intended to follow up the Council conclusions of 15 May 1987 on improvement in the use of proprietary medicinal products by consumers⁶ and to Parliament's resolution on the export of pharmaceutical products to the Third World.⁷

Fertilizers

2.1.19. On 21 December the Commission transmitted to the Council a proposal for a Directive⁸ supplementing and amending the Council Directive of 18 December 1975 relating to fertilizers.⁹ The purpose of this proposal is to extend the scope of the 1975 Directive to include the nutrients contained in fertilizers, such as calcium, magnesium, sodium and sulphur.

Distributive trades

2.1.20. At its plenary meeting on 27 November the Committee on Commerce and Distribution unanimously adopted two opinions on franchising: one of a general nature on the role and harmonious development of this type of trading, taking into account the contractual and statutory requirements, and the other setting out its position on the proposed Commission Regulation on the application of Article 85(3) of the EEC Treaty to categories of franchising agreements.¹⁰

The Committee also expressed its approval of the Commission's stated intention to involve the Committee closely as the representative of service users when the multilateral GATT negotiations are extended to include the services sector.

Businesses

Improving the business environment

Intellectual property

2.1.21. At its meeting on the internal market on 18 December the Council continued¹¹ its examination of the proposal for a Directive to approximate the laws of the Member States relating to trade marks.¹²

¹ COM(87) 612 final.

² OJ L 323, 29.11.1980; Bull. EC 11-1980, point 2.1.12.

³ OJ L 256, 7.9.1987; Bull. EC 7/8-1987, point 2.1.80.

⁴ OJ C 36, 8.2.1988; COM(87) 697 final.

⁵ OJ 22, 9.2.1965; OJ L 147, 9.6.1975.

⁶ OJ C 178, 7.7.1987; Bull. EC 5-1987, point 2.1.17.

⁷ OJ C 176, 14.7.1986; Bull. EC 6-1986, point 2.4.9.

⁸ OJ C 20, 26.1.1988; COM(87) 646 final.

⁹ OJ L 24, 30.1.1976.

¹⁰ OJ C 229, 27.8.1987; Bull. EC 6-1987, point 2.1.72.

¹¹ Bull. EC 11-1987, point 2.1.29.

¹² Supplement 5/80 — Bull. EC; OJ C 351, 31.12.1980; Bull. EC 11-1980, point 1.5.1 *et seq.*; OJ C 351, 31.12.1985; Bull. EC 12-1985, point 2.1.24.

Public procurement

2.1.22. On 15 December Parliament adopted in second reading an opinion¹ on the proposal to amend² the Directive of 21 December 1976³ coordinating procedures for the award of public supply contracts and deleting certain provisions of the Directive of 22 July 1980.⁴

2.1.23. The Advisory Committee on the Opening-up of Public Procurement, which the Commission set up on 26 May⁵ and whose members it appointed in November,⁶ held its inaugural meeting on 16 December.

Business flexibility

2.1.24. On 21 December the Commission launched the first 'Europartnership 1988' pilot project.

'Europartnership 1988' is an on-the-spot operation designed to exploit the indigenous potential of a backward region or declining industrial region by promoting cooperation agreements between local firms and firms from other parts of the Community.

The first of these projects is to be in Ireland, and will consist of the following stages:

- (i) identification of projects for cooperation between Irish firms;
- (ii) drawing up and distribution of an inventory of projects in the Member States;
- (iii) identification of interested firms;
- (iv) preparation and organization, in June 1988, of contact days between the firms;
- (v) evaluation.

2.1.25. On 18 December Parliament delivered an opinion⁷ endorsing the proposal for a Council Decision concerning a Community programme to create and develop business and innovation centres and the BIC network.⁸ Parliament insisted, however, on the need to extend the network to as many as possible of the Community's backward regions, to maintain the independence of small businesses and the autonomy of the

BICs in respect of their economic environment and to limit Community funding of BICs to two years.

2.1.26. A European conference on the transnational development of services to craft industry and small businesses was held in Bologna on 3 and 4 December. The conference was organized, under the Commission's patronage, on the initiative of the Confederazione Nazionale dell'Artigianato with the aim of:

- (i) defining the needs of craft industry and small businesses with regard to transnational services;
- (ii) evaluating experience gained in this field in the Member States;
- (iii) examining Community activities under the small business action programme;
- (iv) eliciting specific proposals for new transnational services for craft industry and small firms.

The conference was attended by representatives of the Commission, the European Parliament and the Economic and Social Committee, as well as many public figures from Italian politics and members of trade associations from all the Member States of the Community.

Steel

The Community steel industry

Market management

Crisis measures

New steel plan 1988-90

2.1.27. After extensive discussion of the Commission's communication⁹ of 26

¹ OJ C 13, 18.1.1988.

² OJ C 303, 13.11.1987; Bull. EC 10-1987, point 2.1.18; OJ C 161, 19.6.1987; Bull. EC 6-1987, point 2.1.18; OJ C 173, 11.7.1986; Bull. EC 6-1986, point 1.2.1 *et seq.*

³ OJ L 13, 15.1.1977.

⁴ OJ L 215, 18.8.1980.

⁵ Bull. EC 5-1987, point 2.1.23.

⁶ Bull. EC 11-1987, point 2.1.32.

⁷ OJ C 13, 18.1.1988.

⁸ OJ C 33, 11.2.1987; Bull. EC 1-1987, point 2.1.13.

⁹ OJ C 9, 14.1.1988; Bull. EC 11-1987, point 2.1.35.

November amending, in the light of the findings of the 'Three wise men',¹ its original communication concerning steel policy after 1987,² the Council, meeting on industrial affairs on 8 December, succeeded in outlining a possible compromise on the extension of the quota system for certain categories of products.

The Council approved both the inclusion of the accompanying social and regional measures³ as an essential component of the future restructuring process, and the objectives of the Resider programme.⁴

2.1.28. On 22 December, after Parliament had delivered its opinion,⁵ the Council gave its assent, in accordance with Article 58 of the ECSC Treaty, to the Commission's proposals relating to the extension of the steel quota system beyond 1 January 1988, as follows:

(i) for categories Ia and Ib the production quota system will come to an end on 30 June 1988;

(ii) for categories II and III the production quota system will continue until 30 June 1988 and will be extended until the end of 1990 if, by 10 June 1988, the Commission has received guaranteed commitments to reduce production capacity by means of closure of at least 75% of the surplus assessed by the Commission; if these conditions are not fulfilled for either one of these categories, quotas will end for that category on 30 June 1988;

(iii) for the second quarter of 1988 the Commission will allocate to firms quotas some 2% higher than would correspond to a market assessment, to prepare for the return to the free market.

The Council also recorded its agreement to a Commission proposal extending the quotas for category I products beyond 30 June 1988 on condition that, for category Ia, guaranteed commitments for capacity cuts of at least 7.5 million tonnes by means of closures were obtained before 10 June 1988.

Finally, it noted that the Commission was prepared to reconsider its current position

on category I products if the conditions of the Treaty were fulfilled and the commitments set out above were obtained.

Regarding social measures, the Council asked the Commission to earmark an extra 50 million ECU for social aid, starting in 1988, on the assumption that the funds intended for the 1988 payments would be taken from ECSC reserves. The Council was prepared to re-examine the funding of social measures in future years in the light of requirements, bearing in mind the possibility of the transfer of ECSC customs duties to the Community.

2.1.29. On 21 December, after receiving Parliament's opinion,⁶ the Commission sent the Council an amended version⁷ of its proposal for a Regulation instituting a Community programme to assist the conversion of steel areas (Resider programme) (→ point 2.1.162).⁸

2.1.30. On 22 December the Council approved the substance of this programme.

Concurrently with the social measures (→ point 2.1.28), action under the Resider programme should accompany the process of restructuring the steel industry by contributing to the development of new economic activities. The programme focuses on the development of the indigenous potential of the regions and zones concerned. It comprises a series of measures combining improvements in local facilities and amenities and the physical and social environment with the growth of small business, in particular by means of enterprise schemes, improvements in management, development of common services, promotion of innovation, access to risk capital,

¹ Bull. EC 11-1987, point 2.1.34.

² OJ C 272, 10.10.1987; Bull. EC 7/8-1987, point 2.1.25.

³ OJ C 272, 10.10.1987; Bull. EC 7/8-1987, points 2.1.25 and 2.1.34.

⁴ OJ C 272, 10.10.1987; Bull. EC 7/8-1987, point 2.1.146.

⁵ OJ C 13, 18.1.1988.

⁶ OJ C 13, 18.1.1988.

⁷ OJ C 9, 12.1.1988; COM(87) 722 final.

⁸ OJ C 272, 10.10.1987; Bull. EC 7/8-1987, points 2.1.25 and 2.1.146.

the preparation of sectoral studies and aid to investment.

All or part of the investment aid could be in the form of a capital grant.

The programme will cover areas which meet the following criteria:

- (i) minimum number of jobs in the steel industry — about 3 500;
- (ii) industrial employment dependent in large measure on the steel industry — normally at least 10%;
- (iii) major job losses in the steel industry — of the order of 1 500;
- (iv) especially severe employment problems in the region in which the area is located.

The programme will apply, subject to a decision by the Commission, in all Member States to areas which satisfy these criteria and in which the restructuring of the steel industry carried out pursuant to the Community's general objectives for steel between 1 January 1986 and the end of 1989 entails major job losses.

The programme is to be financed jointly by the Member State concerned and the

Community. Assistance from the Regional Development Fund, which as a rule must not exceed 55% of the total public expenditure covered by the programme, will be provided from the appropriations entered for this purpose in the general budget of the European Communities.

2.1.31. On 17 December Parliament adopted an opinion¹ on the Commission's proposal for the conditional introduction of a new three-year quota system in respect of certain products.² Parliament referred to the points it made in its Resolution of 19 November³ and called upon the Commission to amend its proposal accordingly.

Market situation

2.1.32. Apparent steel consumption figures by Member State for the first two quarters of 1987 compared with the first two quarters of 1986 are shown in Table 5.

¹ OJ C 13, 18.1.1988.

² OJ C 272, 10.10.1987; Bull. EC 10-1987, point 2.1.25.

³ OJ C 345, 21.12.1987; Bull. EC 11-1987, point 2.4.18.

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

	<i>million tonnes</i>			
	I/86	II/86	I/87	II/87
Belgium/Luxembourg	1.20	1.10	0.80	0.95
Denmark	0.40	0.40	0.40	0.40 ¹
Germany (FR)	9.30	9.20	8.20	8.70
Greece	0.50	0.45	0.40	0.40 ¹
Spain	2.70	2.55	2.20	2.10
France	4.00	4.00	3.80	4.00
Ireland	0.10	0.10	0.10	0.10
Italy	6.90	6.60	6.20	7.20
Netherlands	1.10	0.80	0.60	0.85
Portugal	0.30	0.30	0.30	0.30
United Kingdom	3.80	3.30	3.50	3.90
EUR 12	30.00	28.70	26.50	28.90

¹ Partly estimated figures.

Apparent consumption is calculated without reference to any variation in stocks, and the crude steel equivalent is obtained by using a conversion factor of 1.16.

2.1.33. The motor vehicle industry con-

tinued to play an important role in sustaining steel demand. The construction sector was still buoyant, very buoyant in some areas. Activity indicators, not seasonally adjusted, are shown below for the Twelve.

Table 6 — *Sector activity indicators, not seasonally adjusted*

	I/87	III/87	IV/87	I/88
Manufacture of metal articles	100	92.4	102.3	101.7
Mechanical engineering	100	95.5	112.5	102.7
Electrical engineering	100	92.5	107.8	103.7
Motor vehicles	100	83.7	103	103.7
Other means of transport	100	89.3	105.8	99.8
Building and civil engineering	100	153.8 ¹	154.3 ¹	105.4 ¹

¹ Owing to a lack of national data, the Community indicator is not reliable and the figures refer only to four Member States.

These index estimates of the level of activity of different steel-consuming industries show trends quarter by quarter. They are obtained by weighting national data provided by the trade associations of the main steel-

consuming industries.

2.1.34. The trend in production and production quotas by product category is shown in the following table.

Table 7 — *Production and production quotas by product category*

Product category	1 000 tonnes							
	Production (rolled finished products)			Production quota				
	IV/86	I/87	II/87	I/87 ¹	II/87 ¹	III/87 ¹	IV/87 ¹	I/88 ¹
Ia Hot-rolled wide strip	5 076	5 042	5 392	3 541	3 774	3 787	4 085	3 832
Ib Cold-rolled sheet	3 222	3 255	3 250	3 137	3 390	3 158	3 340	3 160
Ic Galvanized sheet	888	958	1 039	—	—	—	—	—
Id Other coated sheet	1 043	1 070	1 150	—	—	—	—	—
II Reversing-mill plate	1 193	1 310	1 248	1 193	1 171	1 128	1 345	1 344
III Heavy sections	1 126	1 123	1 195	1 029	1 129	1 081	1 151	1 245
IV Wire rod	2 757	2 721	2 916	2 258	2 257	2 146	2 331	—
V Reinforcing bars	1 906	1 744	1 990	—	—	—	—	—
VI Merchant bars	1 939	2 057	2 105	1 800	1 741	1 712	1 903	—

¹ Base quotas without supplements or other adjustments.

These figures apply to the Community of Ten, since Spain and Portugal are not subject to the quota system. The figures for the first quarter of 1988 take account of the Council's decisions at the end of December.

2.1.35. Table 8, employment trends in the Community steel industry from October 1984 to October 1987, shows that there are still major differences between Member States.

Table 8 — *Employment in the steel industry, October 1984-87*

	October 1984		October 1985		October 1986		October 1987
	1 000 workers	% change ¹	1 000 workers	% change ¹	1 000 workers	% change ¹	1 000 workers
Belgium	37 580	- 7.95	34 594	- 9.01	31 477	- 9.83	28 384
Denmark	1 513	+ 11.37	1 685	+ 3.03	1 736	- 13.42	1 503
Germany (FR)	143 105	- 0.40	142 530	- 4.90	135 549	- 6.67	126 506
Greece ²	—	—	4 140	- 0.63	4 114	- 3.43	3 973
Spain ²	—	—	—	—	52 574	- 9.14	47 771
France	85 706	- 9.17	77 851	- 10.73	69 496	- 11.65	61 400
Ireland	668	- 20.51	531	- 2.07	520	+ 9.23	568
Italy	77 467	- 11.01	68 937	- 1.17	68 130	- 5.58	64 326
Luxembourg	12 592	- 3.37	12 168	- 0.35	12 125	- 8.09	11 144
Netherlands	18 750	+ 1.27	18 989	- 0.12	18 967	- 1.04	18 769
Portugal ²	—	—	—	—	5 913	- 2.86	5 744
United Kingdom	60 267	- 2.83	58 562	- 6.67	54 654	- 2.66	53 200
Average annual % change		- 4.98		- 5.58		- 6.84	

¹ On the same month of the previous year.

² The figures for Spain and Portugal refer to June and those provided by Greece refer to August.

Forward programme

2.1.36. On 2 December the Commission approved the forward programme for steel for the first quarter of 1988, for transmission to the ECSC Consultative Committee for its opinion. The programme contains an economic analysis and a review of the steel market, which formed the basis for setting the rates of abatement, which in turn determine the production quotas and the parts of the quotas which can be delivered within the Community.

2.1.37. General economic forecasts indicate that growth should continue during the first quarter of 1988, though at a lower

rate than in 1987; but any estimate remains problematic, given recent events on the world financial markets. Forecasts vary greatly from one Member State to another.

2.1.38. With an output of 31.5 million tonnes for the fourth quarter of 1987, the final figure for crude steel production for the whole year should be similar to the final 1986 outturn of 125.61 million tonnes for the Community of Twelve, although this is 8% below the 1985 outturn of 135 million tonnes. These forecasts agree with those of the Statistical Office of the Community, which estimates output in November at some 11 million tonnes, against 10.642 million tonnes for the corresponding period

of the previous year, an increase of about 3.5%.

Export prospects are good, and there is every indication that this will continue to hold true for the first months of 1988.

2.1.39. Steel demand should remain stable, as indicators for most consuming sectors are still positive. A summary of figures for crude steel supply and demand in the Community of Twelve is shown in Table 9.

Table 9 — *Crude steel supply and demand in the Community*

	Outturn		Estimate		Forecast
	I/87	II/87	III/87	IV/87	I/88
Real consumption	26.81	29.56	24.50	26.90	26.50
Stock change	- 0.30	- 0.70	+ 0.30	+ 0.05	0
Apparent consumption	26.51	28.86	24.80	26.95	26.50
Imports	2.32	2.60 ¹	2.40	2.45	2.40
Exports	6.96	6.80 ¹	6.90	7.00	6.90
Production	31.15	33.06	29.30 ²	31.50	31.00

¹ June estimate for Denmark and Greece.

² Provisional.

NB: Conversion factor of finished products to crude steel. 1.16.

Accession-related measures

Safeguards for Spain

2.1.40. On 5 December Spain requested that the safeguard measures to curb imports of certain steel products from other Member States, which were authorized on 5 March 1986¹ and extended on 1 October 1986,² should be extended into 1988. Since this is a complex question and the Council's Decision on steel policy was only very recently announced (→ point 2.1.28), the Commission decided on 31 December to extend the protective measures for two months, reserving the right to give Spain a firm answer in February 1988.

Social measures

Social back-up measures

2.1.41. On 17 December Parliament adopted an opinion³ approving, subject to certain amendments, the proposal for a Decision concerning a contribution to the

ECSC from the general budget of the Communities to finance social measures connected with the restructuring of the steel industry.⁴

2.1.42. The Council made its decision on these measures on 22 December (→ point 2.1.28).

Research

Social research

2.1.43. On 21 December the Commission sent to the Council for its assent a memorandum on the fifth ECSC medical research programme on protection of workers against risks arising from work in the coal and steel industries (1988-92).⁵ The total

¹ OJ L 80, 25.3.1986; Bull. EC 3-1986, point 2.1.25.

² OJ L 305, 31.10.1986; Bull. EC 10-1986, point 2.1.26.

³ OJ C 13, 18.1.1988.

⁴ OJ C 272, 10.10.1987; Bull. EC 7/8-1987, point 2.1.34.

⁵ COM(87) 655 final.

appropriation proposed for this programme is 12 million ECU.

Trade with non-member countries

Imports

External aspects of the crisis measures

Arrangements with non-member countries

2.1.44. On 8 December the Council adopted negotiating directives for the Commission in respect of arrangements on steel imports into the Community from the following countries: Brazil (cast iron and steel), Bulgaria, Czechoslovakia, Hungary, Poland, Romania, South Korea and Venezuela.¹ The Commission will also negotiate exchanges of letters with Austria, Finland, Norway and Sweden. The negotiations will be pursued on the same basis as those of 1987. The arrangement with Poland was initialled on 11 December.

Autonomous measures

2.1.45. On 3 December the Council made definitive² the anti-dumping duty on imports of ferro-silicon from Brazil which the Commission had imposed on a provisional basis in August.³

The Brazilian ferro-alloys association had offered a price undertaking which the Commission refused; the definitive duty is 59 ECU/tonne.

2.1.46. The Commission also gave notice of the impending expiry, unless a request for a review was lodged within the time allowed, of anti-dumping measures regarding zinc-coated steel sheets and iron or steel sheets and plates (hot-rolled) originating in the German Democratic Republic.⁴

2.1.47. On 8 December the Council adopted a Regulation increasing the volume of the Community tariff quota opened for the second half of 1987 for certain ferro-

phosphorus falling within subheading ex 28.55 A of the Common Customs Tariff.⁵

2.1.48. In December the Council adopted Regulations opening, allocating and providing for the administration of tariff quotas for:

(i) ferro-silicon falling within codes 7202 21 10, 7202 21 90 and 7202 29 00 of the Combined Nomenclature (1988);⁶

(ii) ferro-silico-manganese (1988);⁶

(iii) ferro-chromium containing not more than 0.10% by weight of carbon and more than 30% but not more than 90% by weight of chromium (super-refined ferro-chromium) (1988);⁶

(iv) ferro-chromium containing by weight more than 6% of carbon, falling within code 7202 41 90 of the Combined Nomenclature;⁷

(v) ferro-phosphorus falling within code ex 7202 99 19 of the Combined Nomenclature;⁷

(vi) certain flat-rolled products falling within code ex 7226 10 91 of the Combined Nomenclature.⁷

2.1.49. On 8 December the Representatives of the Governments of the ECSC Member States, meeting in the Council, adopted Decisions opening zero-duty tariff quotas for Spain, the Benelux countries and the Federal Republic of Germany for flat-rolled products of 'magnetic' silicon-electrical steel.⁸

2.1.50. On 22 December the Commission adopted a recommendation⁹ amending the High Authority recommendation of 15 January 1964 to the Governments of the Member States concerning an increase in the

¹ Bull. EC 11-1987, point 2.1.47.

² OJ L 343, 5.12.1987.

³ OJ L 219, 8.8.1987; Bull. EC 7/8-1987, point 2.1.42.

⁴ OJ C 325, 4.12.1987.

⁵ OJ L 349, 12.12.1987.

⁶ OJ L 381, 31.12.1987.

⁷ OJ L 383, 31.12.1987.

⁸ OJ L 353, 16.12.1987.

⁹ OJ L 15, 20.1.1988.

protective duty on iron and steel products at the external frontiers of the Community.¹

Research and technology

Community R&D policy

Council

2.1.51. On 21 December the Council adopted a Decision revising the multiannual research and training programme in the field of radiation protection (→ point 2.1.62).

The Council also adopted common positions, which will be sent to Parliament under the cooperation procedure, on the second phase of the European strategic programme for research and development in information technology (Esprit II) (→ point 2.1.72) and on the revision of the multiannual research and development programme in the fields of basic technological research and the application of new technologies (Brite).²

Finally, the Council had an initial discussion on the Commission's communication 'A new outlook for the Joint Research Centre',³ concentrating on the general aspects and the principles underlying the Commission's proposal.

Coordination of national policies

2.1.52. At its meeting in Brussels on 10 and 11 December the Scientific and Technical Research Committee delivered two opinions, one on the revision of the multiannual R&D programme in the field of biotechnology (1985-89)⁴ and the other on the new programme in the field of applied metrology and chemical analyses (1988-92) for the Community Bureau of Reference (BCR).⁵ The Committee considered that the broadening of Community activities in the biotechnology field and the new BCR programme, designed to provide technical support for the Community's standardization

efforts, were both very much in keeping with the framework programme of research and technological development (1987-91), and therefore endorsed the Commission's proposals.

The Committee took an initial look at the Commission's proposal concerning a new FAST forecasting programme⁶ and also closely examined the Commission's proposals for renewing the JRC.⁷

The Committee discussed a Danish proposal concerning Community participation in Eureka and a proposal made by the United States in the OECD relating to a framework for an international science and technology policy. The Committee thought that these two matters deserved more detailed examination.

Stimulation of European scientific and technical cooperation and interchange

2.1.53. In Lisbon on 9 December the Committee for the European Development of Science and Technology (Codest) recommended the Commission to select 14 new projects representing a total amount of 2.8 million ECU as part of the stimulation plan (1985-88).⁸ These include projects concerning certain aspects of Parkinson's disease, mapping the genome of the vinegar fly and interpreting ERS satellite data. The Committee also debated proposals to create a 'European Scientific Assembly' and endorsed the Commission's superconductivity initiative involving the programmes affected by recent developments in this field.

An international conference on biocommunication was held in Paris from 1 to 4 December, organized by Codest together with the Commission. The conference,

¹ OJ L 8, 22.1.1964.

² OJ C 238, 4.9.1987; Bull. EC 7/8-1987, point 2.1.59.

³ Bull. EC 10-1987, point 1.3.1 *et seq.*

⁴ OJ C 15, 20.1.1988; Bull. EC 10-1987, point 2.1.39.

⁵ OJ C 304, 14.11.1987; Bull. EC 9-1987, point 2.1.43.

⁶ OJ C 39, 11.2.1988; Bull. EC 10-1987, point 2.1.33.

⁷ Bull. EC 10-1987, point 1.3.1 *et seq.*

⁸ OJ L 83, 25.3.1985; Bull. EC 12-1984, point 1.7.1 *et seq.*

which was attended by 250 scientists, reviewed present knowledge and future prospects in the field of mapping the human genome.

International cooperation

COST

2.1.54. Three memoranda of understanding were signed in December: on COST Project 506 (Industrial applications of light alloys) by Norway and on COST Projects 306 (Automatic transmission of transport data) and 74 (Utilization of UHF/VHF wind profiler network radar for improving weather forecasting in Europe) by Italy and Finland.

Space

2.1.55. On 22 December the Commission adopted a memorandum on the Community's role in space, asking the departments concerned to prepare a communication on the subject for transmission to the Council and Parliament in the course of 1988.

Sectoral R&D

Energy

Nuclear fusion energy

2.1.56. On 29 December the Commission transmitted to the Council a draft Decision concerning the conclusion by the Commission of the agreement on Euratom's participation in the International thermonuclear experimental reactor (ITER) conceptual design activities, together with Japan, the USSR and the United States. The Commission negotiated the agreement in accordance with directives given by the Council on 5 October.¹

Industry

New technologies²

Brite programme

2.1.57. In response to the opinion delivered by Parliament,³ the Commission transmitted to the Council on 8 December a proposal⁴ amending its proposal for a Decision⁵ amending the Decision of March 1985⁶ concerning a multiannual R&D programme in the fields of basic technological research and the application of new technologies (Brite) (1985-88).

On 14 and 15 December in Brussels the Commission held the first Brite technological days. The first results and a progress report on 25 of the most representative projects in the programme were presented.

This event, with 1 200 participants, was basically conceived as a forum for discussion and exchange of information and experience between existing and potential partners in Brite. The Brite technological days also provided an opportunity to assess the progress made in the programme as a whole and its future development prospects.

Biotechnology

2.1.58. On 22 December the Commission transmitted to the Council a proposal for a Decision to adopt a first multiannual programme (1988-93) for biotechnology-based agro-industrial research and development, 'Eclair' (European collaborative linkage of agriculture and industry through research).⁷

Prepared in consultation with European agricultural and industrial circles, notably

¹ Bull. EC 10-1987, point 2.1.37

² For information and telecommunications technology see 'Telecommunications, information technologies and innovation'.

³ OJ C 345, 21.12.1987; Bull. EC 11-1987, point 2.1.58.

⁴ COM(87) 671 final.

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

⁶ OJ L 83, 25.3.1985; Bull. EC 12-1984, point 1.7.1 *et seq.*

⁷ COM(87) 667 final.

on the basis of replies to a call for expressions of interest published in July 1986,¹ this programme is intended to promote the agro-industrial application of recent advances in the understanding and control of living systems. These advances should enable substantial changes to be made to the species grown, to cultivation methods and to the use of the products cultivated. Projects to be included in the programme are likely to concern, for example, the production of new or improved varieties of plants or microorganisms, the development of products, processes or industrial services upstream (for example to do with improving plant health or nutritive value) and downstream of agriculture (production, extraction and transformation of biological materials — sugars, starches, oils, fats — into substances of industrial interest or energy products).

Traditional industries

Scientific standards — reference materials and methods

2.1.59. On 16 December Parliament adopted a legislative resolution² under the cooperation procedure embodying its opinion (first reading) on the Commission's proposal for a Regulation on an R&D programme in the field of applied metrology and chemical analyses (1988-92) for the Community Bureau of Reference.³

2.1.60. On 17 December the Economic and Social Committee delivered its opinion on this proposal (→ point 2.4.30).

*Health and safety*⁴

2.1.61. On 10 and 11 December, in Brussels, the Commission held a European conference on the clinical aspects of AIDS, as part of the programme for the coordination of medical research in the Community (1987-91).⁵ This conference, which was attended by the leading European and US clinicians, discussed the various pathological aspects of HIV infection (neurological

and pulmonary manifestations, secondary cancers, etc.). Several of the papers concerned the present outlook for treatment both of HIV infection and of the opportunistic complaints which develop as a result of the weakening of the patient's immune defence system. The psychological problems connected with the different pathological aspects of AIDS were also discussed.

Radiation protection

2.1.62. On 21 December the Council adopted a Decision⁶ revising the multiannual research and training programme for the European Atomic Energy Community in the field of radiation protection (1985-89).⁷ This Decision increases the programme funding from 58 to 68 million ECU; the increase will be used to finance research into the short-term and long-term effects of nuclear accidents like the one at the Soviet nuclear power plant at Chernobyl in 1986.

2.1.63. On 17 December Parliament had adopted a legislative resolution closing the procedure for consultation on this proposal.²

2.1.64. The fourth international symposium on natural radioactivity in the environment took place in Lisbon from 7 to 11 December, organized jointly by the Commission, the Office of Health and Environmental Research of the US Department of Energy and the Radiological Protection and Safety Department of the Portuguese National Engineering and Industrial Technology Laboratory under the Community programme of research in the field of radiation protection (1985-89).⁸

This symposium, which was attended by some 200 research workers from 25

¹ OJ S 137, 18.7.1986; Bull. EC 7/8-1986, point 2.1.44.

² OJ C 13, 18.1.1988.

³ OJ C 304, 14.11.1987; Bull. EC 9-1987, point 2.1.43.

⁴ For research into the social aspects of steel, see 'Steel'.

⁵ OJ L 334, 24.11.1987; Bull. EC 11-1987, point 2.1.62.

⁶ OJ L 16, 21.1.1988.

⁷ OJ C 302, 12.11.1987; Bull. EC 7/8-1987, point 2.1.61.

⁸ OJ L 83, 25.3.1985; Bull. EC 12-1984, point 1.7.1 *et seq.*

countries, reviewed the present state of knowledge of radioactivity of natural origin and the risks associated with it, in particular the hazards of exposure to radon, a radioactive gas which is contained in certain rocks and can be released by the soil and combustion products.

Research into the social aspects of coal

2.1.65. In accordance with Article 55(2) of the ECSC Treaty, on 21 December the Commission transmitted to the Council for its assent a memorandum on the adoption of a fifth medical research programme for the protection of workers against risks arising from work in the coal and steel industries (1988-92), for which a total appropriation of 12 million ECU is proposed.¹

2.1.66. Pursuant to Article 55 of the ECSC Treaty, the Commission decided to grant 487 000 ECU towards two research projects in the fifth ECSC programme of ergonomics.²

Development aid

2.1.67. On 14 December the Council adopted a Decision relating to a research and development programme in the field of science and technology for development (1987-91).³ With funding amounting to 80 million ECU, this new programme follows on from the first (1983-86)⁴ and covers the two areas which are of vital and priority interest to Third World countries — agriculture and health.

2.1.68. For the purpose of implementing this second programme, the Commission published two calls for proposals, for the tropical and subtropical agriculture subprogramme and for the medicine, health and nutrition in tropical and subtropical areas subprogramme.⁵

Improvement of scientific and technical cooperation

2.1.69. On 17 December the Economic and Social Committee delivered its opinion

on the proposal for a Council Regulation adopting a Community plan of support to facilitate access to large-scale scientific facilities of interest to Europe (→ point 2.4.31).⁶

2.1.70. Also on 17 December the Committee gave its opinion on the proposal for a Regulation adopting a five-year (1988-92) plan to stimulate the international cooperation and interchange needed by European research scientists (→ point 2.4.32).⁷

Telecommunications, information technology and innovation

Telecommunications

RACE

2.1.71. After considering the amended Commission proposal⁸ under the cooperation procedure, the Council adopted on 14 December a Decision on the Community programme in the field of advanced telecommunications technologies (RACE).⁹

550 million ECU of Community funds has been allocated to this five-year programme. It is designed, in conjunction with public and private action — both national and international — in the field of telecommunications technologies, to promote the competitiveness of the Community's telecommunications industry, operators and service providers in order to make available to the final users, at minimum cost and with minimum delay, the services which will sustain

¹ COM(87) 655 final.

² OJ C 270, 22.10.1985; Bull. EC-5-1985, point 2.1.117.

³ OJ L 355, 17.12.1987. Commission proposal: OJ C 24, 31.1.1987; Bull. EC 10-1986, point 2.1.50; Bull. EC 11-1987, point 2.1.65.

⁴ OJ L 352, 14.12.1982.

⁵ OJ C 337, 16.12.1987.

⁶ Bull. EC 7/8-1987, point 2.1.62.

⁷ OJ C 14, 19.1.1988; Bull. EC 9-1987, point 2.1.51.

⁸ Bull. EC 11-1987, point 2.1.67; OJ C 304, 28.11.1986; Bull. EC 10-1986, point 2.1.44.

⁹ OJ L 16, 21.1.1988.

the competitiveness of the European economy over the coming decades and contribute to maintaining and creating employment in the Community.

Information technology

Esprit

2.1.72. On 21 December the Council adopted a common position, to be transmitted to Parliament under the cooperation procedure, on the second phase of the European R&D programme in information technology (Esprit II).¹

2.1.73. On 4 December the Commission had sent to the Council an amendment² to its proposal,¹ in the light of the opinion delivered by Parliament.³

2.1.74. On 29 December the Commission published⁴ a fourth call for proposals for this programme⁵ (the first call for this second phase).

Information services

Information market

2.1.75. On 16 December Parliament adopted a legislative resolution embodying its opinion (first reading)⁶ on the proposal for a Decision concerning the establishment at Community level of a policy and a plan of priority actions for the development of an information services market.⁷ This proposal was favourably received, and the 19 amendments adopted by Parliament complement rather than alter it. The Commission accepted all of these amendments and will be presenting an amended proposal.

Customs union and indirect taxation

Customs union

General legislation

Reliefs from customs duty

2.1.76. On 9 December the Commission adopted two Regulations,⁸ the first amend-

ing the Council Regulation of 28 March 1983 setting up a Community system of reliefs from customs duty⁹ and the second amending the Commission Regulation of 29 July 1983 establishing the list of biological and chemical substances provided for in Article 60 of the Council Regulation;¹⁰ this was to align the 1983 Regulations with the Combined Nomenclature drawn up to implement the Harmonized Commodity Description and Coding System.

2.1.77. On 18 December Parliament delivered its opinion⁶ on the Commission proposal¹¹ for a Regulation amending the Regulation of 28 June 1968 on the Common Customs Tariff¹² and the Regulation of 28 March 1983 setting up a Community system of reliefs from customs duty.⁹

Customs procedures with economic impact

2.1.78. On 9 December the Commission adopted a Regulation on statistical procedures in respect of the Community's external trade,¹³ aimed at bringing the statistical legislation in line with the customs legislation upon which it is based.

2.1.79. On 22 December the Commission adopted a Regulation amending certain Regulations in the area of customs procedures with economic impact to take account of the entry into force of the Combined Nomenclature.¹⁴ The adjustments cover the classification of those goods coming within inward and outward processing procedures (including the standard

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

² OJ C 10, 15.1.1988; COM(87) 666 final.

³ OJ C 345, 21.12.1987; Bull. EC 11-1987, point 2.1.69.

⁴ OJ C 350, 29.12.1987.

⁵ OJ C 92, 18.4.1986; Bull. EC 4-1986, point 2.1.26.

⁶ OJ C 13, 18.1.1988.

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

⁸ OJ L 347, 11.12.1987.

⁹ OJ L 105, 23.4.1983; Bull. EC 3-1983, point 2.1.28.

¹⁰ OJ L 220, 11.8.1983; Bull. EC 7/8-1983, point 2.1.30.

¹¹ OJ C 254, 11.10.1986; Bull. EC 9-1986, point 2.1.45.

¹² OJ L 172, 22.7.1968.

¹³ OJ L 346, 10.12.1987.

¹⁴ OJ L 391, 31.12.1987.

exchange system) and processing under customs control.

Common Customs Tariff

Common Customs Tariff/Combined Nomenclature

2.1.80. On 18 December the Representatives of the Governments of the Member States, meeting within the Council, adopted a Decision on the nomenclature and rates of conventional duty for certain products and the general rules for interpreting and applying them.¹

The purpose of the Decision is to maintain in force beyond 31 December 1987 the provisions of the Decision of 13 January 1975,² which established that at Community level the interpretation and application of the nomenclature and duties relating to products covered by the ECSC Treaty were to be as provided in the preliminary provisions of the Common Customs Tariff.

The 1975 Decision has been formally repealed, since it referred to the Council Regulation of 28 June 1968 on the Common Customs Tariff —repealed by the Council Regulation of 23 July 1987 on the tariff and statistical nomenclature and on the Common Customs Tariff.³ The new Decision is identical in substance with the old one except that it makes reference to the July 1987 Regulation.

Taric

2.1.81. The Community's integrated tariff (Taric), established by Council Regulation on 23 July³ and due to come into force on 1 January 1988, was published on 18 December.⁴ The Taric has various subdivisions, covering in particular:

- (i) tariff quotas and suspensions;
- (ii) preferences;
- (iii) anti-dumping and countervailing duties;

(iv) variable charges (customs duties on processed foodstuffs);

(v) monetary and accession compensatory amounts;

(vi) wine reference prices;

(vii) surveillance measures, restrictions and quantitative limits.

The Taric will therefore serve as the basis for all the Community's import measures and for the working tariffs and data files in the Member States. It makes it possible to centralize and standardize the coding of Community legislation and to collect Community-wide statistics, thus doing away with many of the separate reporting requirements for specific products or measures.

The Taric is stored in a data base which is constantly being updated. Member States are given prompt notice of amendments to it and can amend their own working tariffs and data files accordingly. Taric codes must be used for customs declarations and statistical returns.

2.1.82. On 15 December the Commission adopted a communication aimed at setting up an efficient and fast Taric management procedure.

Tariff reductions

Measures relating to accession

2.1.83. On 22 December the Council, acting on a proposal from the Commission,⁵ adopted a Regulation laying down, in the light of the entry into force of the Combined Nomenclature, the basic duties to be adopted within the Community of Ten for the purpose of calculating the successive

¹ OJ L 363, 23.12.1987.

² OJ L 10, 16.1.1979.

³ OJ L 256, 7.9.1987; Bull. EC 7/8-1987, point 2.1.80.

⁴ Office for Official Publications of the European Communities, L-2985 Luxembourg.

⁵ COM(87) 632 final.

reductions provided for in the Act of Accession of Spain and Portugal.¹

The Regulation also includes provisions to maintain the preference applied by the Community of Ten to Spain and Portugal, following the tariff reductions granted by the Community to the United States in negotiations under Article XXIV(6) of the GATT.

Economic tariff matters

Suspensions

2.1.84. During December the Council adopted Regulations totally or partially suspending the CCT duties on:

- a number of industrial products (1988);²
- certain products for use in the construction, maintenance and repair of aircraft (1988);³
- certain agricultural products originating in Turkey (1988);
- certain products falling within Chapters 1 to 24 of the Combined Nomenclature, originating in Malta (1988).⁴

Tariff quotas⁵

2.1.85. During December the Council adopted a number of Regulations opening, allocating and providing for the administration of Community tariff quotas in respect of:

- cut fresh flowers and flower buds falling within CCT subheading 06.03 A, originating in Jordan (1988);
- apricot pulp originating in Israel (1988);
- dried figs and dried grapes originating in Spain (1988);⁶
- certain fishery products originating in Sweden (1988);⁷
- onions, dried, dehydrated or evaporated, falling within CN code 0712 20 00;⁸

- prepared or preserved sardines falling within CN code ex 1604 13 10 or ex 1604 20 50 originating in Tunisia;
- certain types of fruit and fruit juices (1988);⁸
- handwoven fabrics, pile and chenille (1988);⁸
- certain kinds of live plants originating in the Canary Islands (1988);⁶
- fresh flowers falling within CN codes 0603 10 11 to 0603 10 69 originating in the Canary Islands (1988);⁶
- new potatoes falling within CN code 0701 90 51 or 0701 90 59 originating in the Canary Islands (1988);⁶
- certain wines having a registered designation origin originating in Algeria (1988);
- prepared or preserved sardines falling within CN code ex 1604 13 10 or ex 1604 20 50 originating in Morocco (1988);
- apricot pulp falling within CN code 2008 50 91 originating in Morocco or Tunisia;
- table cherries, excluding Morello cherries, falling within CN code ex 0809 20 10 or 0809 20 90 originating in Switzerland (1988);⁷
- silver hake (*Merluccius bilinearis*) falling within CN codes ex 0302 69 95, ex 0303 78 10, ex 0304 10 99 or ex 0304 90 47 and frozen cod (*Gadus morhua*) fillets falling within CN code ex 0304 20 29 (1988);⁸
- certain plywoods of coniferous species (1988);⁸
- onions originating in Egypt (1988);
- sweet, clear-fleshed cherries, marinated in alcohol, falling within CN code ex

¹ OJ L 395, 31.12.1987.

² OJ L 358, 18.12.1987.

³ OJ L 354, 16.12.1987.

⁴ OJ L 398, 31.12.1987.

⁵ For beef and buffalo meat, see point 2.1.220; for iron and steel products, see points 2.1.47 to 2.1.49.

⁶ OJ L 380, 31.12.1987.

⁷ OJ L 382, 31.12.1987.

⁸ OJ L 381, 31.12.1987.

2008 60 39, intended for the manufacture of chocolate products (1988);¹

- certain kinds of prepared or preserved fish from Portugal (1988);²
- beans (*Phaseolus Spp.*), onions and sweet peppers originating in the Canary Islands (1988);³
- fresh cut flowers and flower buds falling within CN codes 0603 10 11 to 0603 10 69 originating in Cyprus (1988);⁴
- dried grapes falling within CN code 0806 20 11 or 0806 20 19 originating in Cyprus (1988);⁴
- fillets of certain kinds of cod and fish of the species *Boŕeogadus saida* falling within CN code 0305 30 19 originating in Norway (1988);²
- certain kinds of prepared or preserved fish falling within CN codes ex 1604 13 90, ex 1604 15 90, ex 1604 19 99 or ex 1604 20 90 originating in Norway (1988);¹
- frozen peas falling within CN code 0710 21 00 or ex 0710 29 00 originating in Sweden (1988);¹
- unroasted coffee, not decaffeinated, falling within CN code 0901 11 00, and cocoa beans, whole or broken, falling within CN code 1801 00 00 (1988);²
- wine of fresh grapes originating in Yugoslavia (1988);
- raw silk (not thrown) falling within CN code 5002 00 00 (1988);²
- silk yarn (other than yarn spun from silk waste) not put up for retail sale, falling within CN code ex 5004 00 10 or ex 5004 00 90 (1988);²
- yarn spun from silk waste, not put up for retail sale, falling within CN code ex 5005 00 10 or ex 5005 00 90 (1988);²
- fish fillets originating in Norway (1988);
- salad beetroot falling within CN code ex 0706 90 90 originating in Cyprus (1988);⁴
- sweet peppers falling within CN code 0709 60 10 originating in Cyprus (1988);⁴

- fresh or dried hazelnuts, whether or not shelled or peeled, originating in Turkey (1988);
- tomatoes, cucumbers and aubergines originating in the Canary Islands (1988);³
- certain types of hand-made products (1988);⁵
- certain types of rosin falling within CN code ex 3806 10 90 (1988);²
- certain oils and fats of marine animals falling within CN codes ex 1504 20 10, ex 1504 30 19 or ex 1516 10 90 originating in Norway (1988);¹
- wine of fresh grapes and liqueurs originating in Cyprus (1988);⁴
- certain types of manufactured tobacco originating in the Canary Islands (1988);²
- 'Sljivovica' plum spirit, falling within CN code ex 2208 90 33 originating in Yugoslavia (1988);
- certain types of tobacco falling within CN code ex 2401 10 60 or ex 2401 20 60 (1988);
- fishery products originating in the Canary Islands (1988);²
- certain petroleum products falling within Chapter 27 of the Combined Nomenclature refined in Spain (1988);²
- certain kinds of cotton fabrics originating in Spain (1988);²
- certain types of polyether falling within CN code ex 3907 20 19 or ex 3907 20 90;³
- newsprint falling within CN code 4801 00 00 (1988);²
- certain types of laser-treated, oriented electrical sheet (1988);
- sweet peppers, frozen peas and garlic originating in Yugoslavia (1988);

¹ OJ L 382, 31.12.1987.

² OJ L 383, 31.12.1987.

³ OJ L 380, 31.12.1987.

⁴ OJ L 398, 31.12.1987.

⁵ OJ L 390, 31.12.1987.

- boysenberries, frozen, without added sugar, to be used in processing (except for the manufacture of jam made wholly from boysenberries), falling within CN code 0811 90 90 (1988);¹
- unroasted malt falling within CN code 1107 10 99 originating in, and coming from, Finland;²
- certain types of polyvinylpyrrolidone falling within CN code ex 3905 90 00 (1988);¹
- certain grades of magnesium falling within CN code ex 8104 11 00 (1988).¹

2.1.86. In December the Council also adopted Regulations:

- opening tariff quotas for the importation of certain fishery products originating in the Canary Islands or in Ceuta and Melilla into Spain (1988);¹
- opening, allocating and providing for the administration of Community tariff quotas for certain fishery products from the Canary Islands (1988).¹

2.1.87. The Commission adopted Regulations:

- amending two Regulations of 9 June³ opening, allocating and providing for the administration of Community tariff quotas for certain agricultural products originating in Morocco or Turkey;⁴
- amending the Regulations of 26 May,⁵ 20 July⁶ and 31 July⁷ opening, allocating and providing for the administration of Community tariff quotas for certain textile products and fishery products;⁸
- amending the Regulation of 9 June⁹ opening allocating and providing for the administration of a Community tariff quota for certain eels falling within CCT subheading ex 03.01 A II.⁸

Community surveillance of imports

2.1.88. In December the Council adopted Regulations:

- opening and providing for the administration of a preferential Community ceiling for certain petroleum products refined in Turkey and setting up Community surveillance of imports of such products (1988);
- establishing ceilings and Community surveillance in respect of certain imports originating in Yugoslavia (1988) or in Malta;¹⁰
- re-establishing ceilings and Community surveillance in respect of certain imported products originating in Yugoslavia (1988).

Customs valuation

2.1.89. On 16 December the Commission adopted a Regulation¹¹ amending the Regulation of 12 June 1981 establishing a system of simplified procedures for the determination of the customs value of certain perishable goods.¹² The Regulation introduces the new Combined Nomenclature classification and also includes new products and new marketing centres. One of the components used to calculate the standard amounts for the goods concerned has been updated and expressed in ECU.

Origin

2.1.90. On 21 December the Council adopted a series of Regulations¹³ on the application of Decision No 2/87 of the EEC-EFTA Joint Committees supplementing and amending Protocol 3 concerning the definition of the concept of 'originating products' and methods of administrative cooper-

¹ OJ L 383, 31.12.1987.

² OJ L 382, 31.12.1987.

³ OJ L 153, 13.6.1987.

⁴ OJ L 356, 18.12.1987.

⁵ OJ L 138, 28.5.1987.

⁶ OJ L 202, 23.7.1987.

⁷ OJ L 215, 5.8.1987.

⁸ OJ L 357, 19.12.1987.

⁹ OJ L 152, 12.6.1987.

¹⁰ OJ L 398, 31.12.1987.

¹¹ OJ L 355, 17.12.1987.

¹² OJ L 154, 13.6.1981; Bull. EC 6-1981, point 2.1.28.

¹³ OJ L 388, 31.12.1987.

ation with a view to simplifying further the documentation relating to evidence of origin.¹

2.1.91. On 21 December the Council, acting on a proposal from the Commission,² approved on behalf of the Community the draft Decisions of the EEC-Algeria, EEC-Cyprus,³ EEC-Egypt, EEC-Israel,³ EEC-Jordan, EEC-Lebanon, EEC-Malta,³ EEC-Morocco, EEC-Syria, EEC-Tunisia and EEC-Yugoslavia Cooperation Councils amending, as a consequence of the introduction of the Harmonized System, the Protocol on the definition on the concept of 'originating products' and methods of administrative cooperation.

2.1.92. On 22 December the Commission presented to the Council a proposal for a Regulation⁴ to replace the Regulation of 24 February 1986 concerning the rules of origin applicable to trade with the Canary Islands and Ceuta and Melilla,⁵ so as to adapt the legislation to the new Combined Nomenclature and to simplify the procedures governing relations between those territories and the customs territory of the Community.

Indirect taxation

Tax exemptions

2.1.93. On 29 December the Commission sent the Council a proposal for a Directive⁶ to amend for the ninth time the Directive of 28 May 1969 on the harmonization of provisions laid down by law relating to exemption from turnover tax and excise duty on imports in international travel,⁷ aimed at updating the reliefs to maintain their value in real terms.

2.1.94. On 1 December the Commission sent the Council a proposal for a Directive⁸ to amend for the fifth time the Directive of 19 December 1974 on the tax reliefs to be allowed on the importation of goods in

small consignments of a non-commercial character within the Community,⁹ this also being aimed at updating the reliefs so as to maintain their value in real terms.

Competition

Sixteenth Report on Competition Policy

2.1.95. On 17 December Parliament passed a resolution¹⁰ on the Commission's *Sixteenth Report on Competition Policy*¹¹ (→ point 2.4.20).

2.1.96. At its December session the Economic and Social Committee delivered an opinion on the *Sixteenth Report on Competition Policy* (→ point 2.4.33).

General rules applying to businesses

Airline agreements

2.1.97. The Commission reminded 13 airlines (Aer Lingus, Air France, Alitalia, British Airways, British Caledonian, Iberia, KLM, Lufthansa, Luxair, Olympic Airways, Sabena, SAS and TAP) that, as a result of the adoption by the Council on 14 December of the package of liberalization measures for civil air transport (→ point 2.1.280), the anti-competitive provisions in their agreements and concerted practices had to be removed by 1 January 1988.

¹ Bull. EC 10-1987, point 2.1.56.

² Bull. EC 10-1987, point 2.1.57.

³ OJ L 397, 31.12.1987.

⁴ COM(87) 698 final.

⁵ OJ L 56, 1.3.1986.

⁶ COM(87) 570 final.

⁷ OJ L 133, 4.6.1969.

⁸ OJ C 5, 9.1.1988; COM(87) 583 final.

⁹ OJ L 354, 30.12.1974.

¹⁰ OJ C 13, 18.1.1988.

¹¹ Bull. EC 7/8-1987, point 2.1.89.

The Article 89 proceedings initiated by the Commission against the airlines will now lapse. The new measures, however, give the Commission the same extensive powers of investigation and enforcement in respect of air transport as it has with regard to other sectors of the economy. In order to ensure rapid implementation of the aviation package the Commission has informed the airlines that it will take all appropriate action under its new powers in respect of any airline agreements which remain formally in force after 1 January 1988 and contain provisions incompatible with the new package.

Restrictive practices, mergers and dominant positions: specific cases

Permissible forms of cooperation

ARG-Unipart

2.1.98. In December the Commission granted an exemption in favour of an agreement between the vehicle manufacturer Austin Rover Group Ltd and the independent parts wholesaler Unipart Group Ltd.¹ Under the agreement, Unipart takes on the task of promoting sales of spare parts and accessories to the after-market (especially to Austin Rover car dealers) in place of Austin Rover itself. The agreement clearly provides for a continuing rational structure of distribution of parts, directed especially towards ensuring that the full range of parts needed to maintain and repair current and recent Austin Rover cars, of the same specification as the parts chosen by Austin Rover for its original equipment, is readily available to Austin Rover dealers and hence to repairers and users. At the same time, Unipart's interests as an independent 'all-makes' parts wholesaler are not unduly compromised by the close coordination of product ranges and distribution channels that the rationalization process implies.

New potatoes

2.1.99. On 18 December the Commission took for the first time a Decision² granting exemption from the competition rules under Article 2 of Council Regulation No 26 of 4 April 1962.³

It came to the conclusion that Article 85(1) does not apply to the production and marketing rules for new potatoes enforced by seven regional agricultural boards, because they form an integral part of the French national market organization for this product.

The production and marketing rules applied by the boards are aimed essentially at preventing a slump in prices due to overproduction. The two main measures used for this purpose are the fixing of maximum tonnages per hectare for quantities lifted and the implementation of a system of withdrawal prices when prices fall to levels well below the cost of production. The system introduced therefore has the effect of controlling, by limiting the quantities placed on the market, the supply of new potatoes in the regions concerned when there is apt to be a glut. The prices actually paid continue as a rule to be determined on these markets by the forces of supply and demand, except where they fall to the withdrawal price level. The system is no barrier to competition from other EEC producers, who continue to compete freely on the market, their supplies being in no way affected by these measures.

Rich Products-Jus-rol know-how licensing agreement

2.1.100. On 22 December the Commission granted exemption under Article 85(3) in respect of a know-how licensing agreement between the US firm Rich Products and the British firm Jus-rol. This is a 'pure' know-how licensing agreement — concluded, that

¹ OJ L 45, 18.2.1988.

² OJ L 59, 4.3.1988.

³ OJ 30, 20.4.1962.

is, solely for the exploitation of non-patented technical information. No trade marks accompany it. The know-how provided by Rich Products consists of a body of written information which is secret and substantial, concerning the process of production of frozen yeast dough.

Under the agreement, Rich Products grants Jus-rol the exclusive right to use its know-how for the purpose of manufacturing the licensed product in the United Kingdom. The licensee may not manufacture the product in other EEC Member States. These provisions are deemed to have as their object the restriction of competition within the meaning of Article 85(1) of the EEC Treaty. Not only do they prevent future licensees Rich Products may wish to appoint for other Community countries from manufacturing the licensed product in the United Kingdom, but they also discourage sales of the product by Jus-rol in other Member States. However, in view of the economic background and other circumstances of the case, the Commission considers that the two restrictions nevertheless qualify for exemption under Article 85(3). The exemption is to apply from the date of notification of the agreement (25 April 1984) until its expiry (31 July 1993).

Furthermore, the agreement contains several other clauses often found in 'pure' know-how licensing agreements (i.e. the obligation to preserve secrecy, the obligation not to sublicense, the 'post-term use ban', the 'grant back' obligation and the 'field of use' obligation) which do not restrict competition within the meaning of Article 85(1).

The decision confirms the Commission's favourable attitude towards know-how licensing agreements and provides an opportunity to gain further experience in this field. The decision is therefore an important step in the preparation of the block exemption Regulation concerning such agreements.

Distribution

Fisher-Price

2.1.101. On 18 December the Commission took a Decision¹ finding that Quaker Oats UK Ltd, a wholly owned subsidiary of Quaker Oats Inc., Chicago, had infringed Article 85(1) by preventing parallel trade. Quaker Oats UK, which distributes Fisher-Price toys in the United Kingdom and Ireland, had prohibited Irish retailers between November 1982 and August 1985 from importing Fisher-Price toys through a wholesaler located in the United Kingdom.

In view of the gravity and duration of the infringement, a substantial fine would have been justified in this case. However, Quaker Oats UK drew up a compliance programme to bring its entire European operation into line with the EEC rules on competition. This was regarded as a mitigating factor in assessing the amount of the fine, which was set at 300 000 ECU.

Konica

2.1.102. On 18 December the Commission adopted a Decision imposing fines on Konica UK Ltd and Konica Europe GmbH for infringing Article 85(1). In 1985 Konica UK banned its dealers in the United Kingdom, Ireland and the Channel Islands from exporting Konica film to other Member States, while Konica Europe entered into a commitment towards German specialist photographic dealers to prevent the resale of parallel-imported Konica film in Germany by buying up such film.

The Commission has always regarded practices that deliberately obstruct the objective of establishing a genuine common market as a serious infringement.

A fine of 75 000 ECU has been imposed on each company.

¹ OJ L 49, 23.2.1988.

Abuse of dominant positions

Hilti

2.1.103. On 22 December the Commission fined Hilti AG, a Liechtenstein firm and the largest European manufacturer of nail guns, 6 million ECU for infringing Article 86. The case started after complaints by two small UK manufacturers/distributors of nails for Hilti nail guns, who claimed that Hilti's behaviour had the effect of tying together the supply of Hilti cartridge magazines (for which Hilti had patents) and its nails. This made it impossible for these small companies to sell their products and obliged consumers to rely on Hilti for supplies of both nails and cartridge magazines.

Following investigations, the Commission concluded that Hilti had abused its dominant position by unlawful commercial behaviour designed to prevent or limit the entry of new competitors into the nail market. This conduct is a very serious breach of the competition rules in that it constituted an attempt by Hilti to reinforce its already dominant position and enabled it in fact to charge very different prices in different Member States. Consequently, an exemplary fine was considered appropriate.

Joint ventures

Enichem-ICI

2.1.104. On 22 December¹ the Commission authorized agreements between the Italian company Enichem and the British company ICI with a view to facilitating the restructuring of the European PVC industry. The agreements provide for the formation of a joint venture (50/50) to conduct R&D, production and sales of PVC. The parties also entered into a supplementary distribution agreement on plasticizers for use in the manufacture of PVC.

The Commission considers that the agreements have the object and effect of restricting competition and are likely to affect

intra-Community trade between two competitors. However, it has decided that they qualify for exemption because in the short term they allow a major step to be taken towards rationalization of both parties' PVC business. This is part of an industry which is suffering from considerable structural overcapacity in the Community as a whole. The deal appears to be indispensable for implementing the rationalization plans swiftly and does not afford the parties the possibility of eliminating competition in a substantial part of the relevant product market, either in the Community as a whole or in individual Member States.

De Laval-Stork

2.1.105. Ten years ago the Commission granted exemption in favour of a joint venture set up by the Dutch company Stork Roterende Werktuigen BV and the American company De Laval Turbine International Inc. for the design, development, production and marketing of certain types of steam turbines, centrifugal compressors and pumps.² Although the venture was found to restrict competition in that it led to coordination of the research, production and marketing activities of the two parent companies, which were actual or at least potential competitors, the agreements were exempted in view of the resulting benefits. Since the joint venture allowed De Laval to enter the European market more easily than would otherwise have been the case while enabling Stork to expand and improve its activities in the sectors concerned, the cooperation was not held to constitute a threat to competition.

On the expiry of the initial exemption, the parties requested that it be renewed. After a thorough examination, the Commission decided to renew the exemption for a period of 20 years since a long-term cooperation commitment appeared to be necessary in this type of business and the industry's com-

¹ OJ L 50, 24.2.1988.

² OJ L 215, 23.8.1977.

petitive structure was stable and healthy. Should circumstances change, it has the power to revoke the exemption before the end of that period.¹

Olivetti-Canon

2.1.106. On 22 December the Commission adopted an exemption decision for a joint venture between Olivetti of Italy and the Japanese company Canon.²

The joint venture is responsible for the design, development and production of copiers, facsimile machines and laser printers. The agreements restrict competition between the parties in the case of low- and mid-range copiers and facsimile machines. However, they bring economic benefits for the Community which outweigh the restrictions. On all the markets concerned the technology is fast-moving and competition intense. Up-to-date technologies, however, require heavy investment in R&D. The expansion of production resulting from the joint venture enables the parties to spread the cost of that investment over a wide range of products.

The joint venture brings about a transfer of advanced technology to Olivetti, a major European enterprise, in markets where technology is of crucial importance. A large part of the transferred technology comes from a company, Canon, which is a leader in innovation and whose policy is R&D-oriented. This exemption decision shows that the Commission is prepared to accept cooperation restricting competition between major competitors if it leads to a substantial technology transfer.

Mergers

Ruhrkohle and Krupp Energiehandel

2.1.107. On 1 December the Commission authorized Ruhrkohle Handel GmbH, Essen, under Article 66 of the ECSC Treaty, to acquire a 49% holding in the Krupp

group's solid and liquid fuel trading company Krupp Energiehandel GmbH.

Although Ruhrkohle as the main producer in Germany supplies most of the solid fuel consumed in the German market, the Commission recognized that, on markets where Ruhrkohle's wholesale subsidiaries compete with other wholesalers, the firm's increased share after completion of the transaction will not be such as to enable it to restrict distribution or hinder effective competition. It concluded that Ruhrkohle will still not have the power to determine prices. This is because not only fuel oil and gas but also coal from non-member countries are normally less expensive and Ruhrkohle is therefore bound to align its prices on those charged by suppliers of these fuels.

State aid

General schemes

Environment

Germany

2.1.108. On 2 December the Commission decided not to raise any objections to an aid scheme for protection of the environment (*Anlagen-Programm*). The scheme provides for the payment of grants to firms which apply for the first time on an industrial scale new techniques adding to the store of knowledge on protection of the environment and reducing pollution significantly below the statutory limits.

The aid is awarded only to projects which are in the nature of demonstration projects and whose results are obtainable on request from the Federal Ministry of the Environment.

¹ OJ L 59, 4.3.1988.

² OJ L 52, 26.2.1988.

The aid intensity is 30% on average with an upper limit of 50%.

Research and development

Germany

2.1.109. On 2 December the Commission approved two German R&D schemes—the humanizing working conditions scheme and the physical technologies scheme.

The first, which was introduced in 1974 with an annual budget of DM 150 million, aims at drawing up safeguards, standards and minimum requirements for machinery and equipment and submitting proposals concerning work organization and the development of human resources (work technologies). The second scheme, which has been in operation since the beginning of 1987, has a budget of DM 47.5 million for the period 1987-90 and aims at evaluating the results of research into fundamental physics, where such research has a technological content, in order to increase our understanding of the laws of physics as they apply to industry.

In the light of the various conditions attaching to these schemes, the Commission took the view that they were in keeping with the Community guidelines on R&D aid, did not affect trading conditions between Member States to an extent contrary to the common interest and so qualified for exemption under Article 92(3).

Ireland

2.1.110. On 15 December, the Commission approved four Irish R&D aid schemes—the Shannon Development Innovation Centre (budget of IRL 0.4 million), the National Microelectronics Application Centre (IRL 0.4 million), the Higher education-industry cooperation scheme (IRL 0.18 million) and the research programme initiated by the Industrial Development Authority (IRL 8.9 million). In its assessment the Commission took into account the

relatively modest budgets of these schemes and the fact that they facilitate R&D in one of the less-favoured regions of the Community. Furthermore, industrial R&D as a percentage of GDP in Ireland is only 0.4% as against approximately 2-3% in the other Member States. The continued application of these schemes was, therefore, considered by the Commission to be extremely important in order to maintain, or possibly increase, this proportion.

Having also taken into account the award conditions, the Commission decided they were in keeping with the Community guidelines on R&D aid, did not affect trading conditions to an extent contrary to the common interest and so qualified for exemption under Article 92(3).

Luxembourg

2.1.111. The Commission reviewed the Luxembourg scheme of aid for R&D which is one of the components of the Economic Expansion Act. Under the Act, aid may be awarded in the form of either an outright grant of up to 15% of the cost of a project, or a grant (repayable if the project is subsequently exploited commercially) of up to 15% of the cost, or an innovation loan of up to 50% of the cost. Total assistance in any form may not exceed 50% of the cost of a project.

The Commission noted that, in the event of a maximum award and if there was no repayment of grant, the aid intensity would not exceed 33% of the project cost. In the light of this finding and having regard to the Community guidelines on R&D aid, it decided that the favourable opinion it expressed on the scheme in 1985 should stand.¹

The Netherlands

2.1.112. As part of its systematic review under Article 93(1) of existing R&D

¹ Bull. EC 10-1985, point 2.1.50.

schemes and in the light of the Community guidelines, the Commission scrutinized the Dutch TOK scheme (*Regeling technische ontwikkelingskredieten*).

It noted that the scheme provides for soft loans covering up to 60% of the cost of a development project; combination with other types of aid is allowed up to 70% of the cost. Such loans and the interest on them are repayable only if the project is a success. In the case of a project which does not reach the market place, the aid intensity may thus attain 70%. In the past, only a quarter of all loans have actually been repaid.

The Commission has decided to propose to the Netherlands Government, in accordance with Article 93(1), that the TOK scheme should be changed so as to ensure that the maximum intensity of the aid, including any multiple awards, does not exceed 40% of the cost of the development project. If after two months the Netherlands Government has not introduced measures to conform to the Commission's request, the Commission may initiate the Article 93(2) scrutiny procedure.

United Kingdom

2.1.113. The Commission decided on 2 December to approve the extension for three years of a pilot scheme designed to encourage innovation and original R&D projects in small firms employing fewer than 200 people. With an overall budget of UKL 16.25 million (23.428 million ECU), the scheme provides for the award of grants of up to UKL 37 500 for carrying out feasibility studies and UKL 100 000 for applied research. The Commission will monitor the scheme's implementation with the help of an annual report from the UK authorities.

Regional schemes

Germany

2.1.114. On 22 December the Commission decided to authorize a package of measures

relating to regional development assistance in Germany. It approved the 16th General Plan under the Joint Federal Government/*Länder* programme for the improvement of regional economic structures (*Gemeinschaftsaufgabe*) and terminated the proceedings it had initiated in respect of the 14th and 15th¹ General Plans.

The package was approved after the German Government informed the Commission of its decision to reduce considerably the number of assisted areas and the intensities of aid: the assisted areas will account for 38% rather than 45% of Germany's population from 1 January 1988, the intensity of regional aid will be reduced from 1 January 1988 and a further reduction in intensity will take place from 1 January 1990 and in assisted areas from 1 January 1991.

The Commission decision approved the implementation of the 16th General Plan for joint Federal/*Länder* assistance together with two special three-year programmes for areas hit by difficulties in the steel and footwear industries. The Federal Government informed the Commission that the 38% population figure will include 5.2% under regional (*Länder*) aid schemes at a reduced intensity level (now down to 8% gross of the investment). The details of the individual *Länder* schemes will, after notification to the Commission for scrutiny, be the subject of individual decisions in 1988 within the above framework.

When the Commission terminated proceedings against the 14th and 15th General Plans in the light of the 16th, it agreed that the regional aid ceilings may be exceeded by 5% in the case of the grant for highly qualified jobs and by 10% in the case of other approved aids which can be combined with the Joint programme.

Spain

2.1.115. On 2 December the Commission decided to approve a Spanish Government

¹ Bull. EC 3-1986, point 2.1.67; Bull. EC 3-1987, point 2.1.74.

proposal to increase the regional aid ceiling in the Campóo area, Cantabria, from 30% to 45% net grant equivalent. However, this ceiling is authorized for a period of three years only: the Commission will then review its position.

In reaching its decision the Commission took into account the highly unfavourable socio-economic situation of the area, both in a Community and in a national context, and referred especially to Protocol No 12 to the Act of Accession, concerning Spanish regional development.

Industry schemes

Shipbuilding

Germany

2.1.116. On 2 December the Commission approved a number of aid schemes in favour of the German shipbuilding industry under the terms of the sixth Council Directive on aid to shipbuilding of 26 January 1987.¹ However, as two of the schemes provide for aid intensities which exceed the maximum production aid ceiling, currently set at 28% of contract value before aid, the Commission decided to initiate the Article 93(2) procedure in respect of the writing-off of operating loans to shipowners where they reinvest in shipbuilding and the extension of low-interest loans to shipowners for the purchase of fishing vessels.

Denmark

2.1.117. On 15 December the Commission decided to terminate the Article 93(2) procedure in respect of a scheme to assist shipowners regardless of their country of establishment under the fifth Council Directive on aid to shipbuilding of 28 April 1981,² the Danish Government having varied the scheme so that it is no longer available to shipowners in non-Community countries and is thus no longer incompatible with the

OECD Understanding on Export Credits for Ships and Article 2 of the fifth Directive.

Italy

2.1.118. On 15 December the Commission commenced Article 93(2) proceedings in respect of special assistance for the completion, modernization and extension of Sicilian ship repair facilities. This assistance, which was decided on by the Sicilian Regional Assembly, is worth a total of LIT 100 700 million and is aimed mainly at enlarging the second graving dock at Trapani, building a second dock at Messina and restoring the docks at Palermo. On the information available to it, the Commission considered that, in so far as it contributed to an increase in ship repair capacity, the aid could be granted only as part of an overall plan for the restructuring of the ship repair industry in Italy. Without accurate and up-to-date information on such a restructuring plan covering all repair yards in Italy, both on the mainland and in Sicily, the Commission is unable to pronounce at this stage on the compatibility of the measures with the common market.

Motor vehicles

France

2.1.119. On 2 December the Commission decided to open the Article 93(2) procedure in respect of an unnotified aid in the form of a FF 500 million (72.2 million ECU) FIM (Fonds industriel de modernisation) loan granted by the French Government to the motor manufacturer Peugeot Citroën. The information available to the Commission is not sufficient to establish whether the aid will lead to the development of truly innovative products or processes or qualifies for exemption under Article 92(3).

¹ OJ L 69, 12.3.1987; Bull. EC 12-1986, point 2.1.122.

² OJ L 137, 23.5.1981; Bull. EC 4-1981, point 2.1.20.

Chemicals and metalworking

France

2.1.120. On 2 December the Commission decided to initiate the Article 93(2) procedure in respect of aid for the State-owned company CDF-Chimie. It considered that the FF 3 100 million capital injection by the French Government probably contained an element of State aid. Because the measure had not been notified in advance, the Commission concluded that it was illegal under Community law and that, on the known facts, it did not qualify for exemption under Article 92.

2.1.121. On 9 December the Commission decided to terminate the procedure initiated in respect of the French Government's award of assistance in the form of a FF 27 million grant and a FF 72 million FIM loan to Eurocel, a firm manufacturing copper foil for printed circuits.¹ The French authorities had argued that the aid helped sustain the recipient's R&D effort aimed at improving the technology it used. The Commission concluded that the aid qualified for exemption under Article 92(3)(c).

Steel

Portugal

2.1.122. On 21 December the Commission cleared a scheme notified by the Portuguese Government under Protocol 20 to the Act of Accession. The assistance in question is to underpin the restructuring of Siderurgia Nacional and enable it to carry out investments aimed at modernizing and improving its production facilities. The Commission authorized the government to write off Siderurgia Nacional's losses and repay the debts it had contracted under the Expansion Plan up to the end of 1990.

Ceramic sanitaryware

Belgium

2.1.123. On 21 December the Commission terminated the Article 93(2) proceedings it

had initiated in respect of the proposed grant of investment aid to the La Louvière ceramic sanitaryware manufacturer Noviboch.² The Commission had commenced proceedings because the investment programme to be aided included the purchase of the assets of Boch, which Noviboch had taken over, and might enable Noviboch to increase its production capacity in contravention of the decision on aid to Noviboch that the Commission had taken on 11 March 1987.³

In the course of the proceedings, the Belgian Government had announced that it would not grant aid for the purchase of Boch's assets. It had corrected its notification, furnishing data which showed that Noviboch's output would not be affected by the investment. There being no longer any grounds for opposition, the Commission decided not to block the proposal.

Wood processing

France

2.1.124. On 9 December the Commission adopted a decision finding against aid paid by the French Government to the Isoroy and Pinault groups, in respect of which it had initiated the Article 93(2) procedure.⁴ It decided that the package of aid granted to Isoroy in 1983 and 1985 and, to assist its takeover of Isoroy, to Pinault in 1986, was incompatible with the common market, that the aid already awarded to Pinault should be repaid, that the French Government should recover FF 14 million (2 million ECU) in unlawful interest rebates to Pinault dating from November 1986, and that the government was not authorized to pay the balance of the aid earmarked for the firm.

The Commission took the view that the package had affected trade between Member States to an extent contrary to the com-

¹ Bull. EC 7/8-1986, point 2.1.77.

² Bull. EC 7/8-1987, point 2.1.111.

³ Bull. EC 3-1987, point 2.1.77.

⁴ Bull. EC 11-1986, point 2.1.89.

mon interest in an industry where competition is very intense and could not be exempted under Article 92(2) or (3).

Furniture

France

2.1.125. The Commission decided on 15 December to terminate the Article 93(2) proceedings initiated in respect of an unnotified levy scheme to support furniture manufacturers.¹

In the course of the proceedings the French Government, responding to the Commission's observations, had made changes to the scheme's operation, direct aid to firms being discontinued from 1986 and the levy proceeds being used solely for collective action (training, general research, standards, certification, labels, aesthetics). Goods imported from other Member States and marketed in France are exempted from the levy. After scrutinizing the scheme and considering the comments submitted by three Member States and two national industry federations, the Commission decided that the scheme qualified for exemption under Article 92(3)(c).

Leather and footwear

France

2.1.126. On 15 December the Commission terminated the proceedings it had initiated in respect of an unnotified levy scheme to assist the leather and footwear industry.² During the proceedings the French authorities had suggested changes to the conditions governing the use of the levy and to the activities financed which met the Commission's objections. Thus, direct aid to firms, whether to support investment, facilitate continued operation, or promote intra-Community exports, is discontinued from 1986 and, to qualify for aid, projects must involve collective action (e.g. general research, improvement of quality and style,

standardized computerization of production management, surveys and studies). The levy is not imposed on goods imported from other Member States and marketed in France.

Following its scrutiny, and in the light of comments submitted by four Member States and one firm, the Commission took the view that the scheme qualified for exemption under Article 92(3)(c).

Textiles and clothing

Greece

2.1.127. On 2 December the Commission closed its investigations into aid granted in 1986 by the Greek Government to the Piraiki-Patraiki cotton manufacturing company, the largest textile producer in Greece. Following major changes introduced by the Greek Government, the Commission decided to withdraw its objections and terminate the Article 93(2) procedure launched in January 1987.³

The Commission considered that the changes made to the original scheme, which involved the conversion of debts of DR 30 500 million into equity held by the National Bank of Greece and the Business Reconstruction Organization, brought the aid into line with the competition rules as embodied in the Community guidelines on aid to the textile industry. It took the view that the new terms of award were in keeping with its policy on aid to firms in difficulty. The amended plan was also found to satisfy the conditions laid down in the Commission's October 1987 decision on Act 1386/1983.⁴

The Commission's decision to terminate proceedings was motivated by the fact that the varied scheme was conditional on implementation of a comprehensive finan-

¹ Bull. EC 7/8-1986, point 2.1.75.

² Bull. EC 7/8-1986, point 2.1.76.

³ Bull. EC 1-1987, point 2.1.48.

⁴ Bull. EC 10-1987, point 2.1.61.

cial restructuring and industrial reorganization programme, including capacity cuts of up to 24.9%, considerable product upgrading and specialization, and substantial investment in productivity-related areas. A guaranteed dividend will be paid on equity capital amounting to 20% of annual profits, and no further aid will be paid to the company before 1991 without prior Commission approval.

Telecommunications equipment

France

2.1.128. On 21 December the Commission decided to terminate the proceedings¹ initiated in respect of the extension by the French Government of a FF 250 million FIM loan (net grant equivalent 8.62%) to Thomson Télécommunications, a telecommunications equipment manufacturer. The Commission took the view that the aid was supporting the development of truly innovative electronic products and so qualified for exemption under Article 92(3)(c).

Film industry

Italy, Denmark and Greece

2.1.129. The schemes of assistance for the film industry operating in Italy, Denmark and Greece contain restrictions based on nationality which are capable of limiting participation by nationals from other Member States in films benefiting from State aid. Such restrictions infringe the Treaty, especially Articles 48, 52 and 59 on the free movement of persons and the right of establishment. On 21 December the Commission, while not challenging the principle of aid to the film industry, called upon the three Member States to remove the restrictions based on nationality from the schemes.

Small business schemes

Spain

2.1.130. The Commission decided on 23 December not to oppose a scheme to introduce grants for study, consultancy, training and technical assistance projects aimed at promoting quality control in businesses set up by the regional government of Andalusia. The scheme, the main beneficiaries of which will be small firms, will cost a total of PTA 30.8 million (0.2 million ECU) in 1987 and PTA 15 million (0.1 million ECU) in 1988.

State monopolies

Portugal

2.1.131. In accordance with the provisions of Article 208 of the Act of Accession of Spain and Portugal, the Commission addressed to Portugal on 23 December a recommendation concerning the progressive adjustment of the petroleum products monopoly. The Commission suggested that Portugal should open for 1987 specific quotas for the various products concerned (motor spirit, kerosene, gasoils and fuel oils).

The Commission also proposed that, from 1988, Portugal should increase these quotas by at least 10% per year in order to eliminate any quantitative restriction by the end of the transitional period, as required by Article 208.

Spain

2.1.132. The Commission considers that, on various aspects of the adjustment of the Spanish oil monopoly, the Spanish Government has adopted legislation containing measures which are either contrary to, or insufficient in the light of, the requirements

¹ Bull. EC 12-1986, point 2.1.116.

of Community law, in particular Article 48 of the Act of Accession of Spain and Portugal.

After considering the comments sent to it by the Spanish authorities following initiation of the procedure laid down in Article 169 of the EEC Treaty, the Commission decided, in respect of certain breaches, to continue the procedure by sending, on 21 December, a reasoned opinion to the Spanish Government.

Belgium

2.1.133. The Commission considered that the maintenance by Belgium of the exclusive rights given to its telecommunications authority to import and supply low-speed modems and first telex terminals infringed Article 37 of the EEC Treaty. The Commission therefore initiated the Article 169 procedure and by a letter dated 17 December, called upon the Belgian Government to submit its observations.

Financial institutions and company law

Financial institutions

Insurance

2.1.134. At its meeting of 18 December on internal market issues, the Council reached agreement by a very large majority on the major outstanding problems with regard to the proposal for a second Directive on the harmonization of national laws concerning direct non-life insurance¹ and freedom to provide services in this area.

The Commission welcomes this agreement, which makes it possible to complete the internal market in the field of large risks by 1992 while affording the general public (mass risks) the necessary protection. Large risks account for the bulk of the premiums

paid by purchasers of insurance in industry, trade and transport. Greece, Portugal, Spain and Ireland have been granted transitional arrangements beyond 1992.

Stock exchanges and transferable securities

2.1.135. On 18 December the Council also examined the proposal for a Directive on information to be published when major holdings in the capital of a listed company are acquired or disposed of (voting rights).²

2.1.136. On 17 December the Economic and Social Committee adopted an opinion on the proposal for a Directive coordinating regulations on insider trading (→ point 2.4.34).³

General

Electronic payment

2.1.137. In the White Paper on completing the internal market,⁴ the Commission undertook to formulate proposals with a view to adapting innovations and laws relating to new means of payment to the dimensions of that market. In January 1987 the Commission sent a communication to the Council entitled 'Europe could play an ace: the new payment cards';⁵ on 8 December it approved a recommendation that incorporates a code of conduct relating to electronic payments (relations between financial institutions, traders and service establishments, and consumers).⁶

The Commission recommendation calls on financial institutions and firms to cooperate in establishing the necessary links in order

¹ OJ C 32, 12.2.1976.

² OJ C 255, 25.9.1987; Bull. EC 9-1987, point 2.1.73; OJ C 351, 31.12.1985; Bull. EC 12-1985, point 2.1.83.

³ OJ C 153, 11.6.1987; Bull. EC 4-1987, point 2.1.65.

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

⁵ Bull. EC 1-1987, point 1.3.1 *et seq.*

⁶ OJ L 365, 24.12.1987.

to achieve interoperability between electronic payments systems throughout the Community. It also urges the adoption of common technical standards for electronic payment cards and recognizes that it might be necessary to propose legislation to govern certain aspects of electronic payments so as to safeguard the interests of consumers.

Employment, education and social policy

Council

2.1.138. The Council meeting on labour and social affairs held on 1 December approved conclusions on combating long-term unemployment (→point 2.1.139). By a simple majority it adopted a Decision concerning an action programme for the vocational training of young people and their preparation for adult and working life (→point 2.1.143). The Council reviewed work on the draft second Community action programme for disabled persons (→point 2.1.149). Further to the Commission communication sent to it in October,¹ the Council approved a resolution on safety, hygiene and health at work, in which it suggests that the Commission draw up practical work plans, preferably on an annual basis. The Council adopted by a qualified majority a common position on the amended proposal for a Directive on the protection of workers by the banning of certain specified agents and/or certain work activities.²

Employment

Employment and the labour market

2.1.139. On 1 December, in response to the Commission memorandum of 25 May 1987³ and the deliberations of the Standing Committee on Employment on 5 November,⁴ the Council adopted conclusions on combating long-term unem-

ployment.⁵ It called on the Commission to present an action programme which would stimulate cooperation, improve systems for the exchange of information and experience, and provide more comprehensive and comparable statistical data.

Financial instruments

European Social Fund

2.1.140. On 15 December the Commission approved some of the applications for assistance from the European Social Fund for 1988 amounting to a total of 323 million ECU in respect of 79 projects (see Table 10):

Table 10 — *Applications for assistance from the European Social Fund for 1988*

<i>million ECU</i>	
Applications approved, by category	Amount
Measures for young people under 25:	
in disadvantaged areas	137
in other areas	105
Measures for persons aged 25 or over:	
in disadvantaged areas	48
in other areas	33
Total	323

Special financial support for Greece

2.1.141. On 22 December the Commission approved the projects for 1987 under Article 1 of the Regulation of 26 March 1984 concerning special financial support for Greece

¹ Bull. EC 9-1987, point 2.1.91; Bull. EC 10-1987, point 2.1.93.

² OJ C 270, 10.10.1984; Bull. EC 9-1984, point 2.1.51; Bull. EC 6-1985, point 2.1.82.

³ Bull. EC 5-1987, point 2.1.94.

⁴ Bull. EC 11-1987, point 2.1.110.

⁵ OJ C 335, 15.12.1987.

in the social field.¹ These projects relate to the construction, development and equipment of vocational training centres in the Athens area and rehabilitation centres for the mentally sick and handicapped. Community financial assistance this year amounts to 12.3 million ECU.

Education and vocational training

Higher education

2.1.142. The Commission took note of the results of the first year of operation of the Erasmus scheme,² which made it possible to finance 398 inter-university cooperation programmes involving over 850 higher education institutions and 1 138 study visits in 1987. The first batch of aid allocations decided in October³ has now been followed by a second batch for the 1987/88 academic year. This new batch supports 158 inter-university cooperation programmes (ICPs) involving over 350 institutions, which will share a budget of 1.1 million ECU. 127 of the 158 ICPs will receive mobility grants for some 1 000 students amounting to 0.08 million ECU. This batch also covers visits by higher education staff to another Member State and support for 12 university associations and consortia operating on a European basis.

Transition from school to working life

2.1.143. On 1 December the Council adopted by a simple majority a Decision concerning an action programme for the vocational training of young people and their preparation for adult and working life.⁴ The programme, covering the years 1988 to 1992, sets out to support the efforts of the Member States, which should, as called for by the European Council, do their utmost to ensure that all young people who so wish receive one year's (or if possible two or more year's) vocational training in addition to their full-time compulsory education. The programme is also intended to raise the standards and quality of vocational

training; diversify the provision of training; enhance the capacity of training systems to adapt to rapid economic, technological and social change; add a Community dimension to both the supply of and demand for vocational qualifications on the labour market, taking account of the need to promote comparability of qualifications between Member States. The programme defines the national activities which are eligible for Community aid and the ways in which the Commission will lend its assistance.

2.1.144. On 29 December the Commission transmitted to the Council, Parliament and the Economic and Social Committee the final report⁵ on the second Community action programme (1982-87) on the transition of young people from education to adult and working life.⁶ The report puts into perspective the changing social and economic context and the challenges of the transition process, while illustrating the responses and approaches developed by the pilot project, grouped into the programme's four main theme areas: links between schools and the economic world, educational and vocational guidance, combating school failure, and in-service training for teachers.

Vocational training

2.1.145. At its meeting on 7 and 8 December the Advisory Committee on Vocational Training examined two main items: education and training and problems of the long-term unemployed, and the contribution of education and training to regional development. The Committee underlined the impetus vocational training could give to the campaign against long-term unemployment, either as a preventive

¹ OJ L 88, 31.3.1984; Bull. EC 3-1984, point 2.1.71.

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

³ Bull. EC 10-1987, point 2.1.79.

⁴ OJ L 346, 10.12.1987; OJ C 90, 4.4.1987; Bull. EC 3-1987, point 2.1.96.

⁵ COM(87) 705 final.

⁶ OJ C 193, 28.7.1982; Bull. EC 5-1982, point 2.1.35; Bull. EC 12-1985, point 2.1.101.

measure against unemployment or as the most effective way to prepare for return to work the 8 or 9 million persons in the Community who have been unemployed for 12 months or more. With respect to regional development, the Committee felt that human resources constituted a trump card in attracting capital investment and therefore had an undeniable role to play in the training infrastructure.

The importance of the programme to develop comparability between vocational training qualifications was stressed, and the Commission and the European Centre for the Development of Vocational Training were urged to continue and intensify their work in view of the completion of the internal market.

New technologies

2.1.146. On 9 December the Commission adopted a Decision concerning the second round of the Comett programme.¹ Support was given to 38 new university-enterprise training partnerships, 205 schemes for transnational placements in enterprises for students (a total of 850 students), 58 transnational fellowships for staff in universities and enterprises, 90 joint transnational university-enterprise continuing training projects, and 38 multilateral initiatives for the development of multi-media training systems. The total Community financial assistance for the second round amounts to 8.5 million ECU.

2.1.147. On 23 December the Commission published a notice calling for proposals for the second round of the Comett programme to give interested parties the necessary time to locate partners and develop proposals.²

Living and working conditions and social protection

Equal opportunities for men and women

2.1.148. The Advisory Committee on Equal Opportunities held its 14th meeting

on 14 and 15 December.³ The main points on which the Committee delivered an opinion included: a code of good practice on the protection of pregnancy and motherhood, the setting up of a network of demonstration projects on vocational training for women, and a draft report on the implementation of the Council resolution on measures to combat unemployment among women.⁴

Social integration of disabled persons

2.1.149. On 22 December the Council and the Representatives of the Governments of the Member States meeting within the Council adopted a resolution⁵ extending the application of the resolution of 21 December 1981 on the social integration of handicapped people,⁶ until a decision is taken on the proposals presented by the Commission in its communication on a second Community action programme for disabled persons.⁷

Health and safety

Public health

2.1.150. On 10 December there was a meeting at the Commission of representatives of the authorities responsible for introducing the European emergency health card under the resolution adopted on 29 May 1986.⁸ The meeting reviewed progress in introducing the card and experience gained in the Member States where it has already been issued. Views were exchanged on computerization.

¹ OJ L 222, 8.8.1986; Bull. EC 6-1986, point 2.1.106.

² OJ C 348, 23.12.1987.

³ Previous meeting: Bull. EC 5-1987, point 2.1.114.

⁴ OJ C 161, 21.6.1984; Bull. EC 6-1984, point 2.1.57.

⁵ OJ C 354, 31.12.1987.

⁶ OJ C 347, 31.12.1981; Bull. EC 12-1981, point 2.1.64.

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

⁸ OJ C 184, 23.7.1986; Bull. EC 5-1986, point 2.1.66.

Drugs

2.1.151. On 17 December Parliament adopted resolutions on drugs, on the implementation of its resolution on drug abuse, on action against synthetic drugs and on frontier controls and drugs (→point 2.4.20).¹

Health and safety at work

2.1.152. On 21 December the Council adopted a resolution on safety, hygiene and health at work.² Since Article 118a of the Treaty calls for the improvement of safety and health conditions at work, as an essential feature of the social dimension of the internal market, the Council welcomes the Commission's communication concerning its programme in this area³ and stresses the need to place equal emphasis on achieving the economic and the social objectives of completion of the internal market and to coordinate Community and national measures directed towards these objectives. The Council recognizes the impact that measures proposed may have on small businesses.

2.1.153. As envisaged in the communication setting out its programme concerning safety, hygiene and health at work,⁴ the Commission transmitted to the Council on 21 December a proposal for a Directive on the protection of workers from the risks related to exposure to carcinogens at work.⁵ The aim of the proposal is to eliminate the differences between Member States in the rules relating to exposure at work and to afford greater protection to workers against 31 carcinogens and the effects of eight industrial processes.

Health and safety (ECSC)

2.1.154. On 2 December the Commission adopted a Directive⁶ adapting to technical progress the Council Directive of 15 February 1982 on the approximation of the laws of the Member States concerning electrical equipment for use in potentially explosive

atmospheres in mines susceptible to fire-damp.⁷

Culture

A fresh boost for culture

2.1.155. On 18 December the Commission sent the Council and Parliament a communication on a fresh boost for culture in the Community, which Mr Ripa di Meana, Member of the Commission with special responsibility for cultural affairs, had presented to the Culture Ministers of the Twelve at their meeting in Copenhagen on 10 and 11 December (→point 1.2.1 *et seq.*).

European Cinema and Television Year 1988

2.1.156. The Steering Committee for European Cinema and Television Year 1988, chaired by Mrs Simone Veil, met on 18 December.⁸ It confirmed the appointment of Mr Robert Stéphane as Secretary-General of the Year. The Committee will publish the programme of activities for the Year in January.

The first Epica Award

2.1.157. On 3 December Mr Carlo Ripa di Meana presented the first Epica Award to the French agency Le Creative Business for its Louis Vuitton advertising campaign.

The Epica Awards were created in 1987 to encourage and promote higher standards of creativity in European advertising. The awards are open to all advertising agencies operating in Europe and to all television,

¹ OJ C 13, 18.1.1988.

² OJ C 28, 3.2.1988.

³ Bull. EC 9-1987, point 2.1.91; Bull. EC 10-1987, point 2.1.93.

⁴ Bull. EC 10-1987, point 2.1.93.

⁵ OJ C 34, 8.2.1988; COM(87) 641 final.

⁶ OJ L 20, 26.1.1988.

⁷ OJ L 59, 2.3.1982; Bull. EC 2-1982, point 2.1.40.

⁸ Inaugural meeting. Bull. EC 1-1987, point 2.1.73.

cinema, press and poster campaigns. They are sponsored by J.C. Decaux and organized by the Paris-based Association pour la Promotion de la Créativité Européenne.

Regional policy

Coordination and programmes

Periodic report on the regions

2.1.158. At its December session the Economic and Social Committee delivered an opinion on the Commission's third periodic report on the social and economic situation and development of the regions of the Community (→point 2.4.35).¹

*

2.1.159. On 18 December Mr Delors, President of the Commission, and Mr Schmidhuber, Commission Member with special responsibility for regional policy, met the leading officials of the three representative organizations of regional and local authorities in the Community (Council of Regions in Europe, Council of European Municipalities and International Union of Local Authorities). Noting the agreement that had been reached between the three organizations, Mr Delors and Mr Schmidhuber announced their intention to propose to the Commission that a consultative council of regional and local authorities composed of elected representatives be set up to advise it on matters concerning the development of Community regional policy.

Financial instruments

European Regional Development Fund

Twelfth annual report

2.1.160. On 8 December the Commission sent to the Council, Parliament and the

Economic and Social Committee the 12th annual report on the activities of the European Regional Development Fund (ERDF), covering 1986.² The report describes in detail operations carried out in 1986 and takes stock of the first 12 years of ERDF activity. The second year of application of the new ERDF Regulation³ was marked mainly by the accession of Spain and Portugal and by the inclusion of regional policy in the Single European Act.

During 1986, 3 186 million ECU, or 99.3% of the appropriations available, were committed to the ERDF's various operations (shown in Table 11); to this must be added 142 million ECU for specific Community measures. There was a substantial increase in the part-financing of programmes, introduced by the 1985 Regulation.⁴

On 27 October 1986 the Council thus adopted, by a qualified majority, the Regulation instituting the first two Community programmes to be part-financed by the ERDF.⁵ The two programmes aim to develop certain less-favoured regions of the Community by improving their access to advanced telecommunications services (STAR programme) and by exploiting their endogenous energy potential (Valoren programme). The Commission in addition formally approved 14 national programmes of Community interest (NPCIs) in seven Member States involving total assistance of some 416 million ECU.

Analysis of the distribution of ERDF assistance reveals a high concentration in those Member States where the regional disparities are most acute. In 1986 more than 87% of assistance went to six countries: Italy, Spain, the United Kingdom, Portugal, Greece and Ireland. If ERDF assistance in 1986 is related to the population of the eligible regions in each country, Greece and Portugal come top of

¹ Bull. EC 5-1987, point 2.1.127.

² COM(87) 521 final. Previous report: Bull. EC 10-1986, point 2.1.104.

³ OJ L 169, 28.6.1984; Bull. EC 6-1984, point 1.3.1 *et seq.*

⁴ OJ L 350, 27.12.1985; Bull. EC 12-1985, point 2.1.128.

⁵ OJ L 305, 31.10.1986; Bull. EC 10-1985, point 2.1.107.

the list, followed by Ireland, then Spain and Italy.

The proportion of ERDF grants allocated to productive investment was 12%. The

investment projects assisted made it possible to create or safeguard 68 000 jobs. In addition, 3.35 million ECU was allocated to 11 studies. Actual disbursements for ERDF operations in 1986 came to 2 394 million ECU, a 51% increase on 1985.

Table 11 — Amounts committed in 1986, by Member State and type of operation

<i>million ECU</i>				
Member State	National programmes of Community interest	Projects	Studies	Total
Belgium	3.68	15.46	0.01	19.15
Denmark	2.49	8.61	0.02	11.12
Germany (FR)	—	82.42	0.14	82.56
Greece	17.58	292.08	—	309.66
Spain	—	640.88	—	640.88
France	29.93	229.15	0.14	259.22
Ireland	0.62	124.52	—	125.14
Italy	—	813.27	0.35	813.62
Luxembourg	0.97	—	0.04	0.97
Netherlands	5.05	23.19	—	28.28
Portugal	—	380.85	—	380.85
United Kingdom	56.24	455.76	1.43	513.43
Commission ¹	—	—	1.22	1.22
Total	116.56	3 066.19	3.35	3 186.10

¹ Study initiated by the Commission concerning several Member States.

Programme preparation

2.1.161. On 17 December Parliament delivered a favourable opinion,¹ subject to a few amendments, on the proposal for a Regulation instituting a Community programme to assist the conversion of steel areas (Resider programme).² It placed special emphasis on unemployment as a criterion in the determination of eligible areas, on certain procedures (link between the programme and the special ERDF programmes, application of the rules used for integrated programmes) and on the need for multiannual financial assistance.

2.1.162. In response to Parliament's opinion, the Commission on 21 December sent the Council amendments to its proposal.³

2.1.163. At a Council meeting on 22 December Industry Ministers approved the

substance of the Resider programme (→point 2.1.30).

ERDF grants

Projects

2.1.164. On 17 and 23 December the Commission approved the seventh, eighth, ninth and tenth allocations of grants for 1987 from the European Regional Development Fund.⁴ The assistance granted totals 1 177.81 million ECU and is distributed among the Member States as shown in Table 12.

¹ OJ C 13, 18.1.1988.

² OJ C 272, 10.10.1987; Bull. EC 7/8-1987, point 2.1.146.

³ COM(87) 722 final.

⁴ The seventh allocation was approved on 17 December and the three others on 23 December.

Table 12 — ERDF grants for investment projects

Member State	Number of grant decisions	Number of investment projects	Investment assisted (million ECU) ¹	Assistance granted (million ECU) ¹
Belgium	11	18	20.96	3.86
Denmark	20	66	48.51	6.10
Germany (FR)	30	33	628.18	26.36
Greece	10	28	27.66	10.39
Spain	42	62	294.83	119.03
France	56	70	201.98	77.59
Ireland	29	126	109.47	81.63
Italy	129	648	1 034.62	428.59
Luxembourg	3	3	11.44	2.74
Netherlands	4	4	26.07	6.90
Portugal	96	282	467.69	128.84
United Kingdom	160	469	849.73	285.78
Total	590	1 809	3 721.14	1 177.81

¹ Converted at December 1987 rates

These ERDF allocations for 1987 bring the number of projects financed by the Fund since 1975 to 37 464 and the total assistance granted to 19 591.79 million ECU.

The total of 1 177.81 million ECU breaks down as follows:

(i) 167.82 million ECU to help finance 309 projects in industry, craft industries and the service sector;

(ii) 999.21 million ECU to help finance 1 445 infrastructure projects;

(iii) 10.78 million ECU to help finance 17 projects promoting the development of the indigenous potential of the regions.

Programmes

National programmes of Community interest

2.1.165. On 17 December the Commission adopted five decisions granting a total of 479 million ECU in ERDF aid to the following national programmes of Community interest (NPCIs):

(i) Start Lolland (Denmark): a series of initiatives helping the development of small business in nine Danish municipalities through the promotion of innovation, the introduction of new technologies and redevelopment (5 million ECU);

(ii) Central Brittany (France): provision of better road access, promotion of tourism, information and communications, improvement of vocational training, modernization of the timber industry and measures to assist small businesses and craft firms (38.1 million ECU);

(iii) Ireland: this is the first NPCI for Ireland and covers the whole country; its aim is to improve the national road network, eliminate bottlenecks in urban areas and, more generally, provide an interurban infrastructure which will foster economic growth and regional development (234 million ECU);

(iv) Birmingham (United Kingdom): economic regeneration of the area and improvement of its infrastructure through measures in the fields of transport, industrial redevelopment, the use of new technologies, pro-

motion of small businesses, promotion of tourism (particularly business tourism) and environmental protection (162 million ECU);

(v) West Lothian (United Kingdom): this strategic development programme for the area involves measures to improve infrastructure networks (water, electricity and sewerage), develop industrial sites and promote small business and tourism (39.7 million ECU).

2.1.166. On 23 December the Commission approved the granting of ERDF assistance totalling 150.24 million ECU over the period 1986-92 to three Greek NPCIs forming part of the integrated Mediterranean programmes for northern Greece,¹ western Greece and the Peloponnese¹ and information technology.¹

Special programmes

2.1.167. On 17 December the Commission approved the granting of ERDF assistance to five special programmes under the

specific measures provided for under the 'non-quota' section:²

- (i) Bayreuth (textiles, Federal Republic of Germany), 2.8 million ECU;
- (ii) Border area (Ireland), 32 million ECU;
- (iii) Genoa (steel, Italy), 7.34 million ECU;
- (iv) Livorno (steel, Italy), 6.12 million ECU;
- (v) Treviso (textiles, Italy), 7.34 million ECU.

Indigenous potential

2.1.168. On 17 and 23 December the Commission also took 17 grant decisions for projects aimed at promoting the development of indigenous potential, under Article 15 of the ERDF Regulation. The allocation totals 10.78 million ECU and is distributed among the Member States as shown in Table 13.

¹ Bull. EC 7/8-1987, points 2.1.154 and 2.1.155; Bull. EC 10-1987, point 2.1.111.

² OJ L 350, 27.12.1985; Bull. EC 12-1985, point 2.1.128.

Table 13 — *Measures to promote the development of the indigenous potential of the regions*

Member State	Region	ERDF assistance (1 000 ECU)	Purpose
Belgium	Flanders	77.35	Business centre
	Flanders	956.00	
	Flanders	10.7	Development of small business in the Meuse-Rhine Euregio
	Wallonia	10.7	
Netherlands	Limburg	10.8	
France	Pays de la Loire	2 256.9	Development of small business and tourism
	Auvergne	1 424.8	Small business, tourism and forestry resources
	Burgundy	208.7	Morvan forest, craft industries and tourism
	Alsace	163.9	Tourism
	Lorraine	85.5	Tourism
	Centre	310.6	Rural craft industries, small business and tourism

Member State	Region	ERDF assistance (1 000 ECU)	Purpose
	Poitou-Charentes	458.8	Rural craft industries, business and innovation centre
	Franche-Comté	511.8	Craft industries, tourism
	Brittany	2 516.9	Modernization of small business, craft industries, tourism, business advisory services, enterprise nurseries
	Lower Normandy	901.2	Enterprise nurseries, modernization of small business, craft industries, tourism
Ireland	West	780.5	Business and innovation centres
	Donegal	98.5	Textile firms

Studies

2.1.169. On 23 December the Commission, acting under Article 24(1) of the ERDF Regulation, decided to grant financial assistance to three studies closely connected with the Fund's operations:

- (i) deep-water port at St Martin (Guadeloupe, France), 142 000 ECU;
- (ii) tourist facilities in Cerdagne, Capcir, Carol (France), 78 000 ECU;
- (iii) study on search for water, exploratory drilling in Réunion (France), 4.958 million ECU.

Business and innovation centres

2.1.170. In December the Commission decided to make a financial contribution under Article 543 of the budget to nine projects for redeveloping areas affected by industrial decline:

Battipaglia (Italy)	150 000 ECU
Livorno (Italy)	140 000 ECU
Helmond (Netherlands)	107 000 ECU
Montpellier (France)	160 000 ECU
Nîmes (France)	175 000 ECU
Poitiers (France)	120 000 ECU
Plymouth (United Kingdom)	95 000 ECU
Nottingham (United Kingdom)	108 000 ECU
Barcelona (Spain)	160 000 ECU

The projects are intended to finance measures to facilitate the promotion and development of a network of business and innovation centres, managed on commercial lines with the intention that they will eventually be profitable. The measures proposed are to prepare for, establish or complete nine business and innovation centres designed to provide a full range of support services for small and medium-sized firms or to promote new innovative activities.

2.1.171. Also in December the Commission decided to make a financial contribution under Article 543 of the budget to:

- (i) the pilot project 'Europartnership 88' (140 000 ECU) in order to promote cooperation agreements between small firms in Ireland and small firms in other Community regions (→ point 2.1.24).
- (ii) the European Business and Innovation Centre Network¹ (140 000 ECU) in order to provide support for its operation and to set up a monitoring system for business and innovation centres.

Coordination of structural instruments

Integrated Mediterranean programmes

2.1.172. The programme contracts for the implementation of the last IMPs for Greece

¹ Bull. EC 11-1984, point 2.1.82.

— concerning Attica, the Aegean Islands and central and eastern Greece — the drafts of which the Commission had approved in October,¹ were signed in Greece on 11 and 13 December, following adoption by the Commission a short time earlier. Implementation of the preceding programmes had been launched in September 1986 (IMP for Crete)² and in October this year (IMPs covering information technologies, northern Greece and western Greece and the Peloponnese).³

2.1.173. On 18 December the Commission also formally approved the IMP for Molise in Italy, the draft of which had been adopted in October.⁴

Other integrated approaches

2.1.174. On 15 December the Commission approved the launching of six integrated development operations (IDOs) in France; the regions or areas covered are Auvergne,

Limousin, Réunion, central Brittany, Ariège and eastern Tarn/southern Aveyron.

Drawn up in accordance with the criteria and procedures laid down in the Commission's communication to the Council and Parliament on the content of the integrated approach and the procedures for implementing it,⁵ these IDOs assist regions or areas which suffer from serious problems that hamper their development — isolation, desertification of rural areas, obsolescence of production plant, population decline, insularity, etc. The IDOs will be implemented over five years, ending in 1990 or 1991. There will be contributions from several structural Funds spread over the period, up to the indicative ceilings shown in Table 14.

¹ Bull. EC 10-1987, point 2.1.109.

² Bull. EC 9-1986, point 1.3.1 *et seq.*

³ Bull. EC 10-1987, point 2.1.111.

⁴ Bull. EC 10-1987, point 2.1.110.

⁵ Bull. EC 7/8-1986, point 2.1.132.

Table 14 — *Indicative ceilings of Community assistance*⁵

IDO and period covered	ERDF	ESF	EAGGF Guidance	Fisheries	Budget item 5412 ²	Total
Limousin 1986-90	275	94	150	—	—	519
Auvergne 1986-90	278	116	39	—	3.5	436.5
Réunion 1987-91	586	670	695	7	9	1 947
Ariège 1986-90	150	11	8	—	—	169
Tarn/Aveyron 1986-90	174	2.7	21	—	1	199
Central Brittany 1986-90	265.5	41	197	—	3.5	507

¹ The figures are rounded and expressed in millions of French francs.

² Experimental projects in the context of IDOs.

2.1.175. Under integrated development operations the Community can part-finance experimental projects, drawing on budget item 5412. On 21 December the Commission thus decided to provide assistance towards two such projects as part of the IDOs for Oost Groningen/Oost Drenthe (Netherlands), approved on 16 March,¹ and Réunion. The aim of the first project is to promote the provision of risk capital for small firms and assist the creation of employment, and that of the second to protect the ecosystem and develop coastal areas. Similar projects are planned in connection with the Tarn/Aveyron IDO (modernization of sheep farming), the IDO for Limousin (development of industrial ceramics and associated technology) and the IDOs for Auvergne and central Brittany (projects yet to be determined).

2.1.176. The Commission also decided, on 22 December, to grant assistance covering 75% of the total cost of seven preparatory studies for IDOs in regions or areas which also face relatively serious structural difficulties. These are Limburg in Belgium; the Comarca del Bajo Guadalquivir, the non-metropolitan area of Murcia, Teruel and inner Galicia in Spain; and the Vale do Ave and Sotavento Algarvio in Portugal.

2.1.177. Finally, the Commission decided on 22 December to grant assistance covering 70% of the total cost of a study on improving the infrastructure for industrial product standardization and certification in Portugal. This comes under the programme adopted by the Commission in October to provide Community support for the modernization of Portuguese industry.²

2.1.178. On 18 December Parliament passed a resolution on an integrated development programme for Portugal (→ point 2.4.20).³

Structural assistance for regions affected by natural disasters

2.1.179. On 23 December the Commission sent a communication to the Council and

Parliament concerning exceptional Community measures to assist areas in northern Italy, especially the Valtellina, in which natural disasters occurred in July and August.⁴

This is in addition to the emergency aid granted by the Commission in July.⁵

Because of the scale of the damage caused by the natural disasters, special action needs to be taken involving recourse to the main financial instruments, in a mix that respects their specific purposes and procedures:

(i) rebuilding of infrastructures and major regional development works could be financed by loans from the EIB and/or NCI, with interest subsidies if necessary;

(ii) recovery of agriculture and rural development should be achieved through better and more intensive use of the agricultural Regulations of 15 February 1977,⁶ 12 March 1985⁷ and 6 May 1986;⁸

(iii) revitalizing the economy (tourism, small business, craft industry) will require greater recourse to EIB global loans and NCI loans under NCI IV, and assistance from the ESF.

As a complement to this plan of action, other measures are envisaged in respect of the environment, research, small business, transport, culture and tourism.

Environment and consumers

Environment

Council

2.1.180. On 3 December the Council reached agreement on several matters:

¹ OJ L 94, 8.4.1987; Bull. EC 3-1987, point 2.1.121.

² Bull. EC 10-1987, point 2.1.112.

³ OJ C 13, 18.1.1988.

⁴ COM(87) 723 final.

⁵ Bull. EC 7/8-1987, point 2.1.150.

⁶ OJ L 51, 23.2.1977.

⁷ OJ L 93, 30.3.1985; Bull. EC 3-1985, point 2.1.111 *et seq.*

⁸ OJ L 128, 14.5.1986; Bull. EC 5-1986, point 2.1.136.

under the cooperation procedure, it formally adopted the Directives on the emission of pollutants from diesel-powered private cars and heavy goods vehicles (→ point 2.1.187); it also approved a resolution concerning a Community action programme to combat environmental pollution by cadmium (→ point 2.1.188). It adopted a common position by qualified majority on measures to be taken against air pollution by particulate emissions from diesel engines of private cars (→ point 2.1.187); it reached agreement on the Regulation concerning export from and import into the Community of certain dangerous chemicals (→ point 2.1.191); and, while awaiting the opinion of Parliament, the Council arrived at a considerable measure of agreement on the proposal¹ to amend the Decision of 6 March 1986 introducing a Community information system for the control and reduction of pollution caused by the spillage of hydrocarbons and other harmful substances at sea.² Finally, pending delivery of Parliament's opinion, the Council expressed a favourable view of the proposal for a Directive³ amending Annex II to the Directive of 12 June 1986⁴ on limit values and quality objectives for discharges of certain dangerous substances included in List I of the Annex to the Directive of 4 May 1976.⁵

The Council also discussed in detail the proposal for a Directive on the limitation of emissions of pollutants into the air from large combustion plants,⁶ on which it expects to reach final agreement in the next few months. It discussed for the first time the proposal for a Decision establishing a five-year Community programme of demonstration projects to illustrate the job creation potential of environmental measures.⁷ It discussed the draft Directive on water quality objectives for chromium⁸ and made progress on this question. Finally, it discussed the environmental problems caused by the dumping and incineration of waste at sea, and welcomed the considerable progress achieved at the International Conference on the Protection of the North Sea, held in London on 24 and 25 November.⁹

European Year of the Environment

2.1.181. The EYE Steering Committee met in Brussels on 2 December.¹⁰ It discussed the events scheduled to mark the end of EYE in March 1988 and stressed the importance of emphasizing the continuation of activities rather than the actual close of the Year. The EYE logo would still be carried by schemes on a European scale after the end of EYE. The importance of reinforcing existing structures and creating new ones to help promote and coordinate activities was also stressed.

2.1.181a. A coordination meeting for the Network for Environmental Technology Transfer attended by European industrial and government representatives was held in Brussels on 18 December. Several important items were expedited, in particular the approval of the draft statute and the costs relating to the services to be provided. Preparations are in their final stage and it may be possible to time the official launching of NETT to coincide with the end of EYE.¹¹

Action by the Community on the environment (ACE)

2.1.182. On 9 and 14 December the Commission granted financial assistance totalling about 1.1 million ECU for two projects providing an incentive and aimed at contributing towards the maintenance or re-establishment of seriously threatened biotopes which are the habitat of endangered species and are of particular importance to the Community, under

¹ OJ C 108, 23.4.1987; Bull. EC 4-1987, point 2.1.91.

² OJ L 77, 22.3.1986; EC 3-1986, point 2.1.103.

³ OJ C 314, 26.11.1987; Bull. EC 10-1987, point 2.1.124.

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

⁵ OJ L 129, 18.5.1976.

⁶ OJ C 49, 21.2.1984; Bull. EC 12-1983, point 2.1.118; OJ C 76, 22.3.1985; Bull. EC 2-1985, point 2.1.62.

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

⁸ OJ C 351, 31.12.1985; Bull. EC 12-1985, point 2.1.141.

⁹ Bull. EC 11-1987, point 2.1.152.

¹⁰ Bull. EC 9-1987, point 2.1.104.

¹¹ Bull. EC 11-1987, point 2.1.149.

Directive 79/409/EEC, and the conservation of wild birds in accordance with the Council Regulation of 23 July 1987.¹ The first project, the first stage of which has already been partially financed by the Community, concerns the 'Marismas del Guadalquivir' marshland in Andalusia, while the second is a programme to conserve white storks in Bavaria.

2.1.183. On 14 December the Commission also approved a Decision concerning a preparatory scheme for applying the Regulation of 23 July 1987¹ relating to the integrated management of Mediterranean coastal wetlands. The purpose of this Decision is to set up for a limited period (1988-89) a technical working group composed mainly of experts and to carry out a series of studies so as to obtain more detailed practical knowledge in this area.

Prevention and reduction of pollution and nuisances

Protection of the aquatic environment

Pollution by oil and other harmful substances

2.1.184. On 3 December, while awaiting the opinion of Parliament, the Council arrived at a considerable measure of agreement on the draft Decision² which is intended to extend to inland waters the scope of the Decision of March 1986³ (Community information system for the control and reduction of pollution caused by the spillage of hydrocarbons and other harmful substances at sea). This proposal constitutes a first reaction to the pollution accident on the Rhine near Basel in November 1986.⁴

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

2.1.185. On 3 December, while awaiting the opinion of Parliament, the Council also

expressed itself in favour of the proposal for a Directive⁵ amending Annex II to the Directive of 12 June 1986⁶ on limit values and quality objectives for discharges of certain dangerous substances included in List I of the Annex to the Directive of 4 May 1976.⁷

The purpose of the proposal is to lay down limit values and quality objectives for two List I substances: hexachlorobenzene (HCB) and hexachlorobutadiene (HCBd).

New form of cooperation to combat water pollution

2.1.186. In the wake of the *Cason* shipwreck off Cabo de la Nave in north-west Spain, the Community task force set up by the Commission to deal with major pollution incidents at sea, such as shipwrecks and collisions,⁸ was immediately placed at the disposal of the Spanish authorities. In collaboration with the Belgian, Dutch and German authorities, the experts were able to determine what dangerous substances the vessel was carrying. Officials and experts from both the public and the private sector were also made available by Member States and the Community.

Air pollution

Motor vehicle emissions

2.1.187. On 3 December the Council adopted two Directives⁹ concerning measures to be taken with regard to air pollution by gases from the engines of motor vehicles (private cars) and the emission of gaseous pollutants from diesel engines for use in heavy goods vehicles. It had adopted a com-

¹ OJ L 207, 29.7.1987; Bull. EC 7/8-1987, point 2.1.164.

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

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

⁴ Bull. EC 11-1986, point 2.1.146.

⁵ OJ C 314, 26.11.1987; Bull. EC 10-1987, point 2.1.124.

⁶ OJ L 181, 31.12.1986; Bull. EC 6-1986, point 2.1.147.

⁷ OJ L 129, 18.5.1976.

⁸ Bull. EC 9-1987, point 2.1.110.

⁹ OJ L 36, 9.2.1988.

mon position on these Directives in September.¹

The Council also adopted a common position by qualified majority, to be transmitted to Parliament, on measures to be taken against air pollution by particulate emissions from diesel engines of private cars.²

Controls on chemicals, industrial hazards and biotechnology

Cadmium pollution

2.1.188. On 3 December the Council approved a resolution concerning a Community action programme to combat environmental pollution by cadmium.³

At the same time the Council invited the Commission to bring forward proposals for Community rules on a source-oriented approach to pollution by other heavy metals, to be combined, if necessary, with action programmes on the lines of this one.

Dangerous substances

2.1.189. On 18 December the Council adopted a common position, to be transmitted to Parliament under the cooperation procedure, on the proposal for a Directive on the inspection and verification of the organizational processes and conditions under which laboratory studies are planned, performed, recorded and reported for the non-clinical testing of chemicals (good laboratory practice).⁴

Dangerous preparations

2.1.190. On 18 December the Council adopted a common position by qualified majority on the proposal for a Directive on the harmonization of national law concerning the classification, packaging and labelling of dangerous preparations,⁵ on which it had reached agreement on 13 November.⁶

External trade in dangerous chemicals

2.1.191. On 3 December the Council reached agreement on the proposal for a Regulation concerning export from and import into the Community of certain dangerous chemicals.⁷ This Regulation will establish a common system of notification and information covering those chemicals which are banned or severely restricted on account of their effects on human health and the environment.

Major accident hazards

2.1.192. The Commission, continuing its efforts to give effect to the 'Seveso' Directive of 24 June 1982,⁸ held in London from 8 to 10 December (in collaboration with the Health and Safety Executive) a seminar for inspectors of hazardous industrial plant in order to show the Directive is applied in the United Kingdom and to encourage all 12 Member States to develop common approaches.

Protection and use of resources

Fauna and flora

Washington Convention

2.1.193. On 29 December the Commission sent to the Council a communication⁹ on the principal results of the sixth meeting of the Conference of the Parties to the Convention on International Trade in Endangered Species of Wild Fauna and Flora, held in Ottawa in July.¹⁰

¹ Bull. EC 9-1987, point 2.1.111.

² OJ C 193, 13.7.1986; Bull. EC 5-1986, point 2.1.109.

³ Bull. EC 4-1987, point 2.1.94.

⁴ OJ C 13, 17.1.1987; Bull. EC 12-1986, point 2.1.196.

⁵ OJ C 211, 2.8.1985; Bull. EC 7/8-1985, point 2.1.126.

⁶ Bull. EC 11-1987, point 2.1.161.

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

⁸ OJ L 230, 5.8.1982; Bull. EC 6-1982, point 2.1.92.

⁹ COM(87) 711.

¹⁰ Bull. EC 7/8-1987, point 2.1.176.

International cooperation

2.1.194. The Commission took part in the 45th meeting of the OECD Environment Committee, held in Paris from 8 to 10 December. The Committee discussed the general outlines of the draft programme for 1989 and the medium-term priorities for 1989 and 1990. It expressed its interest in a study to determine what economic instruments would be necessary to encourage the integration of environmental policy into other national policies, and a study of global climatic changes. The Committee considered Finland's environment policy in the presence of the Finnish minister, Mr Kaj Bärlund. The report of the World Commission on Environment and Development (the Brundtland report),¹ which was also debated, aroused considerable interest and it was decided to hold a special meeting on the report in 1988.

2.1.195. On 1 December the Convention on Cooperation in the Management of Water Resources in the Danube Basin was signed at Regensburg by Austria and by the Federal Republic of Germany and the Community. A Management Committee for the Convention was set up to supervise its application.

Consumers

Council

2.1.196. At its meeting on consumer protection and information held on 18 December, the Council reached agreement on several points. It adopted a common position on a proposal for a Directive concerning the safety of toys;² it reached a broad measure of agreement on two proposals for Directives concerning the indication of prices for foodstuffs³ and non-food products.⁴ The Council also took note of a communication from the Commission on consumer involvement in standardization⁵ and a first report on the inte-

gration of consumer policy in the other common policies.⁶

Lastly, the Council heard reports from the Commission on a Community information and awareness campaign on child safety and on progress in the area of consumer safety in connection with Community consumer products.

Physical protection and product safety

Community accident surveillance system

2.1.197. The third seminar⁷ on developments in the European Home and Leisure Accident Surveillance System⁸ was held in Lisbon on 9 to 11 December. At the end of the system's first year of operation, certain broad trends were discernible:

- (i) every second victim is under the age of 20;
- (ii) men are more often victims of accidents in the home than women under the age of 40;
- (iii) products are involved (without being directly responsible) in 90% of cases;
- (iv) falls account for half of all accidents in the home, immediately followed by shocks and violent blows (22%);
- (v) 72% of accidents affecting children under the age of four occur in the home;

¹ Bull. EC 5-1987, point 2.1.135.

² OJ C 282, 8.11.1986; Bull. EC 10-1986, point 2.1.128; OJ C 343, 21.12.1987; Bull. EC 10-1987, point 2.1.134.

³ OJ C 53, 25.2.1984; Bull. EC 1-1984, point 2.1.66; OJ C 205, 14.8.1985; Bull. EC 7/8-1985, point 2.1.134; OJ C 103, 30.4.1986; Bull. EC 3-1986, point 2.1.114; OJ C 121, 7.5.1987; Bull. EC 4-1987, point 2.1.102.

⁴ OJ C 8, 13.1.1984; Bull. EC 12-1983, point 2.1.131; OJ C 205, 14.8.1985; Bull. EC 7/8-1985, point 2.1.134; OJ C 103, 30.4.1986; Bull. EC 3-1986, point 2.1.114; OJ C 121, 7.5.1987; Bull. EC 4-1987, point 2.1.102.

⁵ COM(87) 617 final.

⁶ COM(87) 616 final.

⁷ Previous seminar: Bull. EC 6-1987, point 2.1.143.

⁸ OJ L 109, 25.4.1986; Bull. EC 4-1986, point 2.1.100.

(vi) almost 80% of accidents occur in the private sphere.

After more than one year in operation, some 50 hospital emergency departments, out of the 90 that were intended to take part in the scheme in all 12 Member States, compiled and sent on some 200 000 items of information on accidents in the private sphere to a data bank operated by Commission staff, who are currently evaluating them.

Protection of economic and legal interests

Electronic payment

2.1.198. On 8 December the Commission adopted a recommendation on a European code of conduct relating to electronic payment (→ point 2.1.187).¹

International access to justice

2.1.199. On 15 December Parliament delivered an opinion² on the Commission proposal for a recommendation relating to ratification by Member States of the Convention of 25 October 1980 on International Access to Justice.³

Consumer information, education and representation

Consumer participation

2.1.200. On 10 December the Commission adopted a recommendation to the Member States on the involvement and improved participation of consumers in standardization.⁴

Agriculture

Council

2.1.201. The Council met on 10 December under the presidency of Mr Tørnæs, the

Danish Minister for Agriculture. This meeting was devoted solely to routine business and did not deal with the current major issue of 'agricultural stabilizers',⁵ since this remains the responsibility of the Heads of State or Government following the Copenhagen Summit.

On 7 December the Commission had officially announced that it was withdrawing the compromise suggestions put forward in Copenhagen so as to assist the Danish Presidency and that it was sticking for the present to its initial proposals, while reserving the right to amend them in certain respects.

Free food

2.1.202. The Council unanimously adopted⁶ the scheme proposed by the Commission for the distribution of free food.⁷

This Decision introduces a permanent scheme whereby food can be supplied from intervention stocks to assist the most deprived persons in the Community. The scheme is optional, each of the Member States being free to decide whether it wishes to operate it, though the Commission will distribute the products on the basis of information provided by Member States. For 1988, 100 million ECU will be allocated to the programme. Thereafter, the annual amount will be determined in the budget procedure.

Extension of the transitional period for Spain and Portugal

2.1.203. On 22 December, as proposed by the Commission,⁸ the Council adopted a

¹ OJ L 365, 24.12.1987.

² OJ C 13, 18.1.1987.

³ OJ C 320, 13.12.1986; Bull. EC 11-1986, point 2.1.135.

⁴ OJ L 23, 28.1.1988.

⁵ Bull. EC 9-1987, point 1.5.1.

⁶ OJ L 352, 15.1.1987.

⁷ OJ C 298, 7.11.1987; Bull. EC 10-1987, point 1.2.1 *et seq.*, OJ C 5, 9.1.1988.

⁸ OJ C 322, 2.12.1987; Bull. EC 11-1987, point 2.1.175.

Regulation extending the period referred to in Articles 90(1) and 257(1) of the Act of Accession of Spain and Portugal.¹

Economic aspects of the common agricultural policy

Trade mechanism

2.1.204. On 27 November the Commission adopted a Regulation² consolidating the Regulation laying down common detailed rules for the application of the system of export refunds on agricultural products and the Regulation on the advance payment of export refunds in respect of agricultural products. This new Regulation, which enters into force on 1 January 1988, introduces into the rules governing export refunds the notion of proportional reductions in refunds where the time-limits laid down under those rules are exceeded.

2.1.205. In addition, the Commission adopted a Regulation establishing, for the first time, an agricultural product nomenclature for export refunds. This Regulation also enters into force on 1 January 1988. The lists in question are drawn up in such a way as to facilitate computer processing of export operations. The subdivisions relating to refunds are identified by a product code consisting of 11 digits. The first eight digits of the product code correspond to the Combined Nomenclature code, and the last three digits identify the subdivisions relating to the refund.

Market organizations

Cereals

2.1.206. On 15 December the Council, acting on a proposal from the Commission,³ adopted a Regulation⁴ amending the basic Regulation on the common organization of the market in cereals. This makes it possible to amend the list of processed products

eligible for refunds under the management committee procedure.

2.1.207. On 18 December the Council adopted an amendment⁵ to its Regulation of June 1976 on the common organization of the market in rice⁶ and a Regulation on the production aid for certain varieties of rice.⁵ These measures implement the production aid for varieties of the Indica type, which has been fixed at 330 ECU per hectare.⁷

2.1.208. In order to ensure that the Agreement with the United States is honoured, the Commission has decided to issue a standing invitation to tender for the supply of 300 000 tonnes of maize to Spain.⁸

2.1.209. To ensure the supply of the Italian cereals market, the Commission has decided to issue standing invitations to tender for the resale on the internal market of 250 000 tonnes of common wheat of bread-making quality and 300 000 tonnes of barley held by the French, German and Spanish intervention agencies with a view to their entry for consumption in Italy.⁹

2.1.210. Lastly, the Commission extended by one month until the end of January 1988 the time-limit for the payment of the aid for small cereal producers.¹⁰

Wine

2.1.211. On 1 December, following the judgment in Case 128/86 given by the Court of Justice on 20 October annulling the regulatory amounts applicable to imports into the Community of Ten of wine sector prod-

¹ OJ L 378, 31.12.1987.

² OJ L 351, 14.12.1987.

³ OJ C 286, 24.10.1987.

⁴ OJ L 357, 19.12.1987.

⁵ OJ L 365, 24.12.1987.

⁶ OJ L 166, 25.6.1976.

⁷ OJ L 182, 3.7.1987.

⁸ OJ C 342, 19.12.1987.

⁹ OJ L 2, 5.1.1988.

¹⁰ OJ L 363, 23.12.1987.

ucts other than table wine from Spain,¹ the Commission adopted a Regulation² providing for the reimbursement, on application by the parties concerned, of the regulatory amounts collected since 1985/86 on such products³ and eliminating the regulatory amounts set for 1987/88.⁴

2.1.212. On 3 December the Commission adopted a number of measures⁵ aimed at standardizing the data to be sent by the Member States to the Commission for the purpose of drawing up the forward estimate for wine.⁶ Certain items were defined and instructions were given on the breakdown of the quantities included under each item between the various categories of wine. In addition, instructions were given on the manner in which the data relating to vermouth are to be handled in order to take account of the creation, for statistical purposes, of a new supply balance specifically for vermouth.

2.1.213. The figures used to draw up the forward estimate for the 1987/88 wine year showed that availabilities of table wine at the beginning of the year exceed normal uses by more than four months.

2.1.214. On 23 December, faced with the need to withdraw surplus table wine from the market as quickly as possible, the Commission, as soon as the forward estimate for 1987/88 was available, opened compulsory distillation of table wines and authorized producers to deliver their wine immediately, even before the obligation of each producer had been calculated.⁷ The Commission considers that producers are able to assess their obligations, once they know the overall volume for distillation and the quantities to be distilled in each region of production, on the basis of the obligation which they fulfilled during the previous wine year. The total quantity of table wine to be distilled was fixed at 34 142 000 hl, broken down as follows: France: 8 744 000 hl; Italy: 14 712 000 hl; Greece: 71 000 hl; Spain: 10 615 000 hl. Given the low levels of production in Germany and Luxembourg, producers in those countries were exempted

from compulsory distillation. The price for the wine was fixed at 43.6% of the guide price in the Community of Ten, and at 47.47% of the Spanish guide price.

2.1.215. On the same date, support distillation was introduced in respect of 4 000 000 hl of table wine — at 82% of the guide price in the case of the Community of Ten, 76% in the case of Spain.⁷

2.1.216. On 22 December the Commission adjusted the amount of the aid fixed for the current wine year for the use of concentrated grape must for the manufacture in the United Kingdom and Ireland of wine sector products which may be described as 'British wines' and 'Irish wines', with the aim of reflecting the trend in trade patterns and in Community prices.⁸

2.1.217. As a result of adverse weather conditions, the *cuvées* for the production of quality sparkling wines made from grapes of the Prosecco vine variety have not reached the specified minimum total alcoholic strength by volume of 9.5%. On 21 December, in order to prevent serious losses to producers, the Commission set a lower minimum total alcoholic strength by volume.⁹

2.1.218. On 22 December the Council, acting on a proposal from the Commission,¹⁰ adopted a Regulation¹¹ extending by one year the Regulation of 16 December 1975¹² as regards the arrangements applicable to Luxembourg wines.

¹ *Spain v Commission*: OJ C 307, 17.11.1987.

² OJ L 340, 2.12.1987.

³ OJ L 60, 1.3.1986; OJ L 89, 4.4.1986.

⁴ OJ L 218, 4.4.1987.

⁵ OJ L 342, 4.12.1987.

⁶ OJ L 224, 21.8.1984.

⁷ OJ L 378, 31.12.1987.

⁸ OJ L 363, 23.12.1987.

⁹ OJ L 361, 22.12.1987.

¹⁰ COM(87) 661 final.

¹¹ OJ L 369, 29.12.1987.

¹² OJ L 328, 20.12.1975; OJ L 371, 22.12.1986.

Milk and milk products

2.1.219. On 10 December the Council adopted a Regulation fixing for the 1988/89 milk year the guideline figure for the fat content of standardized whole milk imported into Ireland and the United Kingdom.¹

Beef/veal

2.1.220. On 23 December the Commission sent the Council a communication relating to two proposals for estimates concerning the Community's import requirements as regards young male cattle for fattening and beef for the processing industry, as well as a proposal for a Regulation opening a special import quota for high-quality beef for 1988.²

In accordance with the undertakings made by the Community under GATT, the Community imports each year certain quantities of beef/veal and buffalo meat at a reduced rate of duty. Pending the opinion of Parliament, the Council adopted a favourable position on the proposals for Regulations opening and allocating tariff quotas for 1988 of 50 000 tonnes of frozen beef/veal, 29 800 tonnes of high-quality meat (Hilton beef) and 2 250 tonnes of buffalo meat.³

2.1.221. On 22 December the Commission adopted a Regulation fixing the indicative ceilings and the 'guide' quantities for 1988 under the supplementary trade mechanism applicable to imports of beef/veal products into Spain from the Community of Ten.⁴

2.1.222. It also adopted on 22 December a Regulation fixing the quotas for 1988 applying to imports into Spain of beef/veal products from non-member countries under the supplementary trade mechanism and repealing the quotas for 1987.⁵

2.1.223. On 22 December the Commission adopted a Regulation suspending customs duties in trade in beef/veal between Spain and the Community of Ten.⁶ This instru-

ment suspends 50% of the relevant duties for the first half of 1988.

2.1.224. The Commission amended, by Regulation of 18 December,⁷ its Regulation of March 1987 classifying products in the beef/veal sector which are eligible for buying-in.⁸ This Regulation provides for a switch-over from buying-in of hindquarters to buying-in of forequarters from 21 December.

Sheepmeat/goatmeat

2.1.225. By Regulation of 9 December,⁹ the Commission extended by one year (until the end of the 1988 marketing year) the period of validity of the Council Regulation of 9 December 1980 on transitional measures concerning non-recovery of the variable slaughter premium for sheepmeat and goatmeat products exported from the Community.¹⁰

Sugar

2.1.226. On 21 December the Commission adopted a Regulation¹¹ amending its Regulation of October 1986 adopting measures for the supply of raw sugar from beet harvested in the Community to Portuguese refineries during the 1986/87 marketing year.¹² The purpose of this Regulation is to extend the scope for granting a supplementary aid to include the refining of raw sugar from beet harvested in the Community and refined in Portugal. This supplementary aid puts raw sugar produced from Community

¹ OJ L 352, 15.12.1987.

² COM(87) 702 final.

³ OJ C 286, 24.10.1987; Bull. EC 10-1987, point 2.1.144.

⁴ OJ L 371, 30.12.1987.

⁵ OJ L 24, 27.1.1987.

⁶ OJ L 363, 23.12.1987.

⁷ OJ L 357, 19.12.1987.

⁸ OJ L 80, 24.3.1987.

⁹ OJ L 346, 16.12.1987.

¹⁰ OJ L 332, 10.12.1980.

¹¹ OJ L 361, 22.12.1987.

¹² OJ L 299, 23.10.1986.

beet on the same footing as raw cane sugar produced in the French overseas departments which has already benefited, in respect of the same period, from compensation equal to the exceptional increase in the price of raw sugar that occurred in 1985/86 and corresponding to the special equalization measures for the refining of preferential sugar.

This measure was adopted pursuant to the second subparagraph of Article 9(4) of the Council Regulation of 30 June 1981,¹ which lays down that the same measures as provided in respect of sugar produced in the French overseas departments should be taken in respect of Community beet sugar where such sugar is intended to ensure the supply of refineries.

Processed fruit and vegetables

2.1.227. On 10 December the Council adopted a Regulation setting for the 1987/88 marketing year the percentages in connection with aid for products processed from tomatoes.²

Legislation

Veterinary and animal husbandry legislation

2.1.228. On 21 December the Commission sent the Council a proposal³ for a Directive on health problems affecting the production, placing on the Community market and importation from non-member countries of minced meat and meat in pieces of less than one hundred grams. The purpose of this proposal is to achieve the internal market in a highly perishable product. The proposed rules should apply initially only to intra-Community trade and be extended step by step to the national market, in order to bring about, by 1 January 1992, full harmonization enabling free circulation of such products. Provision is made

for the same health rules to apply to imports from non-member countries.

2.1.229. On 3 December the Commission sent the Council a proposal for a Directive concerning pure-bred breeding sheep and goats.⁴ It lays down basic rules enabling intra-Community trade in pure-bred breeding sheep and goats and their semen, ova and embryos to be liberalized. Contributing as it does to the achievement of the internal market, this proposal is intended to help increase productivity in the sector.

2.1.230. The animal health situation in the Community has improved significantly. The epizootic of foot-and-mouth disease in Italy can be considered to be over. The Commission has therefore revoked the protective measures applicable to intra-Community trade.⁵ Likewise, the protective measures that were applied in certain parts of Belgium following several outbreaks of classical swine fever have been rescinded.⁶

2.1.231. On 10 December the Council adopted a Decision recognizing certain parts of the territory of three Member States as being officially swine fever free or swine fever free.⁷ The regions concerned in France, Greece and the Netherlands fulfil the requirements for being recognized as officially free or free from swine fever: no case of swine fever has been detected there for more than one year, vaccination against swine fever has not been authorized for at least the last 12 months and the holdings there contain no pigs which have been vaccinated against swine fever. This recognition is intended to remove the obstacles to intra-Community trade in pigs and pigmeat between these regions and Denmark, Ireland and the United Kingdom.

¹ OJ L 177, 1.7.1981.

² OJ L 352, 15.12.1987.

³ OJ C 18, 23.1.1988; COM(87) 658 final.

⁴ OJ C 348, 23.12.1987; COM(87) 591 final.

⁵ OJ L 341, 3.12.1987.

⁶ OJ L 355, 17.12.1987.

⁷ OJ L 353, 16.12.1987.

2.1.232. The Council invited the Permanent Representatives Committee to continue examination of the proposal for a Directive on trade in certain animals and their meat where such animals have been treated with hormones for therapeutic or zootechnical purposes.¹ Most delegations stressed the need to ensure that the proposed measure did not result in the ban on the use of hormones for fattening purposes being evaded. The additional period granted for further examination does not give rise to any problems, since the Council Decision of 18 November on the use of hormones for fattening purposes² means that the Member States will maintain the status quo as regards trade in meat for a further 12 months.

Competition

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

Germany

Bavaria

Aid programme on the conservation of rough grazing and its biotopes.

Premiums for difficult wetland preservation work.

Baden-Württemberg

Variation of an existing scheme for farms that have suffered damage from storms, floods or other natural disasters.

Denmark

Draft order concerning aid for product development in agriculture.

Spain

Aid for land purchase in connection with improving the efficiency of agricultural structures.

Extremadura

Draft order on investment aid for the processing and marketing of agricultural products.

France

Aid to French farmers for the acquisition of milk coolers.

Italy

Specific instance of the application of Act No 46/82 for the promotion of industrial innovation in the agri-foodstuffs sector in respect of soya oil.

Agricultural aid schemes to cover losses resulting from the nuclear accident at Chernobyl.

2.1.234. The Commission decided to initiate the procedure laid down in Article 93(2) of the EEC Treaty in respect of Italian Decree-Law No 370/87 on measures relating to the production and marketing of wine sector products (aid for the production of musts).

2.1.235. The Commission decided to terminate the Article 93(2) procedure in respect of the following schemes:

Italy

Decree-Law No 79 of 8 May 1987 on production and marketing standards for wine sector products.

¹ Bull. EC 7/8-1987, point 2.1.220.

² OJ L 339, 1.12.1987, Bull. EC 11-1987, point 2.1.209.

Decree-Law No 273 of 10 July 1987 on new measures for the production and marketing of wine sector products.

Neither of these measures, which relate to the grant of aid for the production of grape musts, has been applied, since the decrees in question were not converted into laws within the time-limits laid down.

Sicily

Measures on the withdrawal of oranges from the market by cooperatives in 1980/81, the Italian authorities having honoured the Commission's final negative decision by discontinuing the aid.

Luxembourg

Investment aid scheme concerning the processing and marketing of agricultural products provided for by the Act of 18 December 1986 on the promotion of agricultural development; the Luxembourg authorities have accepted that the aid should be restricted to the normal levels approved by the Commission.

European Agricultural Guidance and Guarantee Fund

Guarantee Section

2.1.236. On 17 November the Council adopted a Regulation¹ amending its Regulation of July 1984 laying down special measures in respect of olive oil.² The Regulation lays down the rules for the financing by the Community and/or the Member States concerned (Italy, Greece, Spain and Portugal) of actual expenditure by the agencies responsible for the control of olive oil production in the period to 31 October 1989. It also requires the Council, acting by qualified majority on a proposal from the Commission, to adopt before 1 January 1989 the method for financing the expenditure in question from 1989/90 onwards.

2.1.237. On 1 December the Commission adopted a Decision on the payment to Greece of the annual amount representing the Community contribution to the expenses incurred by Greece in increasing the staff of the departments responsible for quality control of agricultural products. This contribution is made on the basis of Article 1 of the Council Regulation of 12 March 1985,³ which lays down that, for a five-year period beginning on 15 March 1985, the Community is to bear a percentage of the expenditure incurred by Greece in remunerating and training staff recruited from that date. The aim is to increase the workforce of the departments responsible for quality control of agricultural products in Greece.

Fisheries

Council

2.1.238. The Council, meeting on 14 to 16 December, adopted by a qualified majority the Regulation fixing, for certain fish stocks and groups of fish stocks, the total allowable catches (TACs and quotas) for 1988 and the conditions under which they may be fished (→ point 2.1.239).

It also adopted:

- (i) guide prices for fishery sector products for 1988 (→ point 2.1.258);
- (ii) Regulations covering the Community's 1988 fisheries relations with Norway (→ point 2.1.252), Sweden (→ point 2.1.253), Greenland (→ point 2.1.255) and the Faeroe Islands (→ point 2.1.251);
- (iii) a Regulation laying down for 1988 certain measures for the conservation and management of fishery resources applicable to vessels flying the flag of certain non-member countries in the 200-nautical-mile

¹ OJ L 329, 20.11.1987.

² OJ L 208, 3.8.1984.

³ OJ L 86, 27.3.1985.

zone off the coast of French Guiana (→ point 2.1.250);

(iv) a Regulation fixing for 1988 autonomous quotas for the Regulatory Area defined in the NAFO Convention (→ point 2.1.257);

(v) a Regulation concerning the conclusion of the agreement between the Community and Mauritania (→ point 2.1.256).

The Council took note of oral reports from the Commission on the progress of the current negotiations on a fisheries agreement between the Community and Morocco and on the Community's relations with certain international organizations and certain countries.

Resources

Internal aspects

Community measures

TACs and quotas for 1988

2.1.239. On 21 December the Council, acting on a Commission proposal,¹ adopted a Regulation fixing, for certain fish stocks and groups of fish stocks, the total allowable catches for 1988 and certain conditions under which they may be fished.²

Technical measures

2.1.240. On 21 December the Council adopted a Regulation³ amending for the third time the Regulation of 7 October 1986 laying down certain technical measures for the conservation of fishery resources.⁴ This amendment reduces catches of sole in the North Sea in the first quarter of 1988 in order to permit the stock to recover.

2.1.241. On 22 December the Commission adopted a Regulation listing the vessels exceeding eight metres length overall which are permitted to use within certain coastal

areas of the Community beam trawls of an aggregate length exceeding eight metres.⁵

Prohibition measures

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

(i) vessels flying the flag of any Member State from fishing for sprat in ICES divisions IIa (EC zone) and IV (EC zone) from 3 December;⁶

(ii) Danish vessels from fishing for plaice in ICES division IIIa (Skagerrak) from 4 December⁷ and from fishing for cod in ICES divisions IIa (EC zone) and IV from 7 December;⁸

(iii) United Kingdom vessels from fishing for sole in ICES divisions VIIh, j and k and for hake and megrim in ICES divisions Vb (EC zone), VI, VII, XII and XIV from 4 December,⁹ from fishing for plaice in ICES divisions VIIa, d and e from 26 November,¹⁰ and from fishing for cod in ICES divisions IIa (EC zone), IV, VII (except VIIa), VIII, IX and X and in CEEAF division 34.1.1 (EC zone) from 19 December;¹¹

(iv) French vessels from fishing for herring in ICES divisions Vb (EC zone), VIa North and VIb from 5 December;¹⁰

(v) Irish vessels from fishing for mackerel in ICES divisions II (except EC zone), Vb (EC zone), VI, VII, VIII (except VIIIc), XII and XIV from 10 December;¹²

(vi) Dutch vessels from fishing for sole in ICES divisions II and IV from 12

¹ COM(87) 657 final.

² OJ L 375, 31.12.1987.

³ OJ L 371, 30.12.1987.

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

⁵ OJ L 363, 23.12.1987.

⁶ OJ L 340, 2.12.1987.

⁷ OJ L 341, 3.12.1987.

⁸ OJ L 361, 22.12.1987.

⁹ OJ L 341, 3.12.1987; OJ L 349, 12.12.1987.

¹⁰ OJ L 342, 4.12.1987.

¹¹ OJ L 365, 24.12.1987.

¹² OJ L 345, 9.12.1987.

December¹ and from fishing for herring in ICES divisions VIIg to k from 19 December;²

(vii) Belgian vessels from fishing for plaice in ICES divisions VIIId and e from 12 December³ and in ICES divisions IIa (EC zone) and IV from 20 December,² from fishing for sole in ICES divisions II and IV from 16 December³ and in ICES division VIIId from 20 December² and from fishing for cod in ICES division IIa (EC zone) from 16 December;³

(viii) Portuguese vessels from fishing for anglerfish in ICES divisions VIIIc, IX and X and in CECAF division 34.1.1 (EC zone) from 25 December.²

2.1.243. On 24 December the Commission repealed⁴ its Regulation of 29 May prohibiting German vessels from fishing for cod in ICES divisions I and II (Norwegian waters north of 62°N).⁵

National measures

Measures stricter than Community rules

2.1.244. On 7 December the Commission took note of a draft Irish order prohibiting Irish vessels from fishing for bass in ICES subareas VI and VII and from retaining on board fish of that species smaller than 40 cm in Irish waters.

Implementation of Community rules

2.1.245. On 2 December the Commission took note of two Irish orders:

(i) an order to give effect in Irish waters in 1987 to certain provisions of the Regulations of 12 December 1985,⁶ 18 December 1986,⁷ and 22 December 1986⁷ on fishing by Spanish, Portuguese, Swedish, Faeroese and Norwegian vessels;

(ii) an order to give effect in 1987 to the provisions of the Regulations of 23 July

1984,⁸ 5 December 1984,⁹ 6 December 1984¹⁰ and 7 October 1986.¹¹

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2.1.246. On 17 December Parliament adopted a resolution on the extension of the United Kingdom's territorial waters to 12 miles (→ point 2.4.20).¹²

External aspects

Bilateral relations

Morocco

2.1.247. On 7 December the Council adopted a Decision authorizing Portugal to extend, until the implementation of a fisheries agreement between the EEC and Morocco, the sea fisheries agreement between Portugal and Morocco signed in 1976 (in force since January 1978).¹³

2.1.248. Negotiations for a fisheries agreement between the Community and Morocco were held in Rabat from 14 to 17 December and then in Brussels from 29 to 31 December.

Progress was made on many aspects of the framework and the detailed rules for future fishing activities of Community vessels in waters under the sovereignty or jurisdiction of Morocco, but the differences outstanding prevented conclusion of the negotiations by 31 December, when the preliminary agreement concluded between the Community

¹ OJ L 361, 22.12.1987.

² OJ L 365, 24.12.1987.

³ OJ L 357, 19.12.1987.

⁴ OJ L 363, 23.12.1987.

⁵ OJ L 152, 12.6.1987; Bull. EC 6-1987, point 2.1.200.

⁶ OJ L 336, 14.12.1985.

⁷ OJ L 376, 31.12.1986.

⁸ OJ L 194, 24.7.1984.

⁹ OJ L 316, 6.12.1984.

¹⁰ OJ L 318, 7.12.1984.

¹¹ OJ L 288, 11.10.1986.

¹² OJ C 13, 18.1.1988.

¹³ OJ L 346, 10.12.1987.

and Morocco on 31 July expired. Fishing by Community vessels in Moroccan waters is therefore suspended until the negotiations are completed.

2.1.249. On 17 December Parliament passed two resolutions on the future EEC-Morocco fisheries agreement (→ point 2.4.20).¹

French Guiana

2.1.250. On 15 December the Council, acting on a Commission proposal,² adopted a Regulation laying down for 1988 certain measures for the conservation and management of fishery resources applicable to vessels flying the flags of certain non-member countries in the 200-nautical-mile zone off the coast of French Guiana.³

Faeroe Islands

2.1.251. On 15 December the Council, acting on a Commission proposal⁴ adopted two Regulations,³ one allocating catch quotas among Member States for vessels fishing in Faeroese waters and the other laying down for 1988 certain measures for the conservation and management of fishery resources applicable to vessels registered in the Faeroe Islands.

Norway

2.1.252. On 15 December the Council, acting on a Commission proposal,⁵ adopted two Regulations,³ one laying down for 1988 certain measures for the conservation and management of fishery resources applicable to vessels flying the flag of Norway and the other allocating certain quotas among Member States for vessels fishing in the Norwegian economic zone and in the fishing zone around Jan Mayen.

Sweden

2.1.253. On 15 December the Council, acting on a Commission proposal,⁶ adopted

two Regulations,⁷ one laying down for 1988 certain measures for the conservation and management of fishery resources applicable to vessels flying the flag of Sweden and the other allocating catch quotas among Member States for vessels fishing in Swedish waters.

Norway and Sweden

2.1.254. In December the Council set total allowable catches for stocks in the Skagerrak and the Kattegat and allocated them among the Member States.

Greenland

2.1.255. On 15 December the Council adopted a Regulation allocating the 1988 Community catch quotas in Greenland waters.³

Mauritania

2.1.256. On 14 December the Council, acting on a Commission proposal,⁸ adopted a Regulation concluding the agreement between the European Economic Community and the Islamic Republic of Mauritania on fishing off the coast of Mauritania and adopting provisions for its application.⁹

Multilateral relations

2.1.257. On 15 December the Council adopted a Regulation³ fixing catch possibilities for 1988 for certain fish stocks and groups of fish stocks in the Regulatory Area as defined in the NAFO Convention and amending its Regulation of 19 October establishing an interim autonomous scheme of

¹ OJ C 13, 18.1.1988.
² COM(87) 678 final.
³ OJ L 375, 31.12.1987.
⁴ COM(87) 676 final.
⁵ COM(87) 684 final.
⁶ COM(87) 679 final.
⁷ OJ L 357, 19.12.1987.
⁸ OJ C 269, 8.10.1987; Bull. EC 9-1987, point 2.1.174.
⁹ OJ L 388, 31.12.1987.

control in respect of Community vessels operating in the Regulatory Area.¹

Markets and structures

Markets

2.1.258. On 14 December the Council, acting on a Commission proposal,² adopted three Regulations³ fixing, for the 1988 fishing year (1 January to 31 December), guide prices for the fishery products listed in Annex I(A), (D) and (E) and in Annex II to the Regulation of 29 December 1981⁴ and producer prices for tuna for the canning industry.

2.1.259. On 21 December the Commission adopted a number of Regulations for the 1988 fishing year: withdrawal and selling prices, reference prices, standard values, carryover premium, storage premium, quantitative restrictions, supplementary trade mechanism, reference prices to be observed for certain frozen squid imports, minimum guaranteed price for Atlantic sardines, compensatory allowance for Mediterranean sardines and reference prices for intra-Community trade in Atlantic sardines and anchovies.⁵

2.1.260. On 17 December Parliament adopted an opinion⁶ on the Commission proposal⁷ for a Regulation to amend the Regulation of 29 December 1981 on the common organization of the market in fishery products⁴ and the Regulation of 28 June 1968 on the Common Customs Tariff.⁸

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2.1.261. On 17 December Parliament passed a resolution on the current situation in the fishing industry in various Member States following the sharp decline in the consumption of fresh fish (→point 2.4.20).⁶

Accession-related measures

2.1.262. In connection with the accession of Spain and Portugal the Commission adopted Regulations:

(i) fixing for 1987 the import quotas for fishery products covered by the rules for the application of quantitative restrictions by Spain and Portugal;⁹

(ii) fixing for 1987 the overall foreseeable level of imports of fishery products to which the supplementary trade mechanism applies;⁹

(iii) opening for 1988 tariff quotas for fishery products from joint ventures set up between natural or legal persons from Spain and from other countries;

(iv) suspending for 1988 the duties on fresh fishery products originating in Morocco from joint fisheries ventures set up between natural or legal persons from Portugal and from Morocco.

Structures

2.1.263. On 11 December the Commission, acting under the Regulation of 18 December 1986 on Community measures to improve and adapt structures in the fisheries and aquaculture sectors,¹⁰ approved the multiannual fishing-fleet and aquaculture guidance programmes submitted by Member States for the period 1987-91.¹¹ These programmes are a basic element of the structural side of the common fisheries policy, constituting a framework for regio-

¹ OJ L 314, 4.11.1987; Bull. EC 10-1987, point 2.1.193.

² Bull. EC 11-1987, point 2.1.236.

³ OJ L 355, 17.12.1987.

⁴ OJ L 379, 31.12.1981; Bull. EC 12-1981, point 2.1.140.

⁵ OJ L 386, 31.12.1987.

⁶ OJ C 13, 18.1.1988.

⁷ OJ C 145, 3.6.1987; Bull. EC 4-1987, point 2.1.139.

⁸ OJ L 172, 22.7.1968.

⁹ OJ L 356, 18.12.1987.

¹⁰ OJ L 376, 31.12.1986; Bull. EC 12-1986, point 2.1.285.

¹¹ OJ L 4, 7.1.1988.

nal, national and Community financing. Their purpose is to reduce the capacity of Member States' fleets operating in Community and non-Community waters and thus bring it into line with available resources. In aquaculture the aim is coherent development, taking account of biological, technical and commercial constraints.

2.1.264. Under the same Regulation the Commission also granted, as the single instalment for 1987, aid totalling 94 100 000 ECU towards 271 shipbuilding projects, 272 vessel-modernization projects, 137 aquaculture projects and one project relating to structural works in coastal waters. Table 15 gives a breakdown.

Table 15 — *Aid granted under the common measure for restructuring, modernizing and developing fisheries and for developing aquaculture (Regulation No 4028/86)*

Member State	Projects submitted		Projects approved	
	Number	Aid requested (million ECU ¹)	Number	Aid granted (million ECU ¹)
Belgium	13	1.37	3	0.41
Denmark	83	2.95	36	1.21
Germany (FR)	46	6.00	26	4.41
Greece	75	8.52	59	6.37
Spain	366	86.85	159	32.20
France	267	46.56	92	12.42
Ireland	60	12.22	31	1.84
Italy	337	63.10	118	16.12
Netherlands	21	0.85	15	0.66
Portugal	144	19.82	75	11.22
United Kingdom	322	51.91	67	7.23
Total	1 734	300.17	681	94.09

¹ Converted at December 1987 rates.

2.1.265. On 21 December the Commission, acting under the same Regulation, decided to grant aid of approximately 2 million ECU towards five projects for exploratory fishing voyages to the Falkland Islands, four submitted by Italy and one by France.¹

2.1.266. Lastly, on 11 December, under the Regulation's provisions on the adjust-

ment of capacity (temporary and permanent withdrawal of certain vessels), the Commission set the maximum amounts up to which Member States' expenditure for 1987 would qualify for partial reimbursement. These amounts reflect the estimates prepared by

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

the Member States. Particulars are given in Table 16.

Table 16 — *Adjustment of capacity: maximum eligible expenditure, by Member State*

Member State	million ECU ¹	
	Laying-up premium	Final cessation premium
Belgium	—	0.354
Denmark	—	12.288
Germany (FR)	1.690	—
Greece	0.176	2.286
Spain	10.199	0.542
France	0.506	0.087
Ireland	—	—
Italy	1.433	6.865
Netherlands	—	11.741
Portugal	1.471	2.936
United Kingdom	—	—

¹ Converted at September 1987 rates.

2.1.267. On 18 December, under the Regulation of February 1977 on common measures to improve the conditions under which agricultural and fishery products are processed and marketed,¹ the Commission approved a specific programme submitted by the Netherlands.²

2.1.268. Under the same Regulation the Commission granted, as the second instalment of EAGGF Guidance Section aid for 1987, 19 million ECU towards 63 investment projects in the fisheries sector. Details are shown in Table 17.

Table 17 — *EAGGF Guidance Section aid, second instalment for 1987*

Member State	Number of projects	Aid in ECU ¹
Belgium	1	525 000
Denmark	3	248 000
Germany (FR)	1	999 000
Greece	1	1 442 000
Spain	11	3 119 000
France	4	1 393 000
Ireland	3	2 382 000
Italy	6	3 810 000
Netherlands	7	409 000
Portugal	20	3 849 000
United Kingdom	6	835 000
Total	63	19 011 000

¹ Converted at December 1987 rates.

2.1.269. Acting under the Regulation of 20 December 1985 on a system of structural aid for the conversion of sardine canning plants,³ the Commission decided on 22 December to grant aid of approximately 2.3 million ECU towards one Italian and three French projects.

2.1.270. On 22 December the Commission also adopted a Regulation adjusting the common marketing standards for certain fresh and chilled fish by introducing a separate sizing scale for Spanish mackerel (*Scomber japonicus*).⁴

State aid

2.1.271. The Commission scrutinized four new measures added to the Sicilian Regional Act introducing general aid schemes for the fisheries sector, which was approved by the

¹ OJ L 51, 23.2.1977.

² OJ L 9, 13.1.1988.

³ OJ L 361, 31.12.1985; Bull. EC 12-1985, point 2.1.206.

⁴ OJ L 363, 23.12.1987.

Commission in November.¹ The Commission raised no objection to three of these measures (subsidies for the training of aquaculture technicians and temporary withdrawal premiums for fishing vessels) but decided to initiate the Article 93(2) procedure in respect of an interest rate subsidy on loans to canning and processing plants, on the grounds that this was an operating aid intended solely to reduce production costs.

Transport

Council

2.1.272. The Council met to consider transport issues on 7 December; this meeting was resumed on 16 December. Following the agreement between Spain and the United Kingdom over Gibraltar Airport, the Council approved on 7 December a series of air transport measures on which agreement had been reached in June and formally adopted them on 14 December. These measures represent a first and very important stage in establishing a common air transport policy in Europe. They will bring real benefit both to the general public and to the air transport industry in Europe (→point 2.1.280).

On 7 December the Council approved the opening of negotiations on inland transport between the Community and Austria, Switzerland and Yugoslavia (→point 2.1.283). On 22 December the Council adopted the fourth summer time Directive (→point 2.1.282) and a Regulation granting financial support of 53 million ECU to certain transport infrastructure projects (→point 2.1.273). At its 7 and 16 December meeting the Council also considered a number of major proposals for the future organization of the inland transport market. It examined in particular detail the proposed Regulation on the carriage of goods by road between Member States.² Agreement on this Regulation seemed at one point to be within sight, and it is to be given priority while

Germany is chairing the Council in the first half of 1988.

Infrastructure

2.1.273. On 22 December the Council, acting on a Commission proposal,³ Parliament having delivered its opinion,⁴ adopted a Regulation granting financial support of 53 million ECU to certain transport infrastructure projects.⁵ Under this Regulation it will be possible to use the appropriations allocated for this purpose in the 1986 and 1987 budgets. This injection of Community support should act as a catalyst towards completion of the projects. They were carefully selected on the criteria in the draft medium-term transport infrastructure programme,⁶ which the Council approved in December 1986.⁷ It is essential that the Council should reach agreement on the whole of the medium-term programme.

2.1.274. The Economic and Social Committee adopted an opinion on the Commission's proposal on 17 December (→point 2.4.36).³

Inland transport

Road transport

Taxation

2.1.275. On 22 December the Commission approved a proposal for a Council Directive on the charging of transport infrastructure costs to heavy goods vehicles.⁸ The proposal, which will now be sent to the Council, follows a communication from the Commission in November 1986⁷ and the

¹ Bull. EC 11-1987, point 2.1.241.

² OJ C 65, 12.3.1987; Bull. EC 11-1986, point 2.1.228.

³ Bull. EC 11-1987, point 2.1.242.

⁴ OJ C 13, 18.1.1988.

⁵ OJ L 380, 31.12.1987.

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

⁷ Bull. EC 12-1986, point 2.1.298.

⁸ COM(87) 716 final.

Council resolution of 25 June aiming at eliminating distortions of competition in the road haulage industry.¹

It is proposed that action should be taken in two phases. The first will entail harmonizing commercial vehicle tax structures, ending the main differences and adopting a package of corrective measures and implementing procedures. The second phase will be to replace the nationality principle (which links vehicle taxation with the country in which the vehicle is registered) by the principle of territoriality (by which taxation depends on the road network the transport operator actually uses), the aim being to harmonize the conditions of competition while at the same time charging infrastructure costs to the actual users.

Rates

2.1.276. On 17 December the Economic and Social Committee adopted an opinion on the proposal² to amend the Council Regulation of 1 December 1983 on the fixing of rates for the carriage of goods by road between Member States³ (→ point 2.4.37).

Social conditions

2.1.277. On 31 December the Commission sent the Council a communication on the enforcement of the social legislation applying to road transport,⁴ with particular reference to the interpretation of and checks on compliance with the Council Regulation of 20 December 1985.⁵

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2.1.278. On 18 December Parliament adopted a resolution on the elimination of bureaucratic obstacles to transport created by differences in regulations concerning reserve petrol canisters⁶ (→ point 2.4.20).

Sea transport

2.1.279. The Commission requested the Council's authorization to represent the

Community at the conference to revise the United Nations Convention on a Code of Conduct for Liner Conferences,⁷ at the same time suggesting the line that should be taken by the Community.

Air transport

2.1.280. On 14 December the Council adopted a series of measures relating to fares, capacity, access to the market and application of the competition rules to air transport.⁸ This Decision, following the agreement of last June,¹ finally went through thanks to the solution worked out by the United Kingdom and Spanish Governments with regard to Gibraltar Airport.

Airlines can now be sure of receiving government approval of their fares provided they are justified by costs, and they will be permitted to offer a wider range of reduced fares.

Where capacity is concerned, they will also enjoy greater flexibility in their response to changes in volumes of traffic. The new provisions on access to the market will encourage new services and new airlines.

These measures represent a first step in implementing a common air transport policy in Europe. Its aims will include greater liberalization, a continuing very high level of safety and a common approach in relations with non-Community countries.

The Council will decide on the revision of these measures by 30 June 1990.

2.1.281. On 18 December Parliament adopted an opinion⁶ on the Commission's proposal⁹ to amend the Council Directive

¹ Bull. EC 6-1987, point 2.1.221.

² OJ C 3, 7.1.1988; Bull. EC 11-1987, point 2.1.246.

³ OJ L 359, 22.12.1983; Bull. EC 12-1983, point 2.1.200.

⁴ COM(87) 725 final.

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

⁶ OJ C 13, 18.1.1988.

⁷ OJ L 121, 17.5.1979.

⁸ OJ L 374, 31.12.1987.

⁹ OJ C 240, 24.9.1986; Bull. EC 7/8-1986, point 2.1.213.

of 25 July 1983 concerning the authorization of scheduled interregional air services for the transport of passengers, mail and cargo between Member States.¹

Multimodal transport

Summer time

2.1.282. On 22 December the Council, acting on a Commission proposal² after Parliament had delivered its opinion (second reading),³ adopted the fourth summer time Directive.⁴ This extends to 1989 the current provisions of the third Directive, which apply to 1986, 1987 and 1988.⁵

The proposal covering one year should enable the Commission to obtain the facts it needs in order to determine once and for all the date on which summer time ends throughout the Community.

International cooperation

2.1.283. On 7 December, acting on a Commission proposal,⁶ the Council adopted a Decision to open the first stage of negotiations relating to transport between the Community and Austria, Switzerland and Yugoslavia. The negotiations will cover a wide range of subjects, particularly the obstacles encountered by Community transit traffic such as infrastructure, weights and dimensions, quotas, taxes and tolls, traffic restrictions and frontier delays, and any other area in which something could be done to ease the flow of transit traffic, with due regard for environmental protection and road safety considerations. The ultimate objective of these negotiations is to set up a transit system which suits the requirements of the internal market.

Energy

Development and implementation of a Community energy policy

2.1.284. Sesame, a new Community data base, has been opened to the public. It pro-

vides access to information on hundreds of innovative energy-technology projects.

Specific problems

Solid fuels

State aid to the coal industry

2.1.285. On 22 December the Commission, acting under its Decision of 30 June 1986 establishing Community rules for State aid to the coal industry,⁷ authorized the Federal Republic of Germany to grant aid to the industry in 1988.⁸

Solid fuels market

2.1.286. At the 267th ordinary meeting of the ECSC Consultative Committee, held in Luxembourg on 18 December (→ point 2.4.42), the Commission presented to the Committee the outlook for 1988 for the solid fuels market in the Community.

The present forecasts are that coal resources and deliveries will continue their downswing. While the volume of imports from non-Community countries remains more or less constant, production in the Community itself is down. The Committee expressed its concern at the growing percentage of imports in Community coal resources, which for the first time will reach 30% in 1988.

Relations with non-Community energy producing or importing countries

2.1.287. The sixth annual high-level meeting between the Secretariat-General of the

¹ OJ L 237, 26.8.1983; Bull. EC 7/8-1983, point 2.1.181.

² OJ C 325, 4.12.1987; Bull. EC 11-1987, point 2.1.251.

³ OJ C 13, 18.1.1988; OJ C 345, 21.12.1987; Bull. EC 11-1987, point 2.1.252.

⁴ OJ L 6, 9.1.1988.

⁵ OJ L 331, 19.12.1984; Bull. EC 12-1984, point 2.1.202.

⁶ Bull. EC 9-1987, point 2.1.189.

⁷ OJ L 177, 1.7.1986; Bull. EC 6-1986, point 2.1.36.

⁸ OJ L 33, 5.2.1988.

Organization of Arab Petroleum Exporting Countries (OAPEC) and the Commission was held in Brussels on 10 and 11 December.¹ The OAPEC delegation was headed by Mr Abdel Aziz al-Wattari, the Secretary-General, and the Commission delegation was headed by Mr Constantinos Maniatopoulos, the Director-General for Energy.

The two delegations reviewed developments in the energy market and discussed trade in crude oil and other petroleum products. They agreed to continue their technical cooperation, notably in the fields of training, energy studies and data bases and to participate in each other's seminars and conferences. Mr al-Wattari issued an invitation to Mr Mosar, the Member of the Commission with special responsibility for energy, to attend the Fourth Arab Energy Conference, which will take place in Baghdad in March 1988.

Nuclear safety

Radiation protection

Basic standards

2.1.288. On 22 December the Council adopted, on a proposal from the Commission,² a Regulation laying down maximum permitted levels of radioactive contamination of foodstuffs and feedingstuffs following a nuclear accident or any other case of radiological emergency.³

This Regulation provides that where the Commission receives, either under the Community arrangements for the early exchange of information in case of a radiological emergency or under the IAEA Convention of 26 September 1986 on Early Notification of a Nuclear Accident⁴ (→ point 2.1.294), official information on accidents or on any other case of radiological emergency indicating that the maximum permitted levels in the Annex to the Regulation are liable to be reached or have been reached, it will immediately adopt, if the circumstances

so require, a Regulation rendering applicable those maximum permitted levels.

The period of validity of such an implementing Regulation will be limited to three months, and the Commission has to present to the Council a proposal for a Regulation adapting or confirming its provisions within one month following its adoption.

2.1.289. On 16 December Parliament passed a resolution⁵ on the legal base for the proposal for a Regulation 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 (→ point 2.4.20).⁶

2.1.290. On the same day the Council also adopted a resolution⁷ expressing the view that the limits imposed by the Community on the levels of radioactive contamination of foodstuffs placed on the Community market should also apply to foodstuffs exported from the Community. The Council invited the Commission to bring about, on the basis of Community maximum permitted radioactivity levels in foodstuffs, international agreement on these levels to be applied following a nuclear accident or any other radiological emergency.

2.1.291. On 22 December the Council replaced by a new Regulation (valid until 30 December 1989),³ on a proposal from the Commission,⁸ the Regulation of 30 May 1986 on the conditions governing imports of agricultural products originating in non-member countries following the accident at the Chernobyl nuclear power station.⁹ Although it reintroduces the same provisions and permitted levels as in the original Regulation, already extended until

¹ Fifth meeting: Bull. EC 12-1986, point 2.1.308.

² OJ C 174, 2.7.1987; Bull. EC 5-1987, point 2.1.108.

³ OJ L 371, 30.12.1987.

⁴ Bull. EC 9-1986, point 2.1.161.

⁵ OJ C 13, 18.1.1988.

⁶ OJ C 174, 2.7.1987; Bull. EC 5-1987, point 2.1.208.

⁷ OJ C 352, 30.12.1987.

⁸ Bull. EC 10-1987, point 2.1.216.

⁹ OJ L 146, 31.5.1986; Bull. EC 5-1986, point 1.1.3.

31 October 1987,¹ the new Regulation does contain an amended list of the products unfit for human consumption which are excluded from its scope.

2.1.292. On 14 December the Council adopted,² on a proposal from the Commission,³ a Decision concerning Community arrangements for the early exchange of information in the event of a radiological emergency. The Decision specifies, among other things, that whenever a Member State takes or considers taking emergency measures to protect the general public following the detection of abnormally high radioactivity levels, it must notify forthwith the Commission and those Member States which are, or are likely to be, affected of the said measures and of the reasons for taking them.

Research

2.1.293. On 21 December the Council adopted,⁴ on a proposal from the Commission,⁵ a Decision revising the multiannual research and training programme in the field of radiation protection (1985-89). The revision involves, in particular, placing greater emphasis on aspects highlighted by the Chernobyl accident and increasing the funding for the programme by 10 million ECU from 58 to 68 million ECU (→ point 2.1.62).

International cooperation

2.1.294. On 14 December the Council

adopted, on a proposal from the Commission,⁶ a Decision approving the conclusion by the Commission, on behalf of the Community, of the Vienna Convention of 26 September 1986 on Early Notification of a Nuclear Accident, drawn up under the auspices of the International Atomic Energy Agency.⁷

The Convention, signed by all Member States of the Community on 26 September 1986, entered into force on 27 October 1986. It applies to any accident involving facilities or activities of a signatory State or of persons or legal entities under its jurisdiction or control from which a release of radioactive material occurs or is likely to occur and which has resulted or may result in an international transboundary release that could be of radiological safety significance for another State.

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

¹ OJ L 280, 1.10.1986; Bull. EC 9-1986, point 2.1.160; OJ L 58, 28. 2.1987; Bull. EC 2-1987, point 2.1.174.

² OJ L 371, 30.12.1987.

³ OJ C 160, 18.6.1987; Bull. EC 4-1987, point 2.1.148.

⁴ OJ L 16, 21.1.1988.

⁵ OJ C 302, 12.11.1987; Bull. EC 7/8-1987, point 2.1.61.

⁶ Bull. EC 1-1987, point 2.1.128.

⁷ Bull. EC 9-1986, point 2.1.161.

2. External relations

New round of multilateral trade negotiations

Dismantling of quantitative restrictions

2.2.1. On 22 December the Commission sent the Council a proposal for a Decision on negotiations for the dismantling of quantitative restrictions, essentially within the industrial sector, as part of the Uruguay Round.

In the Punta del Este Declaration,¹ the Community undertook to phase out or bring into conformity with the GATT all measures restricting or distorting trade which are incompatible with the General Agreement itself, or with instruments negotiated in GATT. The proposal accordingly outlines the terms of an initial offer which the Community could put forward in Geneva to get negotiations in this area under way. Additions may be made to it according to the progress of negotiations and the positions taken up by the other contracting parties. The Commission's view is that the Community's contribution to the effort to dismantle quantitative restrictions will be worthwhile only if the burden is equitably shared between the main trading partners in GATT. Also, the Commission considers that in the cases of Japan and South Korea the implementation of these rollback measures should be subject to those countries entering into satisfactory undertakings on an improved balance of advantages within GATT.

Progress report

2.2.2. On 14 December the Council took stock of the progress made on the Uruguay Round negotiations, on the basis of a Commission report. The need for a comprehensive approach to the negotiations was reiterated.

Commercial policy

Implementing the common commercial policy

Commercial policy instruments

Easing of restrictive measures

2.2.3. 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

Benelux — Albania: textile products, outward processing traffic (category 6);³

Benelux — Hungary: textile products, outward processing traffic (categories 6 and 8);³

Benelux — Poland: textile products, outward processing traffic (category 8);³

Benelux — Romania: textile products, outward processing traffic (category 8);³

Benelux — Czechoslovakia: textile products, outward processing traffic (category 8);³

Italy — Poland: unwrought aluminium alloy waste, recast into ingots (CCT 76.01 ex A);⁴

Federal Republic of Germany — Hungary: aluminium sulphate (CCT 28.38 A ex IV);⁵

Italy — Bulgaria: atactic polypropylene (CCT 39.02 C ex IV, Nimexe code 39.02-22);

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

² OJ L 346, 8.12.1983.

³ OJ C 326, 5.12.1987.

⁴ OJ C 332, 10.12.1987.

⁵ OJ C 335, 15.12.1987.

Italy — Soviet Union: 1,2-dichloroethane (ethylene dichloride) (CCT 29.02A ex II, Nimexe code 29.02-26) and trinitrotoluene (CCT 29.03 B ex I);

Italy — German Democratic Republic: fluorspar containing 97% or less by weight of calcium fluoride (CaF₂) (CCT 25.31 ex A, Nimexe code 25.31-15);

Italy — People's Republic of China: women's silk pyjamas and nightdresses (category ex 30 A, Nimexe code 61.04-18); women's silk bedjackets (category ex 81, Nimexe code 61.02-24);

Federal Republic of Germany — People's Republic of China: gloves, of leather or of composition leather (CCT 42.03 B III);

Benelux — Soviet Union: textile products (category 15);

Ireland — Poland: textile products, outward processing traffic (categories 4, 5, 6, 7, 8, 14, 15, 16, 17, 18 and 26);

Modification of quotas

United Kingdom — Poland: television receivers (CCT 85.25 A ex III);¹

Federal Republic of Germany — Romania: textile products, outward processing traffic (categories 7 and 8).²

Trade protection

2.2.4. Trade protection measures taken in December are shown in Table 18.

¹ OJ C 313, 25.11.1987.

² OJ C 322, 2.12.1987.

Table 18 — *Trade protection measures*

Council	Commission
<i>Anti-dumping proceedings</i>	<i>Anti-dumping proceedings</i>
<i>Definitive anti-dumping duty on imports of:</i>	<i>Provisional anti-dumping duty on imports of:</i>
Mercury originating in the Soviet Union OJ L 346, 10.12.1987 (provisional anti-dumping duty: OJ L 227, 14.8.1987)	Roller chains for cycles originating in the People's Republic of China OJ L 3, 6.1.1988 (initiation of anti-dumping proceeding: OJ C 235, 5.9.1984; provisional anti-dumping duty: OJ L 217, 14.8.1985; acceptance of price undertakings and definitive anti-dumping duty: OJ L 40, 15.2.1986)
Ferro-silicon originating in Brazil OJ L 343, 5.12.1987 (→ point 2.1.45) (provisional anti-dumping duty: OJ L 219, 8.8.1987)	<i>Initiation of an anti-dumping proceeding concerning imports of:</i>
	Video cassette tapes originating in the Republic of Korea or Hong Kong OJ C 340, 18.12.1987
	<i>Community surveillance measures concerning imports of:</i>
	Certain textile products originating in certain non-Community countries OJ L 356, 18.12.1987 (initial surveillance measures: OJ L 210, 1.8.1987; OJ L 256, 7.9.1987)

Council	Commission
	<p>Certain textile products originating in Malta, Egypt or Turkey OJ L 369, 29.12.1987 (initial surveillance measures: OJ L 320, 15.12.1979; OJ L 343, 31.12.1979; OJ L 174, 9.7.1980; OJ L 245, 20.8.1982; OJ L 348, 24.12.1985; OJ L 153, 7.6.1986; OJ L 170, 27.6.1986)</p> <p>Video tape recorders, originating in the Republic of Korea OJ L 371, 30.12.1987 (initial surveillance measures: OJ L 29, 4.2.1986; OJ L 371, 31.12.1986)</p> <p>Certain products originating in Japan OJ L 371, 30.12.1987 (initial surveillance measures: OJ L 77, 23.3.1983; OJ L 371, 31.12.1986)</p> <p><i>Retrospective control on imports of:</i></p> <p>Footwear into the Community OJ L 369, 29.12.1987 (initial control measures: OJ L 188, 11.7.1978; OJ L 323, 12.12.1979; OJ L 371, 31.12.1986)</p> <p><i>Notice of expiry of anti-dumping measures</i></p> <p>OJ C 325, 4.12.1987 OJ C 358, 31.12.1987</p>

Import and export arrangements

2.2.5. On 15 December the Commission adopted a Regulation instituting a system for the authorization of imports into Italy and Spain of certain kinds of slide fasteners originating in Taiwan.¹

2.2.6. On 23 December the Commission adopted a Regulation instituting a system for the authorization of imports into France of certain kinds of beach slippers, slippers and other indoor footwear.²

Individual sectors

Textiles

Agreements and arrangements with non-member countries

MFA countries

2.2.7. The consultations with Pakistan with a view to limiting exports of blouses

(category 7) to certain regions of France, Ireland and Spain, which opened at the end of November,³ continued on 1 December. A second round of talks was held in Brussels on 18 December, during which the possibility of limiting exports of household linen (category 39) to France and the Benelux countries was also examined. It was agreed that exports of category 7 products to the regions concerned should be limited on a *pro rata* basis for the remainder of 1987 and for the years 1988-91. The question of limits on exports of category 39 linen will be taken up again at the beginning of 1988.

2.2.8. Consultations were also held with China on 15 and 18 December to discuss the Community's request for new limitations on Chinese exports of gloves, mittens and mitts (category 10) to Spain, under-

¹ OJ L 353, 16.12.1987.

² OJ L 378, 31.12.1987.

³ Bull. EC 11-1987, point 2.2.4.

wear (category 13) to the United Kingdom and women's clothing (category 15 B), babies' undergarments (category 68) and babies' outer garments (category 71) to France.

Agreement was reached on definitive quantitative limits for the fourth quarter of 1987 (from 25 September to 31 December) and for 1988 for categories 10 and 13, and for 1988 for categories 15 B, 68 and 71. The Community's bilateral textile agreement with China runs until 31 December 1988.

Mediterranean preferential countries

2.2.9. A second round of negotiating meetings with the Turkish Associations of Exporters of Textile Products was held in Brussels on 1 and 2 December to continue the discussions on the renewal of the administrative cooperation arrangement which expires at the end of the year.¹ Both parties agreed to renew the arrangement for a further two-year period. The scope of the arrangement, which hitherto covered cotton yarn (category 1), cotton fabrics (category 2), terry towelling (category 9) and corduroy (category 32), was extended to include certain discontinuous acrylic yarns belonging to category 22(a).

2.2.10. Following consultations held in Brussels on 7 December, it was also agreed to renew the administrative cooperation agreement with Malta¹ for three years.

Autonomous measures

2.2.11. On 22 December the Commission sent to the Council a proposal² for a Regulation amending the Regulation of 22 December 1986 on rules for imports of certain textile products originating in third countries.³

The purpose of the proposed amendment is to introduce the Combined nomenclature, which is to replace the customs and statistical nomenclature and the Nimexe code from 1 January 1988 (→ point 2.1.81), and to allocate among the Member States the

quantitative limits on imports of textile products for the years 1988-91.

Non-ferrous metals

2.2.12. On 21 December the Council adopted,⁴ on a proposal from the Commission,⁵ a Regulation renewing for 1988 the export arrangements for certain types of non-ferrous metal waste and scrap.⁶ These surveillance arrangements include export quotas for aluminium waste and lead waste.

Relations with industrialized countries

United States

Annual ministerial meeting between the Commission and the United States

2.2.13. The seventh annual ministerial meeting between the Commission and the United States was held in Brussels on 12 December.⁷ The Commission was represented by Mr Jacques Delors, President, Mr Karl-Heinz Narjes and Mr Frans Andriessen, Vice-Presidents, and Mr Willy De Clercq and Mr Claude Cheysson. The United States delegation, headed by the Secretary of State, Mr George Shultz, included Mr Richard Lyng, Secretary of Agriculture, Mr William Verity, Secretary of Commerce, and Mr Clayton Yeutter, Special Trade Representative. At this meeting economic relations between the two sides were placed in the wider context of common interests; Mr Shultz stressed the vital importance of these relations for the world as a whole, but laid particular emphasis on the link between security and economic matters.

¹ Bull. EC 12-1985, point 2.3.11.

² COM(87) 701 final.

³ OJ L 387, 31.12.1986.

⁴ OJ L 371, 30.12.1987.

⁵ Bull. EC 11-1987, point 2.2.7.

⁶ OJ L 377, 31.12.1986; Bull. EC 12-1986, point 2.2.7.

⁷ Previous meeting: Bull. EC 12-1986, point 2.2.8.

During the discussions, four major subjects were covered: East-West relations, the international economic situation, developments within the Community, and the multilateral trade negotiations. In remarks concerning the outcome of the summit meeting between President Reagan and Mr Mikhail Gorbachev, Mr Shultz gave his assessment of the trend of relations with the Eastern bloc as a whole. The Commission described the Community's policy regarding the State-trading countries and Comecon, and the stage reached in discussions with those countries. An in-depth exchange of views was then held on the situation of the financial and money markets: the basic ingredients of the problem were analysed, and an appeal was made for greater cooperation, convergence and solidarity between the world's major economies, and for recognition of the need to give the newly industrializing countries a greater role in opening up markets and adjusting exchange rates. The Commission also gave an account of the Community's internal progress: it referred to the European Council in Copenhagen and the objectives pursued, i.e. more control over agricultural spending, greater solidarity within the Community and the attainment of the single market. Lastly, the respective roles of the United States and the Community in the Uruguay Round¹ were discussed; the two sides agreed that it would be helpful to take stock of the progress of the negotiations towards the end of 1988, while bearing in mind that the negotiations formed a unified whole. The Commission representatives urged that the Community's partners should match the efforts which the Community had already put into reforming agriculture by making similar sacrifices and changes.

As regards bilateral relations, the two sides noted that 1987 had been a year in which satisfactory solutions had been found to various disputes. The day before the meeting a series of discussions had been held on most of the specific bilateral problems such as hormones in meat and US slaughterhouses, Airbus, and US barriers to trade. The two sides noted that not enough attention was paid to the diversity of cooperation

between the United States and the Community and proposed that new avenues of cooperation should be followed, notably in the environmental sphere.

2.2.14. On 17 December the Commission published an updated list — produced in conjunction with the Member States — of the US trade measures which hinder Community exports.²

Japan

2.2.15. Mr Narjes and Mr De Clercq paid an official visit to Japan from 2 to 5 December to meet the new Prime Minister, Mr Takeshita, members of his Government, leading politicians and businessmen, in order to confirm that the new Japanese leaders intended to follow the new, more open policy which had only just been initiated by Mr Nakasone. Mr De Clercq reiterated the Community's requests that the Japanese market should be opened up, and urged that there should be no discrimination of any kind in government procurement and major works contracts. He also said that the GATT decisions on alcoholic beverages³ should be implemented quickly and in full. With the support of Mr Narjes, he called for rapid implementation of the results of the discussions on various products (medical equipment, cosmetics and cars) and announced that there would be further discussions in 1988, covering pharmaceuticals, milk products and counterfeit goods.

Mr Narjes also co-chaired, with the Japanese Minister for International Trade and Industry, the sixth Community-Japan symposium, which was attended by over 400 European and Japanese participants and dealt with industrial strategy, competition and international cooperation.

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

² Previous version: Bull. EC 4-1987, point 2.2.14.

³ Bull. EC 11-1987, point 2.2.10.

European Free Trade Association

Joint Committees

2.2.16. Meetings of the Joint Committees under the EEC-Switzerland, EEC-Finland, ECSC-Finland, EEC-Sweden and ECSC-Sweden free trade Agreements took place in Brussels, on 2, 3 and 4 December respectively.

The consultations with Switzerland focused mainly on the legal and institutional problems involved in the negotiation of a non-life insurance agreement, and on trade matters, namely the level of acidity of wine, outward processing for textiles, the law on beer (*Reinheitsgebot*) in the Federal Republic of Germany, plant health requirements in Denmark, and Swiss exhaust gas emission standards for lorries.

Since no major problems had arisen with Finland, the discussions centred on State aid, technical barriers to trade and Community imports of copper semi-manufactures from Finland.

The consultations with Sweden confirmed that trade with Sweden is developing well, with no major conflicts.

2.2.17. At all three meetings the preparations and guidelines for the forthcoming Community-EFTA ministerial meeting on the internal market — scheduled for 2 February — were reviewed, and both sides confirmed the importance they attached to the meeting and to the prospects which it offered for further extending cooperation.

Iceland

2.2.18. Mr Steingrímur Hermannsson, the Icelandic Foreign Minister, met Mr Christophersen, Mr De Clercq and Mr Cardoso e Cunha in Brussels on 8 December to discuss general cooperation and fishing issues. Iceland, which is aware of the increasing dependence of its exports on Community markets, intends to develop its relations with the Community bilaterally as well as in the context of Community-EFTA cooper-

ation. The Community, for its part, attaches particular importance to a constructive dialogue covering access to markets and also access to waters for fishing.

Sweden

2.2.19. On 21 December Mr Carl Johan Aberg, Sweden's Under-Secretary for Trade, visited Mr De Clercq to present his Government's report on relations between the Community and Sweden, which was put before the Swedish parliament on 17 December.

Relations with other countries and regions

Mediterranean countries

Mediterranean policy of the enlarged Community

2.2.20. On 21 December the Council adopted,¹ on a recommendation from the Commission² with the assent of Parliament,³ a Decision concluding the Protocol adjusting the EEC-Cyprus Association Agreement⁴ following the accession of Spain and Portugal to the Community. This Protocol was signed in October.⁵

2.2.21. The Council also adopted on 21 December, on a proposal from the Commission,⁶ a Regulation laying down arrangements for Spain's and Portugal's trade with Israel.⁷ On the same date the Representatives of the Governments of the Member States, meeting within the Council, approved the arrangements for Spain's and Portugal's trade with Israel in respect of

¹ OJ L 393, 31.12.1987.

² Bull. EC 9-1987, point 2.2.17.

³ OJ C 13, 18.1.1988.

⁴ OJ L 133, 21.5.1973, OJ L 174, 30.6.1981.

⁵ Bull. EC 10-1987, point 2.2.23.

⁶ COM(87) 611 final.

⁷ OJ L 396, 31.12.1987.

products covered by the ECSC Treaty.¹ The arrangements for such trade are now duly established, therefore, pending the completion of the procedures to ratify the relevant protocols signed with Israel.

2.2.22. On 15 December the Community and Israel signed commercial protocols drawn up to take account of the consequences of Spain's and Portugal's accession to the Community.² These protocols will enable Israel to benefit, in respect of its main agricultural exports to the Community, from a progressive removal of the customs duties still charged, in accordance with the same arrangements as apply in respect of the new Member States.

Turkey

2.2.23. Under the special aid programme for Turkey,³ the Commission approved on 10 December the allocation of 8 million ECU as a grant to finance a geothermal project in western Anatolia.

Cyprus

2.2.24. On 21 December the Council adopted,⁴ on a recommendation from the Commission⁵ with the assent of Parliament,⁶ a Decision concluding the Protocol — signed in October⁷ — concerning the implementation of the second stage of the Agreement establishing an association between the Community and Cyprus.⁸

Yugoslavia

2.2.25. On 21 December the Council approved,⁹ with the assent of Parliament,⁶ the Additional Protocol¹⁰ and the financial Protocol¹¹ to the EEC-Yugoslavia Cooperation Agreement.¹²

It also approved, with Parliament's assent,⁶ the Protocol adjusting the Cooperation Agreement to take account of the accession of Spain and Portugal.¹³

On the same date, pending ratification by the Member States, it adopted,⁹ on a pro-

posal from the Commission,¹⁴ a Regulation laying down arrangements for Spain's and Portugal's trade with Yugoslavia, and the Representatives of the Governments of the Member States, meeting within the Council, approved arrangements for Spain's and Portugal's trade with Yugoslavia in respect of products covered by the ECSC Treaty.

2.2.26. The sixth meeting of the EEC-Yugoslavia Cooperation Council took place at ministerial level on 14 December.¹⁵ The two sides welcomed the signing, on 10 December, of the commercial Protocol, the Protocol adjusting the Cooperation Agreement and the second financial Protocol,¹⁶ which set out the framework of EEC-Yugoslav relations for the next five years.

Noting the trend towards a restoration of balance in trade between the two parties and the development of economic and technical cooperation between them, the Cooperation Council adopted a political resolution on the future of relations between the Community and Yugoslavia. The resolution expresses willingness to extend and broaden cooperation, notably in the field of science and technology. A working party, which will meet at political level, will study ways and means of strengthening cooperation as well as the possible impact on relations between the Community and Yugoslavia of giving effect to the Single Act.

Lastly, the Cooperation Council adopted a decision laying down guidelines for the

¹ OJ L 396, 31.12.1987.

² Bull. EC 1-1987, point 2.2.11; Bull. EC 10-1987, point 2.2.24.

³ Bull. EC 6-1980, point 1.4.1 *et seq.*

⁴ OJ L 393, 31.12.1987.

⁵ Bull. EC 9-1987, point 2.2.18.

⁶ OJ C 13, 18.1.1988.

⁷ Bull. EC 10-1987, point 2.2.25.

⁸ OJ L 133, 21.5.1973; OJ L 174, 30.6.1981.

⁹ OJ L 389, 31.12.1987.

¹⁰ Bull. EC 10-1987, point 2.2.27.

¹¹ Bull. EC 6-1987, point 2.2.18.

¹² OJ L 41, 14.2.1983; Bull. EC 1-1983, point 2.2.21.

¹³ Bull. EC 11-1987, point 2.2.21.

¹⁴ COM(87) 611 final.

¹⁵ Previous meeting: Bull. EC 7/8-1986, point 2.2.20.

¹⁶ Bull. EC 4-1980, point 2.2.49.

implementation of the 1988 cooperation programme.

Tunisia

2.2.27. On 30 November the Council adopted, on a proposal from the Commission,¹ a Regulation on the conclusion of the Agreement in the form of an exchange of letters between the Community and Tunisia concerning certain wines originating in Tunisia which bear a registered designation of origin.²

Egypt

2.2.28. The Commission decided on 10 December to allocate 3 million ECU, under the second financial Protocol³ to the EEC-Egypt Cooperation Agreement,⁴ to finance a study project on Sinai water resources (phase II). The aim of this project is to continue the operations already under way in the Sinai peninsula, the object of which is to assess the development opportunities in the area.

Jordan

2.2.29. Mr Claude Cheysson, Member of the Commission with special responsibility for Mediterranean policy, visited Jordan from 29 November to 1 December at the invitation of the Jordanian Government. He had talks with King Hussein, the Prime Minister, Mr Zaid Rifai, the Minister for Planning, Mr Taher Kanaan, the President of the Senate, Mr Ahmed Al-Lawzi, and the Foreign Affairs Committee of the Jordanian Parliament.

Mr Cheysson took the opportunity to exchange views on the problems of the region and, more particularly, current cooperation under the EEC-Jordan Cooperation Agreement.⁵ Future cooperation under the third financial Protocol was also discussed.⁶

2.2.30. The Commission decided on 9 December to allocate 1 million ECU under the second financial Protocol⁷ to the EEC-

Jordan Agreement for a project to improve primary health care facilities in the Karak Governorate. The project involves the construction of four primary health care facilities in the Karak Governorate. The project involves the construction of four primary health centres, improvements to three other centres, the supply of medical equipment and technical assistance for the supervision of civil engineering work.

Algeria, Tunisia, Egypt and Jordan

2.2.31. With the assent of Parliament,⁸ the Council adopted on 21 December Decisions⁹ concerning the third generation of financial Protocols to the Cooperation Agreements between the Community and Algeria, Tunisia, Egypt and Jordan.¹⁰ These Protocols had been signed on 26 October.⁶

Lebanon

2.2.32. Parliament having given its assent,⁸ the Council adopted on 21 December a Decision⁹ concluding the third financial Protocol.¹¹ This Protocol will be for five years (1987-91) and involves financing in various forms as follows: loans from the European Investment Bank's own resources totalling 53 million ECU plus funds from the Community budget totalling 20 million ECU, the latter comprising 19 million ECU in grants and 1 million ECU in the form of contributions to risk-capital formation.

Israel

2.2.33. The Community and Israel signed a third financial Protocol¹⁰ which provides

¹ Bull. EC 10-1987, point 2.2.28.

² OJ L 340, 2.12.1987.

³ OJ L 337, 29.11.1982; Bull. EC 5-1982, point 2.2.50.

⁴ OJ L 266, 27.9.1978; Bull. EC 9-1978, point 2.2.51.

⁵ OJ L 268, 27.9.1978; Bull. EC 9-1978, point 2.2.51.

⁶ Bull. EC 10-1987, point 2.2.29.

⁷ OJ L 337, 29.11.1982; Bull. EC 11-1982, point 2.2.68.

⁸ OJ C 13, 18.1.1988.

⁹ OJ L 22, 27.1.1988.

¹⁰ Bull. EC 3-1987, point 2.2.14; Bull. EC 7/8-1987, point 2.2.30.

¹¹ OJ L 323, 3.12.1987; Bull. EC 11-1987, point 2.2.19.

for EIB loans to Israel totalling 63 million ECU for a period extending until 31 October 1991.

Countries of the Gulf and the Arabian peninsula

2.2.34. Delegations from the Community and the Gulf Cooperation Council met in Brussels on 7 December to conduct negotiations for a cooperation agreement between the two regions.¹

The agreement would cover technical and economic cooperation, energy, agriculture, fisheries, trade, investment protection, science and technology and the environment. It would institutionalize relations between the two regions by setting up a cooperation council.

After a broad exchange of views on the various sectors of cooperation, the two sides reaffirmed their commitment to the speedy conclusion of an agreement and agreed to meet early in 1988.

Asia²

South Korea

2.2.35. On 18 December the Council adopted, on a proposal from the Commission,³ a Regulation suspending Korea's participation in the generalized tariff preferences scheme for agricultural, industrial and textile products, with effect from 1 January 1988.⁴

This measure follows the refusal of the Korean authorities to accord the Community treatment equal to that given to the United States in the protection of intellectual property rights.⁵ The negotiations which the Commission has been conducting with South Korea on this matter since the beginning of the year have failed to achieve results because of the Korean authorities' refusal to remove discrimination against the Community on one essential point.⁶

State-trading countries

Normalization of relations with the Eastern European countries and the CMEA

2.2.36. Mr Willy De Clercq, Member of the Commission with special responsibility for external relations and trade policy, had an informal meeting on 16 December with Mr Vyacheslav Sychev, Secretary of the Council for Mutual Economic Assistance (CMEA). They discussed the draft joint declaration currently being negotiated,⁷ which seeks to establish official relations between the CMEA and the Community. This informal meeting took place on the occasion of Mr Sychev's visit to Ghent to take part in a seminar on relations between the Community and Eastern Europe.

China

2.2.37. Mr Abel Matutes, Member of the Commission with special responsibility for small business policy, headed the Community delegation to the China-Community symposium on investment in China,⁸ which was held in Beijing from 7 to 9 December. This symposium — the idea of which was broached during Mr Delors' visit to China in 1986⁹ — provided a major opportunity to stimulate relations between the Community and China.

The symposium, attended by some 300 participants, including a hundred or so Europeans (mainly industrialists, bankers and lawyers, who had come from nine of the Member States, or representatives based in

¹ Bull. EC 11-1987, point 2.2.26.

² For financial and technical cooperation with Asian countries, see point 2.2.62.

³ OJ C 334, 12.12.1987.

⁴ OJ L 369, 29.12.1987.

⁵ Bull. EC 4-1987, point 2.2.27.

⁶ Bull. EC 9-1987, point 2.2.22; Bull. EC 11-1987, point 2.2.30.

⁷ Bull. EC 3-1987, point 2.2.23.

⁸ Organized jointly by the Commission and the Ministry of Foreign Economic Relations and Trade.

⁹ Bull. EC 7/8-1986, point 2.2.29.

Beijing), began with round-table discussions to examine problems concerning foreign investment in China, from the legal, tax, economic and financial standpoints, followed by negotiations on a number of specific projects presented by the Chinese. In this connection, 85 individual contacts were established.

Following the round-table discussions, a memorandum detailing the main problems and suggestions was drafted by the European participants and handed to the Chinese side.

2.2.38. Mr Matutes also held a series of talks with Mr Zhang Jingfu, State Councillor, Mr Zheng Tuobin, Minister for Foreign Economic Relations and Trade, Mr Liu Yi, Minister for Commerce, Mrs Chen Muhua, State Councillor and President of the People's Bank of China, Mr Li Tiejing, the Politburo member responsible for overseeing the Restructuring Commission, Mr Rong Yiren, President of Citic, and Mr Ling Zhi, Vice-President of the Bank of China.

Czechoslovakia

2.2.39. A new round of negotiations with Czechoslovakia,¹ with a view to a trade agreement covering industrial products, took place in Brussels on 15 and 16 December. The two sides narrowed the gap between their positions substantially and agreed to meet again in the near future.

Soviet Union

2.2.40. Mr De Clercq had a meeting on 16 December with Mr Ivan Ivanov, Vice-Chairman of the External Economic Relations Committee of the Council of Ministers of the USSR. Their talks centred on the possibilities for increased trade and economic cooperation between the Community and the Soviet Union.

Development

Special Community programme to aid certain low-income countries in sub-Saharan African

2.2.41. On 14 December the Council, acting on proposals put to it by the Com-

mission,² formally adopted conclusions on the special Community programme to aid certain highly indebted low-income countries in sub-Saharan Africa³ and a Decision allocating 60 million ECU to implement the programme.⁴ It had approved the proposals on 9 November.⁵

Generalized tariff preferences

The 1988 scheme

2.2.42. On 18 December the Council, acting on a Commission proposal,⁶ adopted a Regulation suspending generalized tariff preferences for 1988 for products originating in South Korea⁷ (→ point 2.2.35). This follows the refusal by the Korean authorities to accord the Community the same treatment as that accorded to the United States in the field of intellectual property rights.

Commodities and world agreements

Cocoa

2.2.43. The International Cocoa Council held its 34th regular session in London from 30 November to 5 December to try to reach agreement, essentially on downward adjustment of intervention prices, prior to a resumption of buffer stock purchasing, and to examine supplementary measures and the withholding scheme for market support. This session followed two meetings of the Cocoa Council in July⁸ and September⁹ where no results were forthcoming.

¹ Bull. EC 11-1986, point 2.2.24.

² Bull. EC 9-1987, point 1.4.1 *et seq.*

³ OJ C 348, 23.12.1987.

⁴ OJ L 365, 18.12.1987.

⁵ Bull. EC 11-1987, point 2.2.36.

⁶ OJ L 369, 29.12.1987.

⁷ OJ C 334, 12.12.1987.

⁸ Bull. EC 7/8-1987, point 2.2.42.

⁹ Bull. EC 9-1987, point 2.2.29.

The session failed to produce an agreement on price adjustment, and the buffer stock manager¹ was not authorized to proceed with new purchases. In the circumstances, it was also impossible to approve the withdrawal mechanism and the supplementary measures, so all the economic provisions of the 1986 Agreement² remain deadlocked. Accordingly, before adjourning until 29 February, the Council asked those parties to the Agreement owing money for the financing of the buffer stock to settle the outstanding payments quickly. The Council did approve other points on the agenda, notably the budget, and the buffer stock manager was given authorization for the rotations needed to maintain cocoa quality.

Sugar

2.2.44. On 18 December the Council adopted, on a proposal from the Commission,³ a Decision⁴ concerning the signature and conclusion by the Community of the International Sugar Agreement, 1987.⁵ This is an administrative agreement and replaces that of 1984.⁶ It was duly signed and approved on behalf of the Community at United Nations Headquarters in New York on the same day.

Campaign against hunger in the world

2.2.45. On 17 December Parliament

adopted a resolution on the famine situation in Ethiopia (→ point 2.4.20).⁷

Food aid

Reform of food aid policy and management

2.2.46. On 7 December the Council adopted a common position on a Commission proposal for an amendment of the Regulation of 22 December 1986 on food aid policy and management.⁸

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2.2.47. On 4, 11 and 16 December the Commission, with the endorsement of the Food Aid Committee, approved the following food aid operations under the 1985, 1986 and 1987 budgets (Table 19).

¹ Bull. EC 3-1987, point 2.2.27; Bull. EC 4-1987, point 2.2.29; Bull. EC 6-1987, point 2.2.42

² Bull. EC 7/8-1986, point 2.2.32.

³ OJ L 58, 3.3.1988.

⁴ Bull. EC 11-1987, point 2.2.45.

⁵ Bull. EC 9-1987, point 2.2.30.

⁶ OJ L 22, 25.1.1985; Bull. EC 12-1984, point 2.2.39.

⁷ OJ C 13, 18.1.1988.

⁸ OJ L 370, 30.12.1986; Bull. EC 12-1986, point 2.2.31.

Table 19 — Food aid operations

Country or organization	<i>tonnes</i>						
	Cereals	Non-vitamin-enriched milk powder	Vitamin-enriched milk powder	Butteroil	Sugar	Veg. oil	Other
Ethiopia	40 000	—	—	—	—	1 600	—
Sudan	AO: Grant of 3 070 000 ECU instead of 20 000 tonnes of cereals, for imports of fertilizer						
India	—	18 000	—	6 000	—	—	—
China	—	6 210	—	2 070	—	—	—
NGO	1 670 3 750 ¹ —	— — —	— 280 ¹ 600 ²	— 460 ¹ 500 ²	1 400 — —	1 000 — —	800 B — —

Development

Country or organization	<i>tonnes</i>						
	Cereals	Non-vitamin-enriched milk powder	Vitamin-enriched milk powder	Butteroil	Sugar	Veg. oil	Other
UNBRO	—	—	—	—	—	—	5 208 B 1 630 PF 1 174 DF
WFP/UNHCR	60 000	—	—	2 000	—	—	—
	60 000	—	—	—	—	—	—
Total	165 420	24 210	880	11 030	1 400	2 600	8 812 of which 6 008 B

¹ 1986 budget.

² 1985 budget.

AO = alternative operation B = beans

DF = dried fish

PF = preserved fish

UNBRO: United Nations Border Relief Operation (on the Kampuchea-Thailand border).

WFP = World Food Programme.

UNHCR = Office of the United Nations High Commissioner for Refugees.

2.2.48. In accordance with the Council Regulation of 22 December 1986,¹ the Commission took the following decisions on emergency food allocations:

(i) 15 December: 500 tonnes of cereals for Niger, as drought relief, and 60 000 tonnes of cereals for Ethiopia via the Relief and Rehabilitation Commission and NGOs;

(ii) 17 December: 5 000 tonnes of cereals, 320 tonnes of vegetable oil and 500 000 ECU to purchase pulse vegetables for Uganda (Karamoja province) via the World Food Programme (WFP);

(iii) 22 December: 14 000 tonnes of cereals for Kampuchea via the NGOs Trocaire and CIDSE, and the WFP.

Campaign against locusts and grasshoppers in Africa

Morocco

2.2.49. In response to an appeal from the FAO and the Government of Morocco, where there is a continuing problem with grasshoppers, the Commission decided on 22 December to grant emergency aid of 170 000 ECU. The aid will be channelled through the FAO to finance flying time for pesticide spraying.

Algeria

2.2.50. Swarms of grasshoppers have invaded Algeria, infesting 100 000 hectares in the areas of Tindouf and Adrar on the southern border with Mali. An appeal was launched by the Algerian Government, and on 22 December the Commission granted the country emergency aid of 375 000 ECU. The aid is being implemented by the Commission Delegation at Algiers and will be used to pay for pesticides or other control measures.

Emergency aid

Lebanon

2.2.51. In response to the urgent appeal for international aid launched by the United Nations Secretary-General on behalf of the people of Lebanon, who have suffered 12 years of civil war and now face a serious crisis, the Commission decided on 11 December to provide emergency aid for Lebanon by allocating 2 million ECU to the programmes of five humanitarian organizations working there.

¹ OJ L 370, 30.12.1986; Bull. EC 12-1988, point 2.2.31.

Philippines

2.2.52. On 10 December the Commission approved an emergency aid allocation of 500 000 ECU for the Philippines, where the typhoon Sisang had devastated the central region (with a population of 600 000) leaving at least 200 000 homeless, 562 dead and 171 missing. The aid will be channelled through the Danish Red Cross and 'Médecins sans frontières — Belgique' and will be used to buy clothes, blankets, locally available foodstuffs and medicines, etc.

Guinea

2.2.53. On 10 December the Commission approved a grant of 85 000 ECU of emergency aid for Guinea, where a yellow fever epidemic has begun to claim its first victims. The aid is a response to an appeal from the Guinean Government and will be used for a vaccination campaign by 'Médecins sans frontières — France'.

Aid to promote self-sufficiency of refugee groups

2.2.54. On 29 December the Commission responded to the appeal of the United Nations Relief and Works Agency for Palestine Refugees by allocating 200 000 ECU for Palestinians living in the West Bank and the Gaza Strip, particularly the 600 000 population of the latter. UNRWA will use the aid to supply medicines, medical and baby foods, as well as to cover hospitalization costs.

Positive measures for victims of apartheid

Financing decision

2.2.55. On 18 December the Commission approved a new 7.4 million ECU contribution for financing 24 projects providing assistance to victims of apartheid. The decision is one of a series taken since July 1986, allocating 17.7 million ECU to 89 projects.¹

The financing decisions are a follow-up to the ministerial-level political cooperation meeting held in Luxembourg on 10 September 1985.²

Stabex

2.2.56. On 22 December the Commission decided to make one transfer and to disburse five advances on transfers under the system for stabilizing export earnings set up under the third Lomé Convention.

Transfers

2.2.57. The transfer, for 736 814 ECU, will be paid to Niger to offset the country's export losses on leather, skins and hides over the 1986 application year. This was the last transfer to be submitted for the 1986 application year and brings the total for the year to 279 188 368 ECU for the 43 transfers disbursed.

2.2.58. As part of Stabex implementation for overseas countries and territories, the Commission also adopted on 8 December a Decision settling a debt arising from a transfer paid to Kiribati (then a UK dependent territory) as a loan under the 1976 application year. The Decision states that the 384 789 ECU owed to Stabex by the United Kingdom (which took over the amounts owed to Stabex by Kiribati, then the Gilbert Islands, when the country became independent) has been included in the transfer basis of the Falkland Islands for the 1986 application year. The transfer basis now stands at 503 034 ECU.

Advances

2.2.59. The five advances total 27.4 million ECU and will be paid in respect of the 1987 application year. The recipient

¹ Bull. EC 7/8-1986, 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; Bull. EC 10-1987, point 2.2.56.

² Bull. EC 9-1985, point 2.5.1.

countries are: Central African Republic (1.2 million ECU for cotton), Chad (5 million ECU for cotton), Côte d'Ivoire (20 million ECU for coffee) and Samoa (225 000 ECU for cocoa and 975 000 ECU for coconut oil).

Industrial cooperation

ACP States

2.2.60. The second Central Africa Industrial Forum was held in Libreville from 24 to 27 November. Under the aegis of the Central African Customs and Economic Union, it received decisive support from the Community, with the Commission assisting its design and organization and the European Development Fund providing all the necessary financing. The Centre for the Development of Industry, working closely with the Commission, played an active part at the Forum.

The Forum was an even greater success than the first in 1985:¹ there was an even spread of more than 400 participants from European and African countries, mainly from the private sector, and many were able to meet bilaterally. In addition to these talks, which were the real heart of the Forum, a particularly lively and fruitful debate was held on the financing problems of partnership projects.

Financial and technical cooperation

ACP States

2.2.61. In December the Commission decided to allocate a total of 314 198 000 ECU from the fourth, fifth and sixth EDFs to finance projects, programmes and emergency aid operations which it administers (see Table 20).

¹ Bull. EC 12-1985, point 2.3.54.

Table 20 — *Financing of operations under the fourth, fifth and sixth EDFs*

Sector/State	Projects/Programmes	Amount	
		Grants	Loans
<i>million ECU</i>			
<i>Economic infrastructure</i>			
Sierra Leone	Roads	17.500	
Zaire	Roads	22.500	
	Roads		29.500
	Roads	5.000	
Jamaica	Airports	7.100	
<i>Rural production</i>			
Somalia	Livestock production	1.900	
Cameroon	Rural development in the Bénoué basin	25.000	
Gabon	Agriculture		2.300
Madagascar	Rural rehabilitation	12.800	
Burundi	Socio-economic development of Cankuzo and Rutana provinces	36.700	
Rwanda	Food strategy support programme	51.000	
Guinea Bissau	Rural development programme	23.800	
All ACP States	Budget of Technical Centre for Agricultural and Rural Cooperation	5.110	

million ECU

Sector/State	Projects/Programmes	Amount	
		Grants	Loans
<i>Industrialization</i>			
Somalia	Agri-food industries	1.570	
Tanzania	Manufacturing industries	4.000	
Swaziland	Assistance for small firms	1.220	
Malawi	Development of small firms	2.222	
Angola	Sectoral import programme	35.000	
<i>Social development</i>			
Cape Verde	Laying on water supply	2.200	
Guinea	Educational infrastructure	0.858	
Jamaica	Vocational training	0.540	
Djibouti	Health	0.855	
Uganda	Renovating the university	8.000	
Mozambique	Vocational training	2.300	
Malawi	Health	9.300	
<i>Trade promotion</i>			
ACP States and OCTs	Fairs and exhibitions	2.376	
<i>Various</i>			
ACP States and OCTs	Information and documentation/ <i>The Courier</i>	1.227	
<i>Emergency aid</i>			
Guinea	Campaign against yellow fever epidemic	0.085	
Angola	Assistance to rural population affected by civil unrest	2.000	
Guyana	Campaign against new increase in malaria	0.235	
	Total	282.398	31.800

Latin American and Asian developing countries

2.2.62. The Commission decided on 18 and 21 December, with the prior approval of the Committee on Aid to Non-associated Developing Countries, to finance the following operations from the appropriation in Article 930 of the Community budget:

El Salvador: construction of hospital at Zacaml (total cost 12 million ECU, Community contribution 12 million ECU; autonomous project);

El Salvador: programme to encourage crafts and trades in underprivileged areas (total cost 12 million ECU, Community contribution 6 million ECU; autonomous project);

Central American countries (Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, Panama): programme to strengthen the cooperatives in the region (total cost 40 million ECU, Community contribution 22 million ECU; regional project cofinanced with Spain);

Pakistan: development project in the Buner area (total cost 15 400 000 ECU, Community contribution 10 600 000 ECU; autonomous project);

Pakistan: primary school teaching in rural areas (total cost 182.4 million ECU, Community contribution 15 million ECU; project cofinanced with the International Development Agency);

India: project to develop coconut production in Kerala State, partly financed in the form of vegetable oil supplies (total cost 58.6 million ECU, Community contribution 45 million ECU; autonomous project);

Indonesia: rural electrification project using small-scale hydroelectric generators (total cost 18.9 million ECU, Community contribution 18.9 million ECU; autonomous project);

Indonesia: assessment of high-seas fisheries in the Java Sea (total cost 3.85 million ECU, Community contribution 2.2 million ECU; cofinanced with France);

Indonesia: production and marketing of seeds for rain-fed palawija crops (total cost 11.1 million ECU, Community contribution 9.7 million ECU; autonomous project);

Burma: project to combat foot and mouth disease (total cost 3.8 million ECU, Community contribution 3.45 million ECU; autonomous project);

China: additional financing for a 1983 project, for flood forecasts and monitoring on the Bei Jiang River (total cost 6 960 000 ECU, Community contribution 1 500 000 ECU; autonomous project);

China: project to develop the dairy industry, as a back-up to Community food aid (total cost 4 500 000 ECU, Community contribution 4 500 000 ECU; autonomous project);

Thailand: study of water resources of the Mae Kok River (total cost 3.25 million ECU, Community contribution 2.85 million ECU; autonomous project);

Nicaragua: development of agricultural production in the Meseta area (total cost

6 900 000 ECU, Community contribution 5 600 000 ECU; autonomous project);

Nepal: rural development in Gulmi and Arghakhanchi districts (total cost 3 220 000 ECU; Community contribution 2 700 000; cofinanced project);

Bangladesh: recovery measures following floods (total cost 6 500 000 ECU, Community contribution 6 500 000 ECU; autonomous project).

2.2.63. The financing agreement between the Community and Peru for a water control and flood prevention programme for Lake Titicaca was signed on 11 December. The programme will receive Community financing of 5 million ECU out of the reserve for natural disasters, part of the financial and technical cooperation arrangements with developing countries in Latin America and Asia.

Cooperation via non-governmental organizations

2.2.64. During the period from 1 January to 31 December 1987 the Commission committed 56.7 million ECU for the cofinancing of 424 projects put forward by 145 NGOs.

The Commission contributed a further 5 738 248 ECU to 87 operations to promote European public awareness of development issues.

Institutions

ACP States

Committee of Ambassadors

2.2.65. The 25th meeting of the ACP-EEC Committee of Ambassadors took place in Brussels on 18 December. It was chaired by Mr Larsen, Chairman of the Permanent Representatives Committee, and Mr Sylla, the Guinean Ambassador, and concentrated on the situation in South Africa, trade, Sta-

bex, agricultural commodities, and air and sea transport.

In reply to a repeated call by the ACP States for a special meeting of 12 ACP Ministers and the 12 European Ministers on South Africa, the Community this time accepted the principle of such a meeting but with only three European Ministers (the 'Troika'). The ACP States agreed to this formula.

With regard to the trade matters left pending when the Protocol of Accession of Spain and Portugal to the third Lomé Convention was concluded,¹ the Community again declined to accept the ACP requests on sugar and rice. The Commission and Mauritius are discussing the application of the Mauritian preferential customs tariff to the two new Member States. On the Uruguay Round,² it was agreed that informal consultations would be held between the Community and the ACP States and that technical assistance for the latter could be envisaged. The ACP countries — particularly Togo and Senegal — also voiced concern about draft Community legislation on the cadmium content of phosphates; the Community said it was prepared to have consultations. Lastly, the Committee asked the ACP-EEC Council for a delegation of powers to adopt Protocol 1 to the third Lomé Convention to the new harmonized commodity coding system, following a technical examination by the competent committee.

On Stabex, the Community continued to resist ACP requests relating to 'all destinations' exemptions and incomplete transfers from 1980 and 1981. The Commission review reported favourably on the operation of the system in 1986.

In the commodities field, the recent developments regarding the International Coffee Agreement³ were viewed with general satisfaction, but problems remain for cocoa and the implementation of the Common Fund (→point 2.2.43). The Commission gave a detailed report on aid for countries hit by drought.

On transport, the ACP countries agreed to consultations on free access to shipping trade with western and central African States. They reiterated their concern regarding Directives soon to come into force on aircraft noise, asking for exemptions and aid to convert their own aircraft; the Community pointed out that exemptions were a matter for the Member States, but nevertheless asked the ACP States to supply the necessary information as soon as possible.

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2.2.66. On 18 December Parliament adopted a resolution on the results of the ACP-EEC Joint Assembly (→point 2.4.20).⁴

*

Visits

2.2.67. Mr Natali made an official visit to the Central African Republic from 28 November to 1 December for talks with President André Kolingba and several members of his Government. President Kolingba hoped his country would be eligible for the special Community programme to aid debt-distressed African States (→point 2.2.41).

International organizations and conferences

United Nations

General Assembly

42nd session

2.2.68. The General Assembly concluded its 42nd session, in both its plenary and

¹ OJ L 172, 30.6.1987; Bull. EC 6-1987, point 2.2.37.

² Bull. EC 9-1986, point 1.4.1 *et seq.*

³ OJ L 276, 29.9.1987; Bull. EC 9-1987, point 2.2.28; OJ L 284, 7.10.1987; Bull. EC 10-1987, point 2.2.45.

⁴ OJ C 13, 18.1.1988.

its committee proceedings.¹ After lengthy negotiations, which saw the Community take on a special role in the dialogue with the developing countries, the Assembly adopted a resolution on the external debt of the developing countries, with the United States casting the sole vote against, its non-participation in the negotiations having prevented it from joining the consensus.

Other resolutions were adopted on apartheid, the Middle East, a new system of international security (Soviet proposal), the relationship between disarmament and development,² the United Nations five-year action programme for African economic recovery and development (1986-90)³—for which a mid-term review is scheduled for the next session—and the economic situation of Africa. Other major issues discussed were the protection of the environment (including the repercussions of the Brundtland Report⁴ on the UN's operational activities) and the initial conclusions of the Ecosoc Special Commission that has the task of examining the UN's structure and functioning in the economic and social fields.⁵

Owing to the reduction in the United States' contributions, the UN's budgetary position remains grave (USD 456 million in contributions were outstanding at the end of 1987), in spite of payments by the Soviet Union. The Secretary-General estimated that funds will run out in August 1988. Against this background of permanent crisis, the preparation in the Fifth Committee of the budget programme for 1989-90 has been the subject of long and difficult negotiations.

Economic and Social Council

Economic Commission for Europe

2.2.69. The 36th session of the Committee on the Development of Trade took place from 7 to 11 December.⁶ It was not possible to reach a consensus on the work programme for 1988. The reason for this unsatisfactory outcome was the refusal of the Eastern European countries to agree to the

inclusion of an item on countertrade as a separate element in the Committee's work programme.

2.2.70. On 23 December the Commission sent to the Council a communication concerning a recommendation and a proposal for a Decision authorizing the Commission to participate, on behalf of the Community, in the preparatory discussions and joint action in the context of the review conference on the United Nations Convention on a Code of Conduct for Liner Conferences. The conference is due to be held in Geneva next November.

General Agreement on Tariffs and Trade

43rd session of the Contracting Parties

2.2.71. A large part of the annual session⁷ of the Contracting Parties, which was held from 1 to 4 December, was devoted to commemorating GATT's 40th anniversary⁸ and to general statements delivered by ministers and heads of delegations from more than 40 countries. GATT's role in achieving a more liberal and open trading system was generally recognized, yet GATT was also perceived as no longer adequate to head off protectionist trends and economic crises, as needs had changed since it was founded. The interdependence between trade, monetary and financial policies was also generally recognized. In order to survive, GATT should react to the changing environment and take advantage of the Uruguay Round negotiations⁹ to transform itself or at least change and strengthen its rules in order to avoid further deterioration of the open

¹ Bull. EC 9-1987, point 2.2.44; Bull. EC 11-1987, point 2.2.67.

² Bull. EC 9-1987, point 2.2.45.

³ Bull. EC 5-1986, point 2.2.40.

⁴ Bull. EC 5-1987, point 2.1.135.

⁵ Bull. EC 6-1987, point 2.2.55.

⁶ Previous session: Bull. EC 12-1986, point 2.2.47.

⁷ Previous session: Bull. EC 11-1986, point 2.2.53.

⁸ Bull. EC 11-1987, point 2.2.70.

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

multilateral trading system. General satisfaction was expressed with progress made in the Uruguay Round negotiations. It was a question, however, of keeping up the momentum. For this, great efforts from all participants were necessary to achieve concrete results. The question of a mid-term review at the end of 1988 was addressed positively by most Contracting Parties; some of them were in favour of drawing up immediately a list of issues to be aimed at for early results.

The Community, supported by some other Contracting Parties, considered the establishment of such a list to be premature and counterproductive. It underlined the need for a comprehensive approach and the importance of achieving progress across the broad front of negotiations, and also the need for negotiations to take place away from the limelight. The Community also delivered a strong plea for full adherence to the principle of multilateralism and non-discrimination as the only viable option to ensure a more open trading system. Improved cooperation between financial institutions themselves and between them and GATT was needed. There was a need also for greater consistency between national macroeconomic policies and cooperation at world level in order to bring the Uruguay Round to a successful conclusion.

GATT must also be able to adapt to change, in particular through a progressive extension of its powers to non-traditional areas (services, investment and intellectual property). The examination of the GATT Council's annual report highlighted in particular the increasing recourse to dispute settlement procedures as evidence of the difficulties and tensions affecting trade.

Conference on Security and Cooperation in Europe

2.2.72. The Vienna CSCE follow-up meeting concluded its fourth phase of negotiation on 18 December¹ and will reconvene in January 1988. Some movement was registered in the fields of security and economic cooperation, whereas on human rights hardly any progress was recorded. The Community still takes the view that the Vienna meeting must reach agreement on a balanced and substantial concluding document covering all fields.

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2.2.73. The OECD Environment Committee met from 8 to 10 December (→point 2.1.194).

¹ Bull. EC 11-1987, point 2.2.72.

3. Financing Community activities

Budgets

General budget

1988 budget

2.3.1. The European Council meeting in Copenhagen on 4 and 5 December was devoted largely to the 1988 budget and the future financing of the Community. Despite the Presidency's attempts to achieve a compromise, the Heads of State or Government failed to find sufficient common ground for any final decisions. The main points of contention were the growth of agricultural expenditure, particularly in the cereals sector, and the new own resources system. The European Council decided to hold an extraordinary meeting in Brussels on 11 and 12 February 1988 to try and resolve the outstanding problems.

2.3.2. The Budget Ministers held a Council meeting on 9 and 10 December to make a final attempt to adopt a draft budget for 1988. This attempt failed and the Council was thus unable to meet its budgetary obligations; the Community is therefore again obliged to operate under the provisional-twelfths arrangements in 1988.

2.3.3. With the provisional-twelfths arrangements it will be possible initially to provide cover for essential expenditure in most areas of the budget. However, for some specific chapters of the budget, the Commission had to ask the budgetary authority on 9 December to authorize additional twelfths¹ in accordance with the second paragraph of Article 204 of the EEC Treaty and the fourth paragraph of Article 8 of the Financial Regulation.²

2.3.4. Parliament and the Commission decided to continue the procedure for failure to act under Article 175 of the EEC Treaty to obtain a ruling by the Court of Justice that the Council had failed to meet its obligations by not adopting the draft budget for 1988 (→ point 2.4.12).³

2.3.5. In order to take account of developments on the agricultural markets on top of the effects of supplementary and amending budget No 1/87 adopted on 17 July,⁴ the Commission made use of its right of initiative under Article 12(6) of the Financial Regulation⁵ and on 23 December sent the budgetary authority letter of amendment No 1/1988⁶ to the 1988 preliminary draft budget which it adopted on 14 May.⁷

With this letter of amendment the Commission has made allowance for various new factors which were not known when the preliminary draft budget was produced.

The new financing arrangements for agricultural expenditure are as follows:

(i) with the transfer to Title 8 of the appropriations for stock depreciation (1 240 million ECU), the overall amount for Titles 1 and 2 (EAGGF Guarantee Section) falls to 27 000 million ECU;

(ii) EAGGF Guarantee Section requirements can be kept below this limit by means of savings achieved in market management and by maintaining for the time being the entry of 1 270 million ECU in negative expenditure for the oils and fats stabilizing mechanism (each month by which the decision is delayed will reduce the yield by 180 million ECU);

(iii) in order to cope with the impact of any fluctuations in the ECU/dollar parity, a monetary reserve of 1 000 million ECU is entered in Chapter 100.

The letter of amendment also adjusts Title 8 appropriations to cover various items of expenditure deferred from 1987: own resources collection costs (400 million ECU) and the third and fourth instalments of the repayment of the advances granted by the Member States in 1984 (251 million ECU).

¹ COM(87) 708 final.

² OJ L 356, 31.12.1977.

³ Bull. EC 10-1987, points 2.3.2, 2.3.3 and 2.4.5.

⁴ OJ L 211, 3.8.1987; Bull. EC 7/8-1987, point 2.3.2.

⁵ OJ L 356, 31.12.1977.

⁶ COM(87) 677 final.

⁷ Bull. EC 5-1987, point 2.3.2.

On the revenue side, the letter of amendment updates the forecasts contained in the preliminary draft budget. A new item is also added in the statement of revenue to accommodate the resources which will be called in if the monetary reserve in Chapter 100 has to be drawn on.

The Commission expressly mentions the possibility of a second letter of amendment, if necessary, to take account of any fresh developments.

2.3.6. On 16 December Parliament adopted a resolution authorizing a first series of additional provisional twelfths for 1988 (non-compulsory expenditure) and giving its opinion on the authorization of additional provisional twelfths (compulsory expenditure).¹ It authorizes the additional twelfths for non-compulsory expenditure and endorses the Commission's request for additional twelfths for appropriations relating to agreements on fishing rights in the waters of other countries. However, the request concerning own resources collection costs is considered premature.

Own resources

2.3.7. On 21 December the Council, on a proposal from the Commission,² adopted a Regulation³ introducing a temporary derogation from the Regulation of 19 December 1977⁴ implementing the Decision of 21 April 1970 on the replacement of financial contributions from Member States by the Communities' own resources. This derogation defers from 1987 to 1988 400 million ECU for the repayment of own resources collection costs.

Financial Regulation

2.3.8. On 18 December Parliament adopted an opinion⁵ on the proposal for a Regulation⁶ amending temporarily the Financial Regulation.⁷ This proposal, which Parliament endorses as a temporary measure, is to introduce special arrangements — deferring the procedure by around two months compared with the existing

arrangements — for the payment of EAGGF Guarantee Section advances.

ECSC operating budget

2.3.9. After taking note of Parliament's opinion and consulting the ECSC Consultative Committee, the Commission decided on 21 December to maintain a 0.31% levy rate on ECSC products for 1988.⁸

It adopted the ECSC operating budget for 1988 on this basis.

The ordinary resources (levies, net balance from the previous year, fines, cancellations, etc.), estimated at 289 million ECU, and the exceptional resources of 50 million ECU will cover the following requirements:

- (i) 5 million ECU for administrative expenditure;
- (ii) 180 million ECU for redeployment aid;
- (iii) 63 million ECU for research expenditure;
- (iv) 47 million ECU for interest subsidies on ECSC loans (Articles 54 and 56);
- (v) 44 million ECU for social measures in connection with the restructuring of the steel industry.

The final item will be dropped if the Council does not authorize the transfer from the general budget to the ECSC budget to provide the extraordinary revenue.

Financial operations

ECSC

Loans raised

2.3.10. In December the Commission made a number of private placings in French

¹ OJ C 13, 18.1.1988.

² OJ C 241, 8.9.1987; Bull. EC 7/8-1987, point 2.3.4.

³ OJ L 371, 30.12.1987.

⁴ OJ L 336, 27.12.1977.

⁵ OJ C 13, 18.1.1988.

⁶ OJ C 298, 7.11.1987; Bull. EC 10-1987, point 2.3.9.

⁷ OJ L 356, 31.12.1977.

⁸ OJ L 361, 22.12.1987.

francs and marks for the equivalent of 42.6 million ECU.

Loans paid out

2.3.11. Acting under Articles 54 and 56 of the ECSC Treaty, the Commission made the following loans in December, totalling 58.51 million ECU.

Industrial loans

2.3.12. Industrial loans (Article 54) paid out during the month amounted to 27.08

million ECU. They were allocated to Italy and Germany for the steel industry and to Germany and France for coal utilization.

Conversion loans

2.3.13. Conversion loans (Article 56) totalling 24.62 million ECU were granted to Germany, the Netherlands and France (Lordex).

Workers' housing

2.3.14. House-building loans for ECSC workers in France, Italy and the United Kingdom totalled 6.81 million ECU.

4. Political and institutional matters

European political cooperation

2.4.1. At its meeting in Copenhagen on 4 and 5 December the European Council adopted three statements in the field of political cooperation:

Declaration on East-West relations

'1. The European Council welcomes the important prospects of an improvement in East-West relations and acknowledges that the forthcoming Summit in Washington will mark a significant step forward in these relations.

2. The agreement on global elimination of United States and Soviet land-based intermediate-range nuclear missiles will be a milestone, eliminating for the first time an entire class of weapons. The Twelve hope that this agreement will enter into force soon.

They consider it essential that this achievement in nuclear arms control should give further impetus to substantive progress in the whole range of present and future bilateral US/Soviet and multilateral negotiations on arms control and disarmament.

3. The Twelve will continue to seek through the CSCE process more secure and more cooperative relations between the participating states. All the undertakings made in Helsinki and Madrid should be fully implemented.

Respect for human rights and freedom is a prerequisite for confidence, understanding and cooperation. The Twelve are determined that the Vienna meeting should benefit all individuals in the 35 countries involved.

The Twelve wish to build upon the achievements of the Stockholm Conference (CDE) and will contribute to the elaboration of a further set of confidence- and security-building measures. They will work resolutely towards a stable and secure balance of conventional forces in Europe at a lower level.

4. In all this, the Twelve will cooperate closely with other countries which share their ideals, values and objectives.'

Declaration on the Middle East

'1. The European Council deplores the continuing absence of resolution of the crises in the Middle East.

2. The Twelve reaffirm their willingness to develop their political dialogue with all States in the Middle East. They also wish economic cooperation to progress and in particular the current negotiations on an agreement between the European Community and the countries of the Gulf Cooperation Council to be completed rapidly.

3. The European Council expresses its profound concern about the continuation of the war between Iraq and Iran and reiterates its firm and whole-hearted support for Security Council resolution 598 as the means to bring an end to this armed conflict. The Twelve continue to give their unreserved and strong support to the efforts of the United Nations Security Council and the Secretary-General to obtain the immediate and full implementation of this resolution. Continued non-compliance with this mandatory resolution is not acceptable to the world community and the appropriate action should now be taken to enforce its implementation by means of a follow-up resolution.

4. The Twelve confirm their desire for a negotiated solution to the Arab-Israeli conflict which would bring to the region a just, comprehensive and lasting peace in accordance with the principles set out in the Venice Declaration, and reiterate their support for an International Peace Conference under the auspices of the United Nations. They welcome the endorsement given to such a conference by the Arab League Summit in Amman under the chairmanship of King Hussein of Jordan. They call for renewed efforts by all concerned to reach agreement on arrangements for the conference to be held as soon as possible.

The Twelve reiterate their preoccupation about human rights and living conditions in the Occupied Territories. Without prejudging future political solutions they will continue to contribute to the economic and social development of those territories.

5. The European Council remains deeply concerned about the situation in Lebanon. It calls for a peaceful solution to the Lebanese crisis which should be based on the independence, unity, sovereignty, territorial integrity and national reconciliation of that country. The Twelve reaffirm their support for Unifil and call on all concerned to support the force and to allow it to fulfil its mandate unobstructed. They reiterate their condemnation of the continuing detention of hostages and victims of kidnapping in Lebanon, and call for their immediate release.'

Declaration on Afghanistan

'The European Council examined the situation in Afghanistan, which remains an important source

of international tension eight years after the invasion by Soviet troops. The Twelve pay tribute to the Afghan people's spirit of independence. They also acknowledge the courage of the people of Pakistan, which has suffered so much as a result of this conflict, and the generous assistance provided by that country to more than 3 million Afghan refugees.

The Twelve support the persistent efforts by the UN Secretary-General and his personal representative to find a negotiated solution which would put an end to the tragic human suffering and the continuing violations of human rights in Afghanistan, allow the refugees to return and restore Afghanistan as a genuinely independent and non-aligned country. The principles which must underlie a settlement have once more been overwhelmingly endorsed at this year's UN General Assembly.

The Twelve take note that Soviet leaders have announced their intention to find a political solution in Afghanistan. They believe there should now be an urgent new impetus in the peace negotiations and call on the Soviet Union to:

- (i) withdraw all its troops by a date in 1988 according to a fixed timetable;
- (ii) agree to the establishment of a transitional government, whose independence could not be contested, to make preparations for a new constitution and a genuine act of self-determination;
- (iii) recognize that the participation of the Afghan resistance is essential to a comprehensive political settlement.

The Twelve remain ready to contribute constructively towards the achievement of an acceptable settlement, which would bring about a significant improvement in international relations.'

2.4.2. On 8 December the Presidency published the following statement by the Twelve on Haiti:

'The Twelve have publicly expressed their hope that, after many years of dictatorship, the elections in Haiti scheduled for 29 November 1987 would finally allow the Haitian people to choose their representatives freely. They are deeply concerned by the bloodshed which led to the suspension of the electoral process.

The Twelve strongly condemn the acts of violence, which are the responsibility of the adherents of the former dictatorship. If they are not met by firmness on the part of the security forces, they will undermine hopes of a return to democracy.

The Twelve hope that free elections, respecting the procedures laid down in the Constitution, can be held in the very near future. To this end, they

urge all those involved to support a genuinely democratic election to be organized and held in an atmosphere of peace and stability.'

2.4.3. On 14 December the Presidency sent the following message of congratulations to the summit meeting of the Association of South East Asian Nations on behalf of the Twelve:

'On the occasion of the 20th anniversary of the foundation of the Association of South East Asian Nations and its third summit conference the 12 Member States of the European Community send their warmest congratulations to the Presidency of Asean and convey their best wishes for success to the Heads of State and Government assembled in Manila.

Twenty years of Asean means 20 years of peace and solidarity among its Member States, 20 years of increasing political and economic influence for Asean both regionally and worldwide, and 20 years of cooperation and prosperity.

The Twelve are confident that the proceedings of the summit conference will contribute to further progress and stability in South-East Asia and foster fruitful regional and international relations. They hope the summit will succeed in its endeavours to add impetus to the economic cooperation within Asean.

They welcome the increasingly intensive dialogue which has developed between the European Community and Asean. They are looking forward to their next ministerial meeting in May 1988 in Düsseldorf, which they are convinced will further intensify the political and economic cooperation between the two regional organizations.'

2.4.4. On 18 December the 'Troika' (representing the last, present and next Council Presidents) approached the Israeli authorities in connection with the situation in the occupied territories. The Presidency then published the following statement to the press:

'On instruction by the Governments of the 12 Member States of the European Community, the Danish Ambassador in Tel Aviv, accompanied by his Belgian and German colleagues and the representative of the Commission, today expressed to the Israeli Government the deep concern of the Twelve about the rapidly and seriously deteriorating situation on the West Bank and in the Gaza Strip.

The Twelve urgently called upon the Israeli authorities to assure the immediate protection of the inhabitants of the occupied territories, in compliance with international law and human rights standards.'

2.4.5. On 18 December the Presidency published the following declaration by the Twelve on Ethiopia:

'In their declaration of 13 November the Twelve expressed their concern over the obstacles facing the distribution of food aid in Ethiopia. While welcoming the recent establishment of the emergency air-lift, they recognize that the smooth and uninterrupted movement of humanitarian supplies by land remains essential. In this context and in the light of renewed attacks on food convoys, they appeal to all concerned to take the necessary actions to secure free passage for international relief in the drought-affected areas of Ethiopia, in order to feed those most seriously affected as close as possible to their homes and to avoid the creation of refugee flows. The Twelve also reiterate their call, in the Foreign Ministers' statement of 21 July 1986, for further steps to be taken by the governments concerned in the Horn of Africa to achieve the peaceful settlement of internal conflicts and the full respect of human rights.'

2.4.6. On 19 December the Presidency sent the following statement by the Twelve on the presidential election in Korea to the Korean authorities. The statement was then published.

'On the occasion of the presidential election in the Republic of Korea on 16 December the 12 Member States of the European Community convey their congratulations to the President designate, Mr Roh Tae Woo.

The Twelve see the presidential election with universal suffrage as a further step forward in the process of democratization of Korean society. They welcome the progress made in this respect since last summer.

They expect that as President, Mr Roh will work relentlessly to fulfil the aspirations of his countrymen for genuine democracy and respect of human rights when he assumes responsibility next February.'

2.4.7. At its December part-session Parliament passed a number of resolutions on political cooperation and the defence of human rights (→ point 2.4.21).¹

¹ OJ C 13, 18.1.1988.

European policy and relations between the institutions

European policy

Implementing the Single Act

2.4.8. The coherent package of reforms proposed by the Commission¹ was considered by the Copenhagen European Council on 4 and 5 December. Although substantial progress was made on the three reforms (the common agricultural policy, the Community's structural Funds and the Community budget), the European Council was unable to reach agreement on all elements of the package and decided to meet again on 11 and 12 February to finalize its conclusions rather than call in question the overall logic of the proposals as a whole (→ point 1.1.1 *et seq.*).

2.4.9. On 14 December, on a proposal from the incoming German Presidency, the Council agreed to devote two special sessions (25-26 January and 1-2 February) to preparations for the February European Council.

2.4.10. On 16 December Parliament adopted a resolution on the Copenhagen Summit (→ point 2.4.20).²

Monitoring of application of Community law

2.4.11. The Commission has published its fourth annual report to Parliament on its monitoring of the application of Community law, covering 1986.³ In its analysis of measures taken to enforce Community directives and regulations, the Commission notes the following points.

(i) The total number of letters of formal notice (the first stage in the infringement procedure) was 516, much the same as in 1985 (503), bearing in mind the fact that two new Member States are included. Most of the proceedings initiated concerned

Greece (106), followed by France (69), Italy (61) and Belgium (56).

(ii) The number of reasoned opinions (the second stage) fell from 233 in 1985 to 164. The Commission attributes this to the fact that infringements are more frequently being put right at the formal notice stage. Most reasoned opinions were addressed to Italy (31), France (30), Belgium (25) and Greece (24).

(iii) The number of cases referred to the Court of Justice (third stage) also fell, from 113 in 1985 to 71 in 1986, with most cases involving Italy (18), followed by Belgium (15), the Federal Republic of Germany (11) and Greece (11). The number of Court judgments increased, as did the number of judgments not yet complied with by Member States. The Commission report calls on Parliament once again to intervene, particularly with the national parliaments, in cases where new domestic legislation is needed to rectify the situation.

(iv) The number of complaints received and of infringements detected as a result of the Commission's own inquiries continued to grow. The complaints reflect the interest which the public is coming to take in the proper application of Community law; the increase in the number of cases detected through the Commission's own inquiries is a result of the steps the Commission has taken to deal with infringements reported in Parliamentary questions and petitions. The Commission has tightened up its internal rules on the handling of these cases, concentrating its efforts on those involving barriers to the single market, a people's Europe, measures contrary to the agricultural regulations and the control of surplus production, exceeding fishing quotas, and measures to protect the environment.

¹ Bull. EC 2-1987, point 1.1.1 *et seq.*; Supplement 1/87 — Bull. EC; Bull. EC 7/8-1987, point 1.1.1 *et seq.*; Bull. EC 9-1987, point 1.5.1.

² OJ C 13, 18.1.1988.

³ OJ C 338, 16.12.1987.

Relations between the institutions

Proceedings for failure to act

2.4.12. Following the failure of the Council meeting on 9 and 10 December to adopt a draft budget for 1988, Parliament¹ and the Commission decided to institute proceedings under Article 175 of the EEC Treaty for failure to act and apply to the Court of Justice for a ruling that in failing to adopt the draft budget the Council had not discharged its obligations.²

Institutions and organs of the Communities

Parliament³

Strasbourg: 14 to 18 December

2.4.13. The agenda for Parliament's December part-session included debates on technical subjects—such as the agricultural stabilizers, radioactivity levels in foodstuffs, social measures to accompany the restructuring of the steel industry—and also on more political issues like voting rights in local elections for citizens of other Member States and the early-retirement scheme for farmers. The failure of the Copenhagen European Council on 4 and 5 December provoked bitter and disenchanted remarks from many quarters.

The procedure for awarding public supply contracts

2.4.14. The Committee on Economic and Monetary Affairs and Industrial Policy, in the person of Mr Bouke Beumer (*PPE/NL*), moved at the second reading that the House confirm the amendments agreed at the first reading⁴ to the Commission's original proposals.⁵ These amendments sought in the main to make public supply contracts more open and to limit the number of exceptions.

Mr Beumer condemned the attitude of the Council, which in disregarding in its common position⁶ amendments adopted by Parliament at the first reading and then incorporated by the Commission in its proposal⁷ left the Committee no alternative but to move again the very same amendments. Mr Alman Metten (*S/NL*) pointed out that public contracts accounted for no less than 20% of Community GDP and were more often than not kept for national firms, the relevant directives being largely ignored. What was more, added Mr Karl von Wogau (*PPE/D*), the many exceptions to the Directive on the award of public contracts resulted in ludicrous situations, where, for example, the tender for building a school in Bavaria had to be European while the tender for a multi-million telecommunications project was purely national. Mr Robert Delorozoy (*LDR/F*) took issue with the Council's attitude in completely disregarding Parliament's first-reading amendments. He nevertheless criticized an amendment that sought to allow a further exception.

Not all members supported the opening up of public contracts. Mr Alexandros Alavanos (*COM/GR*) did not accept the amendments relating to defence and telecommunications, while Mr Robert Chambeiron (*COM/F*) asserted that the Directive in question gave statutory legitimacy to the Europe of imbalances, multinationals and armaments. Ms Carole Tongue (*S/UK*) believed that the Directive would prevent

¹ OJ C 20, 26.1.1988.

² Bull. EC 10-1987, point 2.4.5.

³ The complete texts of the opinions and resolutions adopted by Parliament are reproduced in OJ C 13, 18.1.1988, and the report of the proceedings is contained in OJ Annex 2-359. 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) and Bull. EC 11-1987, point 2.4.10 (footnote).

⁴ OJ C 246, 14.9.1987; Bull. EC 7/8-1987, point 2.1.22 and 2.4.14.

⁵ OJ C 173, 11.7.1986; Bull. EC 6-1986, point 1.2.1 *et seq.*; Bull. EC 12-1986, point 2.1.36; OJ C 161, 19.6.1987; Bull. EC 6-1987, point 2.1.18.

⁶ Bull. EC 10-1987, point 2.1.18.

⁷ OJ C 303, 13.11.1987; Bull. EC 10-1987, point 2.1.18.

governments from pursuing social and regional adjustment objectives.

Commission Vice-President Lord Cockfield wound up the debate, stressing the importance of using European standards, which were one of the keys to the genuine opening of the market. He was also in favour of exceptions in limited cases so as to reduce the gaps between regions and provide for the particular needs of regions with special problems.

At the end of the debate Parliament adopted by a large majority Mr Beumer's recommendation on the second reading concerning the procedures for the award of public supply contracts, incorporating the first-reading amendments that the Council had ignored.

2.4.15. Parliament passed legislative resolutions embodying its opinions (first reading) on Commission proposals concerning:

(i) a Regulation on a research and development programme in the field of applied metrology and chemical analyses in the European Community (1988-92) (Community Bureau of Reference) (→ point 2.1.59);

(ii) a Decision concerning the establishment at Community level of a policy and a plan of priority actions for the development of an information services market in the Community (→ point 2.1.75).

2.4.16. Parliament adopted decisions on the Council's common positions on the Commission proposals for:

(i) an amendment to the Directive of 21 December 1976 on the coordination of procedures for the award of public supply contracts and deleting certain provisions of the Directive of 22 July 1980 (→ points 2.1.22 and 2.4.14);

(ii) a fourth Directive concerning summer time arrangements (→ point 2.1.282).

2.4.17. Parliament gave opinions on the following Commission proposals:

(i) a Decision concerning a Community programme to create and develop business

and innovation centres and the BIC Network (→ point 2.1.25);

(ii) the conditional introduction of a new, three-year quota system for certain steel products, a Regulation instituting a Community programme to assist the conversion of steel areas (Resider programme) and a Decision concerning a contribution to the ECSC from the general budget of the European Communities to finance measures connected with the restructuring of the steel industry (→ point 2.1.28);

(iii) a Decision adopting a revision of the multiannual (1985-89) research and training programme for the EAEC in the field of radiation protection (→ point 2.1.63);

(iv) an amendment to the Regulation of 28 June 1968 on the Common Customs Tariff¹ and to the Regulation of 28 March 1983 setting up a Community system of reliefs from customs duty² (→ point 2.1.77);

(v) a recommendation relating to ratification by Member States of the Convention of 25 October 1980 designed to facilitate international access to the courts³ (→ point 2.1.199);

(vi) an amendment to the Regulation of 29 December 1981 on the common organization of the market in fishery products⁴ and to the Regulation of 28 June 1968 on the Common Customs Tariff¹ (→ point 2.1.260);

(vii) a Regulation on the grant of financial support to transport infrastructure projects (→ point 2.1.273);

(viii) an amendment to the Directive of 25 July 1983 concerning the authorization of scheduled interregional air services for the transport of passengers, mail and cargo between Member States⁵ (→ point 2.1.281);

¹ OJ L 172, 22.7.1968.

² OJ L 105, 23.4.1983; Bull. EC 3-1983, point 2.1.28.

³ OJ C 320, 13.12.1986; Bull. EC 12-1986, point 2.1.135.

⁴ OJ L 379, 31.12.1981; Bull. EC 12-1981, point 2.1.140.

⁵ OJ L 237, 26.8.1983, Bull. EC 7/8-1986, point 2.1.213.

(ix) a Regulation amending temporarily the Financial Regulation of 21 December 1977 applicable to the general budget of the Communities¹ (→ point 2.3.8).

2.4.18. Parliament gave its assent to the conclusion of protocols:

(i) laying down the conditions and procedures for the implementation of the second stage of the Agreement establishing an Association between the Community and the Republic of Cyprus and adapting certain provisions of the Agreement (→ point 2.2.24);

(ii) to the Association Agreement between the Community and the Republic of Cyprus consequent on the accession of Spain and Portugal to the Community (→ point 2.2.20);

(iii) to the Cooperation Agreement between the Community and Yugoslavia consequent on the accession of Spain and Portugal (→ point 2.2.25);

(iv) on financial cooperation between the Community and Yugoslavia (second protocol) (→ point 2.2.25);

(v) on financial and technical cooperation between the Community, Yugoslavia, Algeria, Tunisia, Egypt, Jordan and Lebanon (→ points 2.2.31 and 2.2.32).

2.4.19. Under its budgetary powers, Parliament adopted a resolution authorizing a first series of additional provisional twelfths for the 1988 financial year (non-compulsory expenditure) and giving its first opinion on the authorization of additional provisional twelfths for the 1988 financial year (compulsory expenditure) (→ point 2.3.6).

2.4.20. Parliament also passed resolutions on the following subjects.

Voting rights in local elections for Community nationals residing in a Member State other than their own. Parliament judged the Commission's explanation for the three-year delay in submitting its report unacceptable, but noted with satisfaction that it had undertaken to consider in the first half of 1988 a proposal for a Directive on voting

rights in local elections for Community nationals. Rejecting the Commission's attempt to tie the right to vote and stand in local elections to the uniform electoral procedure for Parliament, the House recommended that the Member States grant in the not-too-distant future voting rights in local elections to citizens from non-member countries.

The Commission's 16th Report on Competition Policy. Parliament considered that in the process of applying the Single Act the Commission must implement a more dynamic competition policy. The House expressed opinions and wishes concerning measures to achieve this and examined the impact that this policy would have on private-sector companies, the Member States, public-sector enterprises and State monopolies. The House recommended procedures to be applied in competition policy, geared to the protection of consumer interests.

Drugs. Parliament acknowledged that the Commission's grant of 500 000 ECU to UNFDAC would have to be substantially increased. Welcoming the seven-point plan approved by Ministers for the Interior at their Council meeting in London on 20 October 1986,² the House called on the President of the Council to call a meeting of Ministers for the Interior, Health, Social Affairs and Education as soon as possible to review present drug policies. The Commission was asked to submit binding proposals for dealing with drug trafficking.

Action against synthetic drugs. Parliament expressed grave concern about the devastating effects caused by the increasing consumption of this type of drug. The Commission was therefore urged to press for compliance with the international conventions governing the manufacture of and illegal trafficking in such drugs; Community information and education campaigns were urgently needed.

¹ OJ L 356, 31.12.1977.

² Bull. EC 10-1986, point 2.4.10.

*Implementing Parliament's resolution on the fight against drug abuse.*¹ Parliament called on the Commission, as a matter of urgency, to present proposals as part of a multi-pronged action programme on: prevention through information, health education and advice on lifestyles; surveillance to check the spread of new products; analysis of trends in drug taking; economic and social measures to create jobs; the humanization of inner cities; a leisure policy especially aimed at young people.

An integrated development programme for Portugal. Parliament reviewed the main features of the Portuguese economy and defined the five major categories of problem regions in Portugal. On this basis it drew attention to the situation of several sectors (agriculture and fisheries, industrial development, services and infrastructures) and advocated measures to revitalize and modernize them. Community support for the Portuguese Government's economic development plans should take the form of an integrated development programme, for which the House offered guidelines.

The problems of and prospects for growing hazelnuts and other nuts in the Community. As the nut sector does not qualify for any specific measure and yet is seen by the Commission as a possible alternative to certain surplus products, Parliament considered it essential that the Community start to develop a positive policy for this sector covering structures, trade, processing and marketing. The Commission was urged to grant aid for nut crop production.

Current situation in the fishing industry in various Member States following the sharp decline in the consumption of fresh fish. Alarmed by the prejudice suffered by a category of Community workers, Parliament called on the Commission to provide short-term assistance (bridging loans, interest subsidies, grants). Further Community health regulations governing fish processing were also needed.

Extension of British territorial waters to 12 miles. Article 100 of the 1972 Act of Accession requires a Member State that

changes its fishing limits to respect the historic rights of Community fishermen. Parliament called on the Commission to take all necessary steps to ensure that Article 100 was applied.

Future fisheries agreement between the EEC and Morocco. In two resolutions Parliament complained that it had not been kept adequately informed of the details of the negotiations that had produced a preliminary agreement² and urged the Commission and Council to conclude the agreement within the scheduled time; the Commission was also asked to pursue an open, consistent and clear policy with regard to prior notification of Parliament.

Elimination of bureaucratic obstacles to transport created by differences in regulations concerning reserve petrol canisters. With an eye to the single internal market of 1992, Parliament saw the removal of restrictions on the carriage of canisters containing a maximum of 10 litres of reserve fuel as a means of facilitating traffic between Member States. It was therefore pleased that the taxation side of this problem had been settled. It drew attention to the need to comply with Community safety standards when carrying such reserve canisters.

*The legal basis of the proposal for a Regulation 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.*³ Parliament considered that Article 31 of the Euratom Treaty, providing for the Commission to work out and the Council to set basic standards for the protection of the health of workers and the general public against the dangers arising from ionizing radiation, was inapplicable here. There was a very good case for basing the proposal on Article 100a of the EEC Treaty, which deals with the completion of the internal market.

¹ OJ C 283, 10.11.1986; Bull. EC 10-1986, point 2.4.17.

² OJ L 232, 19.8.1987; Bull. EC 7/8-1987, point 2.1.247.

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

*Results of the work of the ACP-EEC Joint Assembly.*¹ The first point made in the resolution is that the ACP-EEC Assembly and Parliament should keep one another informed. The House then agreed with the Assembly that there must be greater regional cooperation between ACP States. It endorsed the criticisms made by the Joint Assembly of the inadequacy of the financial provisions for Lomé III and reiterated the urgency of ensuring the Assembly's budgetary autonomy. The House also called for application of the restrictive measures adopted against the policy of apartheid and affirmed its support for the resolutions passed by the Assembly and its working groups. Finally, Parliament again stressed the need for an agreement between the Joint Assembly, the Commission and the Council and for an alignment of the positions adopted by the Assembly and Parliament.

The Copenhagen Summit. Noting that at their meeting in Copenhagen on 4 and 5 December the Heads of State or Government failed to adopt a decision on the reform of the Community's financing system and that the Council had been unable to decide on a draft budget for 1988, Parliament considered that adoption of the Commission's proposals (with Parliament's amendments) continued to be a prerequisite for the success of the Single Act and for completion of the internal market. It deplored the fact that the Commission had accepted certain possible compromises that weakened its original proposals and asked it to amend the proposals in the light of Parliament's own amendments. Parliament invited its President to bring an action against the Council in accordance with its resolution of 15 October² and called on the Commission to lay before it, by the end of the year, a letter of amendment to its preliminary draft budget. Finally, Parliament appealed to the citizens of Europe, the political parties, senior members of the professions and the trade unions to exert strong political pressure on the Member States' Governments so that they adopt a more responsible and courageous attitude to the survival of the Community and the future of Europe.

2.4.21. In the field of political cooperation and human rights Parliament passed resolutions on the following subjects.

The Washington Summit. Parliament welcomed the success of the Summit and the signing of the INF Treaty. It urged the Foreign Ministers meeting in political cooperation to define a common position that would enable the Community to be actively and directly involved in East-West negotiations. The House reiterated its support for complete elimination of chemical and bacteriological weapons and deplored yet again the Community's totally inadequate role in international affairs.

Frontier controls and drugs. Parliament stressed the importance of improving cooperation between the customs and police and recommended certain steps that would help achieve this. It called for harmonization of national customs procedures and substantial and systematic increases in 'tax paid' allowances for individuals, prior to making these allowances effectively infinite by 1992; any checks on Channel Tunnel travellers should take place on board the trains.

Human Rights Day. Parliament pointed out that in many Eastern European countries people engaged in human rights initiatives are prevented from taking part in peaceful demonstrations, or even arrested. The House therefore urged the Council and the Commission to draw attention to this when negotiating with the German Democratic Republic, Czechoslovakia, the Soviet Union and Poland, countries in which these demonstrators can appeal to the Conference on Security and Cooperation in Europe³ and to principles enshrined in their constitutions. Parliament called on the Member States to give their views on these practices in the context of European political cooperation; the Council and Commission were asked to formulate a consistent policy on human rights.

¹ Bull. EC 2-1987, point 2.2.36; Bull. EC 9-1987, point 2.2.41.

² OJ C 305, 16.11.1987; Bull. EC 10-1987, points 2.3.3, 2.4.5, 2.4.8 and 2.4.12.

³ Ninth General Report, points 510 to 512.

The right to conscientious objection in Eastern European countries. Parliament called for guarantees of the right to refuse armed military service on grounds of conscience, or on political, philosophical or religious grounds, and for the proper respect of the principles of the free movement of persons and ideas, as laid down in the Helsinki Final Act.¹ The House listed a number of conscientious objectors imprisoned by the Soviet, Polish, Czechoslovak, Hungarian, Romanian, Bulgarian and Yugoslav authorities, and called for their release.

Reuniting of the Zherdev family. Concerned about the sad plight of this Russian family, Parliament called on the Foreign Ministers meeting in political cooperation to do their utmost to enable one of the sons, Sergei Zherdev, to emigrate and rejoin his family in Sweden.

The situation in Romania. Following the outbreak of riots in Brasov on 14 and 15 November, Parliament expressed its concern about the hardship suffered by 23 million people and its distress at the reports that the police and the army had brutally put down demonstrations by workers and students. It offered the Romanian people its sympathy and solidarity. It pointed out that every State has the duty to respect the right to strike and the dignity of the human person. The House called on the Foreign Ministers meeting in political cooperation to make representations in Bucharest with a view to persuading the Romanian Government to refrain from its repressive measures, and called for food aid from the Community.

Western Sahara. Parliament protested against the arbitrary arrests of dozens of Sahrawi men and women by the Moroccan police, and the risk that those detained may be tortured. The House insisted that these people should be released forthwith and their rights respected.

The famine situation in Ethiopia. Parliament welcomed the speedy action of the Commission in response to calls for emergency food aid and requested once again that the Community provide as much aid

as possible for the populations affected through the intermediary of international humanitarian organizations. The House insisted on effective controls to ensure the aid reaches its destination and is distributed exclusively to the civilian population; it hoped that there would be no more attacks on convoys. The House was alarmed at reports that forced resettlement programmes may be reintroduced by the Ethiopian authorities; the Government was asked to release its political prisoners, including members of the former Emperor's family.

Violation of human rights in the Gaza Strip. Deploring the internment without trial of Radwan Abu Ayache, President of the Association of Arab Journalists in the Occupied Territories, Parliament called on Israel to respect and apply the fourth Geneva Convention of 1949, to which it is a signatory, and again called for an international conference to be held under the auspices of the United Nations, in which all the parties concerned would take part.

Situation in Afghanistan. Referring to two of its earlier resolutions on the situation in Afghanistan,² Parliament once again condemned the invasion of Afghanistan by Soviet troops and called for their immediate and unconditional withdrawal. It asked that humanitarian organizations be allowed to tend the wounded. Parliament welcomed the fact that the Commission had granted 4.8 million ECU as aid to the Afghan refugees. It called for the right of self-determination for the Afghan people, and urged the Foreign Ministers meeting in political cooperation to work for a peace settlement which would restore independence to the Afghan people.

Imprisonment of Mrs Herrera in Chile. Parliament condemned the charges brought against Mrs Herrera, a political refugee, in France, by the military tribunal and her imprisonment since 7 October after her vol-

¹ Ninth General Report, points 510 to 512.

² OJ C 182, 19.7.1982; Bull. EC 6-1982, point 2.4.13; OJ C 175, 14.7.1986; Bull. EC 6-1986, point 2.4.10.

untary return to Chile, and called for her immediate release.

Haiti. Concerned about the unstable situation prevailing in the country since the recent elections, Parliament hoped that the people would not have to suffer in the struggle for power and condemned the armed attacks by the Tontons Macoute. It demanded that Community economic and technical aid — but not humanitarian aid — be suspended until such time as democ-

racy was restored.

Council

2.4.22. The Council held 13 meetings in December. The following table lists the number, place and date of each meeting, the names of the Council President and Commission representatives and the main items of business. A more detailed account of specific items can be found in the sections of the Bulletin referred to in the footnotes.

Table 21 — *Council meetings in December 1987*

Number, place and date of meeting	Subject	President	Commission	Main items of business
1204th Brussels 1 December	Labour and social affairs	Mr Dyremose	Mr Marín	<p>Combating long-term unemployment: conclusions¹</p> <p>Vocational training for young people: adoption of decision concerning action programme¹</p> <p>Second Community action programme for the disabled¹</p> <p>Programme concerning safety, hygiene and health at work: resolution¹</p> <p>Protection of workers by banning of certain specified agents and/or certain carcinogenic activities: common position¹</p> <p>Protection of workers from the risks related to exposure to benzene</p> <p>European Institute for Research on Women</p>
1205th Brussels 3 December	Environment	Mr Christensen	Mr Clinton Davis	<p>Community action programme to combat environmental pollution by cadmium: resolution²</p> <p>Community information system for the control and reduction of pollution caused by the spillage of hydrocarbons and other harmful substances at sea: agreement²</p> <p>Limit values and quality objectives: favourable position</p> <p>Motor vehicle pollution: adoption of two directives²</p> <p>Export/import of certain dangerous chemicals: agreement²</p>

Number, place and date of meeting	Subject	President	Commission	Main items of business
1206th Brussels 7 and 16 December	Transport	Mr Christensen	Mr Clinton Davis Mr Sutherland	<p>Large combustion plants</p> <p>Programme on employment creation in the environmental field: first discussion</p> <p>Water quality objectives for chromium</p> <p>Dumping of waste at sea: exchange of views</p> <p>Air transport: fares, capacity and market access, application of rules on competition to air transport³</p> <p>Negotiations with Austria, Switzerland and Yugoslavia</p> <p>Market access for road transport</p> <p>Rates for carriage of goods by road</p> <p>Weight and dimensions of certain road vehicles: preliminary discussion</p> <p>Road haulage services (cabotage)</p> <p>International carriage of passengers by coach and bus</p> <p>Transport infrastructure projects</p>
1207th Brussels 7 December	Economic and financial affairs	Mr Simonsen	Mr Delors Lord Cockfield Mr Schmidhuber	<p>1988 Annual Economic Report: approved⁴</p> <p>Removal of tax frontiers</p> <p>Proposal for 18th VAT Directive</p> <p>Prospectus to be published when transferable securities are offered to the public</p>
1208th Brussels 8 December	Industry	Mr Wilhelm	Mr Narjes Mr Sutherland Mr Schmidhuber	<p>Steel policy: extension of quota system for certain categories of products; regional and social measures⁵</p>
1209th Brussels 9 December	Budget	Mr Tygesen	Mr Christophersen	<p>Budgetary procedure for 1988⁶</p>
1210th Brussels 10 December	Agriculture	Mr Tørnæs	Mr Andriessen	<p>Swine fever: adoption of decision⁷</p> <p>Trade in certain animals and their meat as referred to in Article 7 of hormones Directive</p> <p>Pesticide residues</p> <p>Beef/veal: Community tariff quotas⁷</p> <p>Rice</p> <p>Structures</p> <p>Free food operation: adopted⁷</p>

Council

Number, place and date of meeting	Subject	President	Commission	Main items of business
1211th Brussels 14 December	General affairs	Mr Ellemann-Jensen Mr Tygesen	Mr Delors Mr Narjes Mr Clinton Davis Mr De Clercq	Radioactivity ⁸ Follow-up to Copenhagen European Council Preparation for sixth meeting of EEC-Yugoslavia Cooperation Council Uruguay Round Community programme in telecommunications technologies (RACE): adopted ⁹
1212th Brussels 14 to 16 December	Fisheries	Mr Gammelgaard	Mr Cardoso e Cunha	1988 guide prices for fishery products: adopted ¹⁰ TACs and quotas for 1988: adopted ¹⁰ Norway, Faeroes ¹⁰ French Guiana waters ¹⁰ Greenland waters ¹⁰ NAFO ¹⁰ Technical conservation measures ¹⁰ Negotiations for EEC-Morocco fisheries agreement: oral report from Commission ¹⁰ Relations with Mauritania ¹⁰ Fisheries relations with certain international organizations and non-member countries
1213th Brussels 18 December	Internal market	Mr Wilhjem	Lord Cockfield	Dangerous preparations: common position ¹¹ Good laboratory practice: common position ¹¹ Good laboratory practice: common position ¹¹ Trade marks Non-life insurance ¹² Information to be published when a major holding in listed company is acquired or disposed of ¹²
1214th Brussels 18 December	Consumer protection and information	Mr Wilhjem	Mr Varfis	Safety of toys: common position ¹¹ Indication of prices for non-food products and for foodstuffs ¹¹ Consumer involvement in standardization and integration of consumer policy with other common policies ¹¹ Child safety Consumer safety in connection with Community consumer products

Number, place and date of meeting	Subject	President	Commission	Main items of business
1215th Brussels 21 December	Research	Mr Haarder	Mr Narjes	Second phase of Esprit programme: common position ⁹ Revision of research programme in radiation protection: adopted ¹³ Revision of Brite programme: common position ¹³ Joint Research Centre
1216th Brussels 22 December	Industry	Mr Wilhjelm	Mr Narjes Mr Sutherland Mr Schmidhuber	Steel policy: extension of quota system for certain categories of products; Community programme to assist conversion of steel areas (Resider), social aspects ⁵

¹ Employment, education and social policy.

² Environment and consumers.

³ Transport.

⁴ Economic and monetary policy.

⁵ Steel.

⁶ Financing Community activities.

⁷ Agriculture.

⁸ Nuclear safety.

⁹ Telecommunications, information technology and innovation.

¹⁰ Fisheries.

¹¹ Environment and consumers.

¹² Financial institutions and company law.

¹³ Research and development.

Commission

Activities

2.4.23. Mr Delors and Mr Natali represented the Commission at the European Council meeting on 4 and 5 December.

The Commission met Mr Genscher, Minister for Foreign Affairs of the Federal Republic of Germany, and Mrs Adam-Schwaetzer, State Secretary, in order to prepare the programme for Germany's term as Council President during the first six months of 1988.

Decisions, communications and proposals

2.4.24. The Commission sent the Council and Parliament a communication about reactivating cultural action in the Community. It is intended to prompt in-depth discussion within the Community on the

aims and means of Community action in the arts (→ point 1.2.1 *et seq.*).

A proposal for a first multiannual programme (1988-93) for European Collaborative Linkage of Agriculture and Industry through Research (Eclair), with the participation of universities, research institutes and firms, was sent to the Council (→ point 2.1.58).

Under the sixth Directive on aid to shipbuilding the Commission set at 28% the common ceiling for production aid in 1988.

The Commission was informed of the results of the application and development of the Erasmus programme, under which 398 inter-university cooperation programmes involving over 850 higher education institutions were financed in 1987 (→ point 2.1.142).

The Commission adopted the second series of projects under the Community programme on cooperation between universit-

ies and enterprises regarding training in the field of technology (Comett). Since its inception the programme has given support to 108 university-enterprise training partnerships, 1 067 transnational placements in enterprises for students, 73 transnational fellowships for staff in universities and enterprises, 143 joint transnational university-enterprise continuing training projects and 63 multilateral initiatives for the development of multimedia training systems (→ point 2.1.146).

The Commission sent the Council a communication on consumer participation in standardization and an initial report on integrating consumer policy with the other policies (→ point 2.1.196).

In accordance with a promise made to the Council, the Commission presented a proposal for a Directive on the harmonization of taxes on lorries (→ point 2.1.275).

Following the refusal by the Korean authorities to grant the Community equal treatment with the United States with regard to intellectual property rights, the Commission proposed that the Council suspend

the generalized preferences scheme for the Republic of Korea (→ point 2.2.35).

The Commission adopted a proposal to the Council for negotiating directives on the rollback of quantitative restrictions in the Uruguay Round (→ point 2.2.1).

The Commission sent the Council letter of amendment No 1/88 to the preliminary draft budget for 1988. It formally communicates to the two arms of the budgetary authority, and in particular Parliament, the updated budgetary figures for 1988 in the light of the latest developments on the budget front and in the general political situation (→ point 2.3.5).

Discussions and policy debates

2.4.25. The Commission held a wide-ranging debate on the main points of a proposal for the withdrawal of agricultural land (set-aside arrangements). It should adopt formal proposals in January.

The Commission instructed its appropriate departments to prepare a communication on the Community's role in space, which should be ready for presentation some time next year.

Court of Justice¹

2.4.26. New cases

Case	Subject	Basis
<p>Free movement of goods</p> <p>341/87 — EMI Electrola v (1) Patricia Im- und Export Verwaltungsgesellschaft; (2) Lüne-ton Tonträger-Herstellungs-GmbH; (3) Kraul and (4) Beetz</p>	<p>Is it compatible with the provisions on the free movement of goods (Article 30 <i>et seq.</i> of the EEC Treaty) for a manufacturer of sound recordings in Member State A to exercise his exclusive rights in that State over the reproduction and sale of certain musical works in such a manner as to prohibit the sale in the territory of Member State A of sound</p>	<p>Article 177 EEC</p>

¹ For more detailed information, see the material published by the Court of Justice in the *Official Journal* and the *European Court Reports*, and the publications of its Information Office (e.g. the weekly *Proceedings of the Court*).

Case	Subject	Basis
	recordings of the same musical work manufactured and sold in Member State B, where the manufacturers of sound recordings previously enjoyed copyright protection for the musical work in Member State B but the copyright period has already expired?	
Customs union		
357/87 — Schmid v HZA Stuttgart-West	Council Regulation No 950/68 on the CCT: interpretation of the word 'packing'	Article 177 EEC
378/87 ¹ and 378/87R — Top Hit Holzvertrieb v Commission	Seeking annulment of the Commission Decision of 16 September 1985 in case REC 5/85 on the recovery of customs duties on certain imported furniture, and suspension of the implementation of the Decision	Article 173 EEC Article 186 EEC
Taxation		
342/87 — Genius Holding v Staatssecretaris van Financiën	Interpretation of Articles 17, 18, 21 and 22 of the sixth VAT Directive (77/388/EEC) as it applies to a system of shifted VAT liability established by a Dutch Act of 4 June 1981 under which the VAT liability is shifted to the main contractor from a subcontractor who supplies a service, so that VAT is collected only once, on the amount billed by the main contractor to the principal	Article 177 EEC
348/87 — SUFA v Staatssecretaris van Financiën	Do the transactions which must be exempted from turnover tax pursuant to Article 13(A) (1) (f) of the sixth Directive cover the activities of a foundation (<i>stichting</i>) which consist exclusively in the organization and performance of work which is related to the activities of another foundation, against reimbursement of expenses actually incurred, where the other foundation acts as an umbrella organization for a number of bodies whose activities are exempt from or are not subject to tax and, solely for those bodies, performs services as defined in the aforesaid provision of the sixth Directive?	Article 177 EEC
Competition		
369/87 — Armada Supply and France Export Promotion v Commission ¹	Annulment of the Commission Decision of 8 October 1987, confirmed by letter of 11 November 1987, on account of a breach of essential procedural requirements and a misuse of powers; alternatively, a declaration that, by taking no action on the complaint lodged by the applicants on 21 September 1987, the Commission has failed to fulfil its obligations under the EEC Treaty, Council Regulation No 17 and Commission Regulation No 99/63/EEC	Article 173 EEC

Case	Subject	Basis
Social security		
304/87 — Abarca Formiga v Instituto Nacional de la Seguridad Social	Compatibility with Articles 2, 117 and 118 of the EEC Treaty of national rules preventing concurrent receipt of a salary as a serving civil servant and a retirement pension under the general social security scheme	Article 177 EEC
356/87 — Ha (née Doan Thi Kim Thuy) v Belgian State	<p>1. If the benefits for handicapped persons granted by the Belgian Act of 27 June 1969 are indeed a social advantage within the meaning of Article 7 of Council Regulation No 1612/68, do the Stateless persons or political refugees to whom, for example, Articles 1 and 2(1) of Council Regulation No 1408/71 refer rank among the persons covered by the first-mentioned Regulation?</p> <p>2. If so, may such an advantage not be granted to a handicapped person whose spouse, or some other member of whose family, although not yet having the status of employed person, is in receipt of payments covering the minimum means of subsistence or receives some other advantage of the same kind?</p>	Article 177 EEC
Agriculture		
358/87 — Dublin District Milk Board v Golden Vale Cooperative Creameries	Whether a national system for the regulation of price and supply of liquid milk for human consumption such as that contained in Part II of the Milk (Regulation of Supply and Price) (Amendment) Act 1936 and the provisions of the Milk (Regulation of Supply and Price) (Amendment) Act 1941 and the Milk (Regulation of Supply and Price) (Amendment) Act 1952 and the Dublin District Milk Board Order 1936; the Dublin District Milk Board Order 1948; the Dublin District Milk Board Order 1955 and the Dublin District Milk Board (Minimum Prices for Milk) Order 1986, SI No 210 of 1986, would be compatible with the relevant Community Regulations and Community law and in particular Articles 30 to 37 inclusive and Articles 38 to 45 inclusive, and Articles 86 and 92 of the EEC Treaty and Council Regulation No 804/68	Article 177 EEC
358/87 — Drewes v Bezirksregierung Lüneburg ³	Interpretation of certain undertakings given, failure to fulfil which entails recovery of non-marketing premiums for milk already paid; proportionality of withdrawing the entire premium where compliance with the undertakings is proved by means other than those stipulated in the Community rules	Article 177 EEC
376/87 ⁴ and 376/87R — Distrivet v Council	Annulment of Council Decision 87/561/EEC on transitional measures concerning the prohibition on administration to farm animals of	Article 173 EEC

Case	Subject	Basis
<p>Consumer protection</p> <p>352/87 — Farzoo and Kortmann v Commission⁴</p>	<p>certain substances having a hormonal action; suspension of the application of the decision, and an interim measure</p> <p>Annulment of Commission Directive 87/137/EEC adapting to technical progress Annexes II, III, IV, V and VI of Council Directive 76/768/EEC on cosmetic products</p>	Article 173 EEC
<p>Budget</p> <p>377/87 — Parliament v Council⁵</p>	<p>A declaration that the Council has wrongly failed to place before Parliament not later than 5 October 1987, in accordance with Article 203(4) of the EEC Treaty, a draft general budget for the Community for the 1988 financial year, which it should have drawn up in conformity with the EEC Treaty, in particular Article 199 thereof</p>	Article 175 EEC
<p>383/87 — Commission v Council⁶</p>	<p>The lack of a draft budget by 5 October 1987 to cover estimated financial requirements for 1988</p>	<p>First paragraph of Article 199 EEC</p> <p>Article 203(3) and (4) EEC</p>
<p>Free movement of workers</p> <p>344/87 — Bettray v Staatssecretaris van Justitie</p>	<p>Is Article 1(1) of Regulation No 1612/68 —laying down the right of a national of a Member State, irrespective of his place of residence, to take up an activity as an employed person, and to pursue such activity, within the territory of another Member State — to be construed as meaning that that right is also enjoyed by a national of another Member States who is carrying out work in the Netherlands within the framework of the Wet Sociale Werkvoorziening in a case where:</p> <p>(a) he cannot be regarded as having previously been a worker within the meaning of Article 48(1) of the EEC Treaty, other than in the context of such a social job scheme; and</p> <p>(b) he is not one of the persons referred to in Title III of the Regulation?</p>	Article 177 EEC
<p>349/87 — Pougariidou, Paraschi, Papanikolaou and Portale v Landesversicherungsanstalt Württemberg</p>	<p>Was the German legislature entitled under Community law to amend the legislation applying to migrant workers in such a way that workers returning to their country of origin suffer a substantial reduction in the social security cover they had already acquired in the country of employment?</p>	Article 177 EEC
<p>359/87 — Pinna v CAF de la Savoie</p>	<p>Whether the fact that Article 73(2) of Regulation No 1408/71 has been declared invalid by the Court of Justice means that the system for</p>	Article 177 EEC

Case	Subject	Basis
	the payment of family benefits which is defined in Article 73(1) of that Regulation has become generally applicable or, to the contrary, that new rules must be adopted under the procedure laid down in Article 51 of the EEC Treaty; in the latter case, what is the system applicable during the transitional period to migrant workers subject to French legislation?	
Infringements		
360/87 — Commission v Italy ²	Failure to comply with Council Directive 80/68/EEC on the protection of groundwater against pollution caused by certain dangerous substances	Article 169 EEC
370/87 — Commission v Netherlands ⁴	Failure to fulfil obligations under Article 59 of the EEC Treaty: restriction of cable distribution of foreign broadcasts	Article 169 EEC

Disputes between the Community and its staff

v Commission:

371/87 — Progoulis

372/87 — Progoulis

375/87 — Buick and Sorani

Annulment of the decision to delay payment of a part of the remuneration for January 1987, namely the 5.7% increase payable under Council Regulations No 3855/86 and No 3856/86

v Parliament:

361/87 — Caturla-Poch⁷

362/87 — De la Fuente Pascal

¹ OJ C 51, 23.2.1988.

² OJ C 8, 13.1.1988.

³ OJ C 21, 27.1.1988.

⁴ OJ C 38, 10.2.1988.

⁵ OJ C 20, 26.1.1988.

⁶ OJ C 37, 9.2.1988.

⁷ OJ C 2, 6.1.1988.

2.4.27. Judgments

Date and Case	Held
Customs union	
26.11.1987: 44/87 — Heinrich Ritzendorff v HZA Paderborn	Removed from the Court Register (seeking interpretation of CCT heading No 61.10)
8.12.1987: 42/86 — Directeur Général des Douanes et Droits Indirects/Artimport and Others ¹	On 23 May 1979 Council Regulation No 2800/78 was to be interpreted as meaning that suitcases and attaché-cases made from plastic sheeting composed of styrene resin, butadiene and acrylo-

Date and Case	Held
10.12.1987: 164/86 — Universität Bielefeld v HZA Giessen ¹	<p>nitril made rigid by moulding or pressing and not by means of a rigid foundation fell within CCT heading 39.07 E IV as products originating from Taiwan imported into a Member State of the Community</p> <p>Commission Decision 82/288/EEC establishing that the apparatus described as 'Quanta Ray-Nd: YAG Laboratory Laser System, model DCR-1A' may not be imported free of CCT duties is invalid</p>
10.12.1987: 232/86 — Nicolet Instrument v HZA Berlin-Packhof ²	<p>Council Regulation No 1798/75 on the importation free of CCT duties of educational, scientific and cultural materials and Commission Regulation No 2784/79 laying down provisions for the implementation of Regulation No 1798/75 must be interpreted as meaning that the mere fact that an instrument or apparatus manufactured in the Community is capable of performances greatly superior to those required for the proposed research project does not prevent its being regarded as being 'of equivalent scientific value' within the meaning of the abovementioned Regulations</p>
15.12.1987: 328/85 — Deutsche Babcock Handel v HZA Lübeck-Ost ²	<p>Regulation No 1430/79 applies to goods falling within the ECSC Treaty</p> <p>The second indent of Article 2(1) of Regulation No 1430/79 does not apply when the trader liable for the import duty has, at the time of clearance of the goods for free circulation, indicated a price higher than that which he actually had to pay, account being taken of the discounts and bonuses granted to him on account of the quantities ordered, and when the statement of the higher price was designed to enable the goods to be cleared for free circulation on the basis of a licence which made no mention of those discounts and bonuses</p>
Right of establishment	
8.12.1987: 20/87 — Ministère Public v Gauchard ³	<p>Neither Article 52 of the EEC Treaty nor Council Directives 68/363/EEC and 68/364/EEC adopted for its implementation in respect of activities of self-employed persons in retail trade apply to purely domestic situations in a Member State such as that of a national of a Member State who has never resided or worked in another Member State</p>
17.12.1987: 422/85 — Criminal proceedings against Mattiazzo ⁴	<p>Directive 77/780/EEC does not detract from the Member States' power to lay down rules on the legal status of credit institutions. The classification of employees of credit institutions as 'public officials' or as 'persons responsible for a public service' for the purposes of the application of the criminal law of a Member State is not con-</p>

Date and Case	Held
<p>Competition</p> <p>3.12.1987: 136/86 — Bureau National Interprofessionnel du Cognac v/Aubert⁵</p>	<p>trary to the provisions or the objective of Directive 77/780/EEC</p> <p>An inter-trade agreement entered into by two groups of traders in the framework and in accordance with the procedure of an organization such as the Bureau National Interprofessionnel du Cognac, which provides for the payment of a levy where a production quota for pure alcohol per hectare has been exceeded, is contrary to Article 85(1) of the EEC Treaty</p> <p>A ministerial decree determining the application of such an agreement is contrary to the obligations imposed on Member States by Article 5, read together with Articles 3(f) and 85, of the EEC Treaty</p>
<p>Social policy</p> <p>3.12.1987: 192/85 — Newstead v Department of Transport and HM Treasury⁵</p>	<p>Article 119 of the EEC Treaty, read together with Council Directive 75/117/EEC, does not prevent an employer from paying men and women the same gross salary but making a deduction of 1.5% of the gross salary of men only, even those who are unmarried, as a contribution to a widows' pension fund provided for under an occupational scheme which is a substitute for a statutory social security scheme</p> <p>Council Directive 76/207/EEC does not prevent an employer from paying men and women the same gross salary but making a deduction of 1.5% of the gross salary of men only, even those who are unmarried, as a contribution to a widows' pension fund provided for under an occupational scheme which is a substitute for a statutory social security scheme</p>
<p>17.12.1987: 287/86 — Landsorganisationen i Danmark on behalf of Tjenerforbundet i Danmark v Ny Mølle Kro⁶</p>	<p>Article 1(1) of Council Directive 77/187/EEC must be interpreted as meaning that the Directive applies to the taking over of the running of a leased business by the owner, following the lessee's breach of the lease agreement</p> <p>Article 1(1) of Directive 77/187/EEC must be interpreted as applying to the transfer of an economic entity that is still in existence. In order to ascertain whether this is the case, account must be taken of all the factual circumstances surrounding the transaction in question, which may where appropriate include the fact that the business was temporarily closed and no employees were employed at the time of the transfer, although these facts alone do not, especially in the case of a seasonal business, preclude the applicability of the Directive.</p>

Date and Case	Held
16.12.1987: 304/87 — Abarca Formiga v Instituto Nacional de la Seguridad Social	<p>Article 3(2) of Directive 77/187/EEC must be interpreted as meaning that the transferee is not bound to continue to observe the working conditions agreed in a collective agreement <i>vis-à-vis</i> workers who were not employees of the undertaking at the date of the transfer</p> <p>Removed from the Court Register (Compatibility with Articles 2, 117 and 118 of the EEC Treaty of national rules preventing concurrent receipt of a salary as a serving civil servant and a retirement pension under the general social security scheme)</p>
17.12.1987: 323/86 — Collini v Office National des Pensions pour Travailleurs Salariés ⁷	<p>The rule against the overlapping of benefits in Article 46/3 of Regulation No 1408/71 applies in all cases in which the total sum of the benefits calculated in accordance with Article 46(1) and (2) exceeds the limit of the highest theoretical amount of the pensions concerned, even if that limit is not exceeded as a result of the duplication of insurance periods</p> <p>Where there is only one institution providing an autonomous benefit for the purposes of Article 46(1) of Regulation No 1408/71, that institution alone must reduce its benefit pursuant to the second subparagraph of Article 46(3), and must reduce it by the full amount by which the total sum of the benefits calculated in accordance with Article 46(1) and (2) exceeds the limit referred to in the first subparagraph of Article 46(3)</p>
17.12.1987: 147/87 — Zaoui v Caisse Régionale d'Assurance Maladie de l'Île de France	<p>Regulation No 1408/71 on the application of social security schemes to employed persons and members of their families moving within the Community does not exclude from its scope <i>rationae materiae</i> a supplementary allowance paid by a national solidarity fund and granted to recipients of old-age pensions, widow's pensions or invalidity pensions in order to guarantee them the minimum means of subsistence, provided that the beneficiaries are legally entitled to receive the allowance</p> <p>Members of the family of a worker who is a national of a Member State cannot</p> <p>(a) rely on Regulation No 1408/71 to claim a supplementary allowance connected with a pension which they receive in that Member State in a capacity other than that of member of a worker's family;</p> <p>(b) rely on Regulation No 1612/68 on the free movement of workers in the Community to claim the same social advantages as national workers when the worker of whose family they are members has never exercised the right of free movement within the Community</p>

Date and Case	Held
<p>Agriculture</p>	
<p>8.12.1987: 50/86 — Grands Moulins de Paris v EEC³</p>	<p>Application dismissed (seeking damages for the loss suffered owing to a refusal to grant in respect of the product 'granidon' the production refunds granted on products for which it is a substitute)</p>
<p>15.12.1987: 325/85 Ireland,⁸ 326/85 Netherlands,⁸ 332/85 Germany,⁸ 336/85 France,⁹ 346/85 United Kingdom,⁸ 348/85 Denmark,⁸ 237/86 Netherlands,⁸ and 239/86 Ireland⁶ v Commission</p>	<p>The Commission Decisions on the clearance of accounts presented in respect of the EAGGF Guarantee Section expenditure for 1981 and 1982 are void, on the ground that there were not at the material time any rules of Community law within the meaning of Articles 2 and 3 of Regulation No 729/70 failure to comply with which would have justified a refusal on the part of the Commission to charge to the EAGGF the sums concerned by the applications, in particular because of the absence of the required co-operation between the Member States concerned and the Commission</p>
<p>16.12.1987: 289/85 — Italy v Commission</p>	<p>Removed from the Court Register (seeking annulment of Decision 85/403/EEC in so far as it amends Article 3 of Decision 85/341/EEC concerning certain protective measures against African swine fever in Belgium, and suspension of its application until the Court has given judgment in the main action)</p>
<p>Transport</p>	
<p>17.12.1986: 88/86 — Bovo Tours and Van Nood Touringcars v Minister for Transport and Construction and Others⁴</p>	<p>Article 16(1) of Regulation No 517/72 must be interpreted as meaning that decisions on applications to introduce a regular or special regular coach or bus service between Member States are national decisions</p> <p>National rules providing that applications to introduce regular or special regular coach and bus services must be published and permitting interested parties to submit observations thereon within 30 days, before the applications are decided upon, satisfy the obligation imposed on Member States by the second subparagraph of Article 16(2) of Regulation No 517/72</p> <p>The phrase 'existing passenger transport services' in Article 8(1) of Regulation No 517/72 embraces any form of transport and in particular other regular coach or bus services following a partly different itinerary or a different method of sea-crossing, and passenger transport by rail</p>
<p>Convention on Jurisdiction and the Enforcement of Judgments in Civil and Commercial Matters</p>	
<p>9.12.1987: 218/86 — SAR Schotte v Parfums Rothschild³</p>	<p>Article 5(5) of the Convention must be interpreted as applying to a case in which a legal person established in a Contracting State does</p>

Date and Case	Held
9.12.1987: 144/86 — Gubisch Maschinenfabrik v Palumbo ¹	<p>not operate any dependent branch, agency or other establishment in another Contracting State but nevertheless pursues its activities there by means of an independent undertaking which has the same name and identical management, which negotiates and conducts business in its name and which it uses as an extension of itself</p> <p>The term <i>lis pendens</i> used in Article 21 of the Convention covers a case where a party brings an action before a court in a Contracting State for a declaration that an international sales contract is inoperative or for the termination thereof whilst an action by the other party to secure performance of the said contract is pending before a court in another Contracting State</p>
Infringements	
11.11.1987: 4/85 — Commission v Greece	Removed from the Court Register (Article 30 of the EEC Treaty and Directive 71/307/EEC on textile names)
3.12.1987: 194/84 — Commission v Greece ⁵	By failing gradually to release accounts blocked in Greece belonging to persons resident in the Member States in accordance with the timetable laid down in Article 52 of the Act of Accession, Greece has failed to fulfil its obligations under the said article
16.12.1987: 132/85 — Commission v Greece	Removed from the Court Register (failure to incorporate into national law and apply Directives 60/501/EEC and 63/21/EEC concerning free movement of capital)
16.12.1987: 221/87 — Commission v Netherlands	Removed from the Court Register (failure to calculate unpaid own resources for the years 1979-83 and failure to make available to the Commission within the time allowed an amount corresponding to the own resources concerned in so far as notaries and sheriffs' officers are not regarded as being taxable persons in respect of VAT on services provided by them)
17.12.1987: 315/85 — Commission v Luxembourg ¹⁰	Application dismissed (Article 11(2) of Annex VIII to the Staff Regulations of Officials of the Communities — transfer of pension rights)
16.12.1987: 11/86 — Commission v Italy	Removed from the Court Register (Decision 85/403/EEC amending Decision 85/301/EEC: health regulations — treatment of meat obtained during an outbreak of African swine fever)

Disputes between the Community and its staff

v Commission:

8.12.1987: 5/87 Möhler — Removed from the Court Register

10.12.1987: 277/84 Jänsch¹ — Application dismissed

10.12.1987: 151 to 154/86 Bauer and Others¹ } Applications dismissed (seeking annulment of the decisions of the *ad hoc* committee on changes from staff Category B to Category A in the scientific and technical services, refusing to include the applicants on the list of suitable candidates)

10.12.1987: 181 to 184/86 Del Plato and Others¹ }

16.12.1987: 206/85 Beiten² — The decision of the Selection Board for Competition COM/B/2/82 contained in the letter addressed to the applicant on 7 September 1984 not to admit her to the tests in that competition is annulled

16.12.1987: 111/86 Delauche² — 1. The application for annulment is dismissed
2. The application for compensation is dismissed

16.2.1987: 178/86 Turner³ — 1. The applicant's periodical report for 1981 to 1983 is annulled
2. The remainder of the application is dismissed

¹ OJ C 8, 13.1.1988.

² OJ C 10, 15.1.1988.

³ OJ C 2, 6.1.1988.

⁴ OJ C 18, 23.1.1988.

⁵ OJ C 352, 30.12.1987.

⁶ OJ C 16, 21.1.1988.

⁷ OJ C 20, 26.1.1988.

⁸ OJ C 11, 16.1.1988.

⁹ OJ C 25, 30.1.1988.

¹⁰ OJ C 21, 27.1.1988.

Economic and Social Committee ¹

251st plenary session

2.4.28. The Economic and Social Committee held its 251st² plenary session in Brussels on 16 and 17 December with Mr Margot and Mr Poeton in the chair. Mr Tygesen, President of the Council, told the Committee of the Danish Presidency's disappointment at the outcome of the European Council. He emphasized the overall balance of the presidency's proposals, which he regarded as the solution which should have produced an agreement.

Possession of weapons

2.4.29. The Committee adopted by majority, with one vote against and 11 abstentions, an opinion on the proposal for a Directive on the control of the acquisition and possession of weapons.³

The Committee approved the principle of stopping checks on the possession of weapons

at internal frontiers in the Community. However, it did make a number of comments. It felt that the proposal does not guarantee the safety of European citizens and that complementary measures should therefore be introduced, such as closer cooperation between the police and security forces of the Member States as part of the fight against terrorism and crime.

The Committee also felt that if there were to be no more controls on the possession of weapons at internal frontiers, there would have to be more stringent controls at the Community's external frontiers.

Scientific standards — reference materials and methods

2.4.30. With two abstentions, the Committee approved *nem. con.* the proposal for

¹ The opinions of the Economic and Social Committee are to be found in OJ C 35, 8.2.1988.

² Bull. EC 11-1987, point 2.4.34 *et seq.*

³ OJ C 235, 1.9.1987; Bull. 7/8-1987, point 2.1.10.

a Regulation adopting the research and development programme in the field of applied metrology and chemical analyses (1988-92) for the Community Bureau of Reference.¹

Improvement of European scientific and technical cooperation

2.4.31. With two abstentions, the Committee adopted *nem. con.* an opinion endorsing the proposal for a Regulation adopting a Community plan of support to facilitate access to large-scale scientific facilities of interest to Europe.² However, the Committee made a number of comments. It felt that the volume of appropriations currently considered necessary for the execution of the plan was completely inadequate given the objectives which had been set. It therefore invited the Commission to start looking straightaway into the possibilities of implementing a complementary plan, should this prove necessary.

2.4.32. With two abstentions, the Committee adopted *nem. con.* a favourable opinion on the proposal for a Regulation adopting a plan to stimulate the international cooperation and interchange needed by European research scientists 1988-92 (Science).³

In view of the lack of time given the Committee to formulate an opinion, it reserved the right to make comments at a later stage.

Sixteenth Report on Competition Policy

2.4.33. The Committee adopted by a large majority, with two votes against and eight abstentions, an opinion on the Commission's *Sixteenth Report on Competition Policy*.⁴

The Committee felt that the Community's priority objective, the single market, should be backed up by the proper functioning of the competition mechanisms. In this respect, it encouraged the Commission's attempts to harmonize or align legislation and tax systems. Regarding trade policy, it

considered that the multilateral dimension of trade relations should be accentuated and that negotiations in GATT should be speeded up so as to reverse the trend towards the adoption of specific discriminatory measures.

The Committee also hoped that further discussions would be held rapidly on the problems linked to the draft merger Regulation.⁵

Stock exchanges and transferable securities

2.4.34. The Committee adopted unanimously an opinion endorsing the proposal for a Directive coordinating regulations on insider trading.⁶

However, it drew attention to the fact that the aim of the proposal (to ban the misuse of privileged information) would be more easily achieved if the penalties imposed by the various Member States were standardized. The Committee could see a danger that differences in the severity of penalties and the scope of their application might shift insider trading to those countries where penalties were lightest.

The Committee also suggested that the Commission be empowered to open negotiations with Switzerland, Liechtenstein and Japan with a view to extending the field of application of the regulations to those countries, given their importance in the international capital market.

Periodic report on the social and economic situation and development of the regions of the Community

2.4.35. The Committee unanimously adopted an opinion on the Commission's

¹ OJ C 304, 14.11.1987; Bull. EC 9-1987, point 2.1.43.

² OJ C 14, 19.1.1988; Bull. EC 7/8-1987, point 2.1.62.

³ OJ C 14, 19.1.1988; Bull. EC 9-1987, point 2.1.51.

⁴ Bull. EC 7/8-1987, point 2.1.89.

⁵ OJ C 92, 31.10.1973; OJ C 36, 12.2.1982; OJ C 51, 23.2.1984; Bull. EC 2-1984, point 2.1.42.

⁶ OJ C 153, 11.6.1987; Bull. EC 4-1987, point 2.1.65.

third periodic report on the social and economic situation and development of the regions of the Community.¹

The Committee approved the analyses in the Commission's report. It noted once again that regional development policies had failed, at both national and Community level. According to the opinion, the funds available for Community regional policy are quite insufficient. It called for a coordinated effort by the Community and its Member States and, beyond the purely regional policy framework, an economic policy which will stimulate much more dynamic general development than is currently the case. In this respect, the backward regions would have to increase their investment at a higher rate than the general average.

Transport infrastructure

2.4.36. The Committee unanimously adopted an opinion on the proposal for a Regulation on the grant of financial support to transport infrastructure projects.² It regretted, however, that the Council has still not been able to adopt the medium-term programme³ approved by the Committee,⁴ which would be far more productive than *ad hoc* measures.

Inland transport

2.4.37. The Committee adopted by 67 votes to 7 with 17 abstentions an opinion approving the proposal⁵ to extend by one year the validity of the Council Regulation of 1 December 1983 on the fixing of rates for the carriage of goods by road between Member States.⁶ However, it would like the Commission to present a proposal to introduce new tariff arrangements to last for several years.

ECSC Consultative Committee

266th meeting

2.4.38. The ECSC Consultative Committee held its 266th meeting — an extraordi-

nary meeting — in Luxembourg on 7 December, with Mr Roy Evans in the chair. The agenda for the meeting, which had been prepared by a joint meeting of the Subcommittee for General Objectives and the Subcommittee for Markets and Prices, consisted of only one item, namely the amended Commission proposal on steel policy,⁷ on which the Committee gave its opinion.⁸

Reactions differed among the members of the Committee on the legal and economic aspects of the Commission's new proposals outlined by Mr Karl-Heinz Narjes, Vice-President with special responsibility for industrial affairs. The Committee felt that there was no economic basis for the automatic increase of 2.5% in quotas for products in categories Ia and Ib, and requested the Commission to take the necessary measures to ensure strict discipline regarding State aid. The Committee once again urged the Commission to implement the far-reaching redevelopment and retraining programme which it had proposed,⁹ and to obtain the essential transfer of funds from the Council.

267th meeting

2.4.39. The Committee held its 267th meeting in Luxembourg on 18 December, with Mr J. Laurens, Vice-Chairman, in the chair. The Committee unanimously adopted a resolution formally opposing any increase in the ECSC levy, which would have serious consequences for the coal and steel industries during the difficult period of restructuring.¹⁰

2.4.40. The Committee gave its opinion, under Articles 19 and 46 of the ECSC

¹ Bull. EC 5-1987, point 2.1.127.

² Bull. EC 11-1987, point 2.1.242.

³ OJ C 288, 15.11.1986; Bull. EC 6-1986, point 2.1.221.

⁴ OJ C 328, 22.12.1986, Bull. EC 4-1987, point 2.4.38.

⁵ OJ C 3, 7.1.1988; Bull. EC 11-1987, point 2.1.246.

⁶ OJ L 359, 22.12.1983; Bull. EC 12-1983, point 2.1.200.

⁷ OJ C 9, 14.1.1988; Bull. EC 11-1987, point 2.1.35.

⁸ OJ C 10, 15.1.1988.

⁹ Bull. EC 7/8-1987, point 2.1.34.

¹⁰ OJ C 10, 15.1.1988.

Treaty, on the forward programme for steel for the first quarter of 1988 (→ point 2.1.36 *et seq.*) A number of speakers deplored the lack of proper information concerning the rates of abatement applicable during the first quarter of 1988, which made it difficult to draw up a production programme for the months ahead.

2.4.41. The Committee also gave its opinion, under Article 95 of the Treaty, on the extension of the Commission Decision of 14 March 1978 prohibiting alignment on offers of iron and steel products originating in certain non-member countries.¹ It unanimously agreed that the Decision should be renewed for 1988.

2.4.42. The Committee delivered an opinion, under Article 55 of the Treaty, on the allocation of 12 million ECU in financial aid, taken from the ECSC levy, for a fifth five-year programme of medical research into the protection of workers against occupational hazards in the coal and steel industries. The Committee approved the programme but, in view of the limited budgetary resources deployed, stressed the need to give priority to projects specifically linked to the coal and steel industries.

The Committee prepared a communication on market forecasts for solid fuels in 1988, which confirmed the already rather gloomy picture of 1987. The Committee noted the need for urgent and determined Community action to save the Community from being eliminated from the international coal market by the year 2000, in terms of both production and supply.

European Investment Bank ²

Operations in December

2.4.43. Loans totalling 1 621.2 million ECU³ were announced by the European Investment Bank in December for investments within the Community, comprising 582 million ECU in Italy, 275.1 million ECU

in Spain, 191.7 million ECU in the United Kingdom, 148.7 million ECU in Ireland, 120 million ECU in Portugal, 95.7 million ECU in Germany, 61.8 million ECU in Greece and 43.2 million ECU in France. Of this total, 84.8 million ECU was lent from the resources of the New Community Instrument (NCI).⁴ A further 103 million ECU was lent for a gas pipeline in Austria of direct interest to the Community as a whole. Outside the Community, the Bank lent 128.3 million ECU in the ACP States under the third Lomé Convention and the Decision on overseas countries and territories, and 2.6 million ECU to Cyprus under the Financial Protocol between the Community and Cyprus.

Community

Italy

2.4.44. In Italy the EIB lent LIT 871 000 million, including LIT 73 000 million from NCI resources, mainly for industrial projects (LIT 464 000 million), in particular in the Mezzogiorno.

In the industrial sector, LIT 44 000 million went towards the modernization of a Cemensud cement works in the province of Catanzaro; LIT 41 000 million was lent to the firm Burgo for the restructuring of a paper mill in Avezzano (Abruzzi), and LIT 30 000 million to Enichem/Fibre for restructuring three synthetic fibre plants in Sardinia and Basilicata. A further LIT 90 000 million went to Olivetti for the introduction of advanced technologies in the production of a new generation of typewriters at the Crema plant in Lombardy. This project is in line with the Community objective to

¹ OJ L 73, 15.3.1978.

² Further information can be obtained from the European Investment Bank, Information Division, 100 boulevard Konrad Adenauer, L-2950 Luxembourg (tel. 43791).

³ The conversion rates at 30 September used by the EIB in statistics for the fourth quarter were 1 ECU = BFR 43.15, DKR 7.98, DM 2.08, DR 158.82, ESC 163.62, FF 6.92, HFL 2.34, IRL 0.77, LFR 0.77, LFR 43.13, LIT 1 499, PTA 137.87, UKL 0.69, USD 1.13, ÖS 14.50.

⁴ OJ L 298, 20.10.1978.

promote the introduction of new and advanced technologies into industry in order to make European firms more competitive. Finally, LIT 25 000 million went to Himont for restructuring two polypropylene plants in Umbria and Apulia. In addition, continuing its efforts to finance small and medium-scale investments in industry and related services and tourism, both in the Mezzogiorno and in central and northern Italy, the Bank granted global loans (lines of credit) totalling LIT 234 000 million to the following intermediary banks and institutions: Banca Nazionale del Lavoro, Mediocredito Centrale, Monte dei Paschi di Siena, Consorzio de Credito per le Opere Pubbliche, Credito Industriale Sardo, Medioconsorzio, Istituto Regionale Finanziamento in Sicilia, Istituto di Credito Fondiario per le Venezie, Federagrari, Interbanca, Efibanca, Banco di Napoli, Istituto Bancario San Paolo di Torino, Istituto Mobiliare Italiano, Istituto per lo Sviluppo Economico dell'Italia Meridionale and Interbanca. The money will be onlent by these establishments for projects selected by agreement with the EIB which are in keeping with its objectives and criteria.

The Bank lent a total of some LIT 357 000 million for infrastructure projects, LIT 100 000 million going to the SIP (Società per l'Esercizio Telefonico) for the modernization and extension of the telecommunications network (telephone and telex) in the Mezzogiorno. Two loans of LIT 7 500 million and LIT 4 000 million respectively were granted for the setting-up of intermodal freight terminals at Parma and Verona. A further LIT 246 000 million went to various infrastructure projects being carried out under the FIO (Investment and Job Creation Fund), notably the restructuring and extension of the ports of Trieste, Ravenna and Brindisi, the construction of the first section of the Naples underground railway, and a number of projects to improve drinking water supplies and transportation.

Out of this total, LIT 151 000 million went to finance environmental protection projects in various parts of the Mezzogiorno and elsewhere in the country, including LIT

55 000 million for setting up plants to reduce pollution in the Po in Piedmont and in Emilia-Romagna.

Finally, LIT 50 000 million was granted to projects in the energy sector, including LIT 10 000 million for a combined heat and power plant in Brescia and a global loan of LIT 40 000 million granted to Cariplo (Cassa di Risparmio delle Provincie Lombarde) for small and medium-scale investments to ensure more efficient use of energy.

Spain

2.4.45. In Spain the Bank granted PTA 38 000 million, including PTA 27 000 million for investments in the industrial sector in the form of global loans for small and medium-scale investment projects: the PTA 8 000 million granted to the Banco Hispano Americano and the Banco Hispano Industrial is to be onlent for projects deploying new technologies and innovation or contributing to the more efficient use of energy. Half of this amount (PTA 4 000 million) is to be onlent in the more prosperous regions, on the basis of the NCI IV guidelines, with a stronger emphasis on advanced technologies; the balance will be put to work in the regions eligible for regional aid, and to finance investment in industry and tourism. A total of PTA 4 000 million was granted to the Caja General de Ahorros de Canarias for small and medium-scale investments in the Canary Islands, relating in particular to industrial and agro-industrial projects and tourism. This global loan was the first of its kind granted by the EIB in the Canary Islands, where it has already given assistance to small firms in the form of global loans to other national banks and institutions. Finally, PTA 15 000 million, including PTA 5 000 million from NCI resources, was granted to the following financial institutions: Banco Popular Español and Banco Popular Industrial; Banco de Vizcaya and Banco de Financiación Industrial; Banco Español de Crédito and Banco de Desarrollo Económico Español. These three groups each received PTA 5 000 million for small and medium-

scale projects in the industrial and agro-industrial sector, including tourism, in the less prosperous regions, with particular emphasis on new technologies and environmental protection.

A further PTA 11 000 million was granted for infrastructure projects, including PTA 6 000 million for the construction of a motorway and a road transit centre near Bilbao. This project will not only help develop transport infrastructures and reduce congestion in a region with a high rate of unemployment following the restructuring of its traditional industries, but will also help improve communications between the less-developed regions of the north-west and the rest of the country, as well as with the other Member States of the Community. Of the total, PTA 4 000 million is earmarked for four sections of the Ugaldebieta motorway linking Bilbao and the industrialized area of the Nervión valley with the motorways to Burgos and Barcelona and to San Sebastián and France. The remaining PTA 2 000 million is to finance warehousing facilities and parking facilities for heavy goods vehicles travelling between Spain and the rest of the Community. A loan of PTA 5 000 million was also granted for improving the main east-west road links in Andalusia: the projects relate to 265 km of inter-regional roads, in particular the Seville-Granada-Baza and Jerez-Antequera motorways and the Guadix-Almería road.

United Kingdom

2.4.46. In the United Kingdom UKL 133 million was lent by the Bank for investments in energy and industrial modernization: UKL 63 million went to converting Kilroot power station in Northern Ireland (600 MW), previously operating exclusively on oil, to a combined oil/coal system. The Bank is also financing minor improvements to the transmission lines with a view to modernizing the supply network and making it safer, and to enable remote monitoring devices to be installed in the distribution centres and provide computer facilities to

facilitate communication between substations. These improvements are in line with national and Community environmental objectives, and will enable other equipment which may be required to be installed later.

A total of UKL 50 million has been granted to develop the Arbroath oilfield, in the North Sea 200 km east of Aberdeen, with estimated reserves of some 100 million barrels. The field will have a production capacity of 35 000 barrels per day, and will come on stream in 1990. The oil will be transported through the existing pipelines to St Fergus on the Scottish mainland, via the Forties field. The project will contribute to the harnessing of national energy resources, one of the Community's energy policy objectives. The work consists of drilling 11 production wells and associated re-injection wells, constructing a production platform and pipelines connecting with the Montrose field, and installing associated compression and gas-flaring facilities and a power plant on the Montrose platform.

Another UKL 20 million was granted for schemes to modernize aluminium manufacturing processes and introduce advanced technology in the factories of British Alcan Aluminium plc. The investments will increase the company's competitiveness by improving the quality of production and making it more flexible, and reducing costs and energy consumption. They will help safeguard jobs in regions of England and Wales severely affected by unemployment as a result of the decline of their traditional industries.

Ireland

2.4.47. In Ireland IRL 115 million was lent by the Bank for forestry, industry and infrastructure and for the restoration of Dublin Castle.

A IRL 7.5 million loan goes towards the financing of restoration works at Dublin Castle and the construction of new conference facilities, with the twin aims of preserving part of Europe's cultural heritage and making the most of tourist potential for regional development.

Loans totalling IRL 26.5 million will be used by local authorities for improvements to the national road network: IRL 7.5 million for the first phase of a new ring road around the western perimeter of Dublin; IRL 6.5 million for road works to improve traffic flow and safety on the N8, N20 and N25; IRL 5 million for the construction and upgrading of roads near Dublin, in Waterford and in Co. Wicklow and Co. Donegal, and for the construction of a bridge over the Shannon at Limerick; and IRL 7.5 million for some 20 minor road improvements throughout the country.

Water supply and sewerage improvements undertaken by local authorities account for a total of IRL 28.2 million: IRL 19.5 million for water supply and sewerage schemes in Dublin, Cork, Roscommon, Skibbereen, Midleton, Drogheda, Mullingar, Listowel and Fermoy; IRL 3.5 million for the construction of a reservoir at Belgard to improve water supplies in the Tallaght area and for works to increase the capacity of the main Dublin sewage treatment plant; and IRL 5.2 million for small-scale water and sewerage works throughout the country.

IRL 20 million goes to assist the modernization of telecommunications. Works include the installation and extension of exchanges (many using digital technology), extension of urban, trunk, telex and data transmission networks, the laying of optical fibre links and the improvement of radio transmission systems.

The Forestry Service of the Department of Energy will use a total of IRL 27.8 million for investment in forestry and related activities at various locations in Ireland as part of a continuing programme to develop Irish forests.

Finally, IRL 5 million was made available, in the form of a global loan, to the Bank of Ireland for the financing of small and medium-scale investments in industry and tourism.

Portugal

2.4.48. In Portugal, where its activities are continuing at a brisk pace, the EIB lent ESC

21 000 million for investment in industry and tourism, in particular by small businesses, and for the improvement of roads and motorways, environmental protection and the electricity supply network.

A loan totalling ESC 8 200 million was channelled to the State for deployment by all the commercial banks and financial institutions established in Portugal in support of small businesses. The intermediaries will work in close collaboration with Iapmei, an institution providing assistance for smaller industrial firms. Hence, through more extensive and varied cooperation with the banking system, the EIB is hoping to step up its financing of smaller-scale ventures in this country. A total of ESC 800 million was made available to Banco Pinto e Sotto Mayor, which will onlend the funds for smaller-scale ventures in the agricultural, fisheries and agri-foodstuffs sectors aimed at fostering the structural adjustment of agriculture.

ESC 1 000 million was lent to Madibeira Ltda for constructing a plant in the north of the country to manufacture medium-density wood-fibre panels, thereby making enhanced use of the country's abundant pinewood resources. The works, costed at around ESC 5 000 million, are expected to create some 75 permanent jobs at the plant itself and 200 others in the adjacent, largely rural area. A loan of ESC 2 500 million has been advanced for the construction of a hotel complex with conference, leisure and sports facilities in the Algarve. The hotel, managed by the Sheraton group and located on a 70-hectare site, will have 215 rooms, a 9-hole golf course and a sports centre for billiards, squash and tennis.

Over ESC 1 600 million will help to finance various road improvement schemes throughout the country in accordance with the priorities spelt out in the 1985 national road plan. The works will centre on the upgrading of carriageways and the construction of new sections of road with a view to improving or realigning existing arteries. In addition, almost ESC 2 000 million was lent for developing two sections

of road, one located 80 km north of Lisbon, the other (19.1 km) in the northern tip of the country, thereby enhancing access to a new international bridge to Spain.

Over ESC 1 600 million is being made available for building three sections of motorway (total length: almost 48 km) designed to improve communications between the three largest industrial centres in northern Portugal (Oporto, the Ave valley and the Sousa valley). The works form part of a scheme for providing motorway facilities along the entire Portuguese coastline, linking up with roads from Spain and other Community countries. Finally, ESC 1 450 million was lent for constructing wastewater treatment and disposal facilities in the Funchal area of Madeira, as well as a solid waste composting plant serving around 80% of the island's population. The works will help to protect the groundwater and streams, thereby improving conditions for the growth of tourism and fisheries activities, which constitute the mainstay of the island's economy. A further ESC 1 100 million was lent for onlending to the municipality of Oporto for water intake, treatment and distribution works to improve water supplies to Oporto and four neighbouring localities with a combined population of almost 800 000. The works will initially allow an additional 11 million m³ of water to be supplied each year.

Over ESC 1 000 million was granted for extending two local power transmission and distribution networks, including a systems control facility, in the Azores with a view to improving the reliability of electricity supplies on the islands of São Miguel and Terceira.

Germany

2.4.49. In Germany the Bank lent DM 184 million for environmental protection, energy savings and advanced technologies. A global loan of DM 150 million was granted to the Westdeutsche Landesbank Girozentrale to finance small and medium-scale investment projects to protect the environment and/or save energy. This fol-

lows the DM 200 million already allocated by the WLB for 22 environmental projects relating to the improvement of water supplies, the treatment of waste water and the treatment and disposal of waste, and nine energy-saving projects relating to the use of natural gas and blast-furnace gas, district heating schemes and electricity distribution.

A further DM 20 million was lent for bringing the Weiher III power station, located 13 km north of Saarbrücken, into line with legislation to control atmospheric pollution. The new installations will reduce the levels of sulphur dioxide emissions to within the legal limits and improve the quality of the water in the River Saar. Projects include the installation of a desulphurization unit using a wet process based on limestone, which produces marketable gypsum as an end-product, modernization of an ageing desulphurization line, and construction of a plant for treating waste water from the power station.

Finally, as part of the Community's activities to promote the use of advanced technologies in order to make European firms more competitive, the Bank lent DM 29 million for the construction of a microelectronic components plant (hybrid integrated circuits and surface-mounted devices for applications requiring a very high degree of reliability) near Kiel in Schleswig-Holstein.

Greece

2.4.50. In Greece the Bank granted DR 9 850 million for work on railways, the improvement of energy supplies and environmental protection, and for small and medium-scale investments in agriculture, agri-foodstuffs and irrigation, as well as industry and tourism.

A loan of DR 2 850 million went for the open-cast mining of a lignite field near Aminteo, in the north-east of the country, with a view to reducing dependence on oil imports. A further DR 1 500 million is earmarked for the construction of a sewerage system in Psittalia, to the west of Athens, as part of a wider programme to reduce

pollution in the Saronic Gulf, and DR 1 500 million for purchasing new rolling stock for the Greek railways, including light locomotives and passenger and goods wagons.

In the production sector, DR 4 000 million was granted in the form of global loans for small and medium-scale investments. Of this total, DR 2 500 million was granted to the Greek Agricultural Bank for on-farm projects, small-scale collective irrigation projects and agro-industrial activities, and DR 1 500 million went to the Greek Industrial Development Bank (ETBA) for small-scale investments in industry and related services and in tourism.

France

2.4.51. In France the EIB lent a total of FF 300 million. In an effort to continue and build upon its cooperation with the network of banks and institutions specializing in financing small and medium-scale investments, it granted FF 300 million to the CCME-BTP-Finances group: FF 150 million to the Banque de Financement des Entreprises (BFE) (FF 75 million for projects in areas eligible for national regional aid and FF 75 million granted under the decision of the Board of Governors of the EIB in connection with NCI IV for projects throughout the country regardless of geographical location). The BFE offers financial assistance to construction firms and contracting authorities. It will onlend the funds for investment by small firms in industry and producer services and, in the assisted areas, in tourism.

A further FF 150 million was granted to two leasing firms belonging to the CCME-BTP-Finances group to help finance small and medium-scale investments in industry, tourism, producer services, environmental protection and the efficient use of energy. The projects may be carried out by firms or by local authorities. This global loan is to be onlent in equal parts to Murabail and Bail-Energie, and will go to finance leasing operations for immovable property for firms, and for equipment to save energy or produce renewable energy, as well as for

waste-water treatment and waste incineration plants. The projects being financed in industry, tourism and producer services will be located in the areas eligible for regional aid; the other projects may be located anywhere in the country.

*

Austria

2.4.52. The Bank also granted ÖS 1 500 million for the construction of a gas pipeline across Austria supplying Russian natural gas to the Community, which will reinforce the integrated European gas grid. The loan was granted by special authorization of the EIB's Board of Governors enabling the Bank to lend in a non-Community country in view of the project's contribution towards the achievement of Community energy objectives. The funds will go to TAG Fincotrans Austria Gasline Finance Company Ltd through the intermediary of Ente Nazionale Idrocarburi (ENI), and will be used for the construction of a 378 km complete loop line to the existing TAG pipeline (which runs from the Czech-Austrian border near Baumgarten to the Austro-Italian border near Tarvisio) and for extensions and improvements to the Baumgarten compressor station. It is estimated that these works will effectively double the present capacity of the system, so providing a significant increase in the Community's non-oil energy supplies.

Outside the Community

2.4.53. Outside the Community the Bank granted a total of 130.9 million ECU, including 73.8 million ECU from the risk capital provided for by the Lomé Convention and the Decision on overseas countries and territories, drawn from the resources of the European Development Fund, and 1.1 million ECU from the Community budget funds managed by the EIB in the Mediterranean countries. A further 56 million ECU came from the Bank's own resources (largely the proceeds of its borrowings on the capital markets), accompanied by an

interest-rate subsidy of 3% for the ACP countries and 2% for Cyprus, charged to the EDF or the Community budget (Cyprus).

Mediterranean countries

2.4.54. In Cyprus the EIB granted 2.6 million ECU for improvements to the electricity distribution network. The money was lent to the Cyprus Electricity Board for improving the efficiency and reliability of the integrated power transmission network to cope with growing demand. The project concerns remote control and telemetering facilities linked to the control centre under construction in Athalassa, near Nicosia, and the stepping-up of the transforming capacity of a number of substations. The assistance given consists of a loan of 1.5 million ECU from the Bank's own resources and a loan of 1.1 million ECU under special conditions from the Community budget. These loans mean that the overall appropriation laid down in the second EEC-Cyprus Financial Protocol for financial assistance granted through the EIB is exhausted.

ACP States

2.4.55. In West Africa 21 million ECU was granted for the second phase of a programme to extend and interconnect the telecommunications networks of the Member States of the Economic Community of West African States (Ecowas).¹ The loan was made to the Ecowas Fund for Cooperation, Compensation and Development, and drawn from risk capital resources. The project concerns the establishment of three microwave radio links, for international and national communications, in Guinea, Guinea-Bissau, Mali and Mauritania, and the installation of exchanges and related equipment. This new phase of the programme will increase the reliability of telecommunications in the region by the installation of digital radio systems powered with solar energy and a control system capable of monitoring the functioning of individual components.

2.4.56. In Niger the Bank lent 14.3 million ECU from risk capital for building a high-

voltage transmission line (132 kV) between Niger and Nigeria to supply Niger with surplus electricity generated in Nigeria using hydro and gas resources. Imported power will supplement more costly local production based on diesel generating sets. The project encompasses the supply and erection, between Maradi, Zinder and the border, via Gataova, of 298 km of a three-phase overhead transmission line on steel lattice towers as well as construction of three substations and provision of auxiliary facilities such as telecoms, measuring and protection equipment.

2.4.57. In East Africa the Bank lent the East African Development Bank (EADB) 12 million ECU for financing small firms in Tanzania, Uganda and Kenya. The EADB is a regional development financing institution whose principal shareholders are Tanzania, Uganda and Kenya, the three countries in which it operates and in which it will onlend the funds. This operation comprises a global loan of 6 million ECU to EADB from the EIB's own resources and a conditional loan of 2 million ECU to each of the three countries from risk capital. The three conditional loans will enable these countries to increase EADB's share capital and thus strengthen its capital base. EADB will use the funds provided to finance small and medium-scale industrial, agro-industrial and tourism projects selected in agreement with the EIB in the three countries concerned.

2.4.58. In Zimbabwe a loan of 14 million ECU is to go towards the reconstruction of two abattoirs in the south of the country and a meat processing centre in the capital, Harare. The work to be financed includes construction of a modern abattoir in Bulawayo with a capacity of 600 cattle per day, replacing an old facility which will be demolished. A new abattoir is also to be built at Masvingo with a capacity of 400 cattle per day, retaining some of the existing

¹ Benin, Burkina Faso, Cape Verde, Côte d'Ivoire, Gambia, Ghana, Guinea, Guinea-Bissau, Liberia, Mali, Mauritania, Niger, Nigeria, Senegal, Sierra Leone, Togo.

installations. In Harare a new processing/distribution complex will also replace a very old facility which no longer complies with relevant safety and hygiene requirements. The project will help to develop and maximize stockfarming in the south of the country, a region which possesses few other resources.

2.4.59. In Kenya the Bank lent 13.5 million ECU for increasing capacity for processing tea with a view to boosting smallholder tea production. The funds provided comprise a loan of 11 million ECU from the EIB's own resources and a conditional loan of 2.5 million ECU from risk capital resources. The loan from own resources will go towards the construction of four new factories and the acquisition of vehicles and other equipment; the conditional loan will be used by the Kenya Tea Development Authority to acquire equity participations in the companies constructing the four new factories.

2.4.60. A total of 13 million ECU was lent in Somalia for rehabilitating and expanding electricity generation, transmission and distribution facilities in Mogadishu. The funds are being made available to the State in the form of two conditional loans—one for 10 million ECU, the other for 3 million ECU—drawn from risk capital resources. The proceeds of the operation will be lent to Ente Nazionale Energia Elettrica (ENEE), a State-owned corporation, for improving transmission and distribution facilities (10 million ECU) and acquiring spare parts (3 million ECU). The work to be carried out by ENEE is designed to enhance the reliability of power supplies and to meet demand in the Mogadishu region in the short and medium term, notably by allowing new customers to be connected to the grid. The scheme involves rehabilitating diesel generators at Gezira and Centrale and acquiring related spare parts, installing new generating equipment and a new power station at Gezira, rehabilitating and extending supply facilities in Mogadishu and providing technical assistance.

2.4.61. In Mauritius the EIB lent a total of 13 million ECU to assist with the rehabilitation of a thermal power station, a number of small hydroelectric plants and the electricity distribution network. The scheme will help the island to contend with steadily growing demand, notably from industrial consumers. The loan consists of 10 million ECU from the Bank's own resources and 3 million ECU from risk capital resources. The work, costed at over 42 million ECU, involves the rehabilitation of generating units at Fort Victoria power station (62.4 MW) and small hydroelectric generating plants (3.4 MW in all), improvements to large sections of the distribution network by the installation of about 450 km of cabling and transmission lines, and the acquisition of transformers, auxiliary equipment and spare parts.

2.4.62. In Mauritania the Bank advanced 10 million ECU, also from risk capital resources, to go towards improving the productivity of iron-ore processing facilities. The proceeds of the operation will enable final adjustments to be made to the Guelb el Rhein enrichment plant in the Zouerate region. The projects financed form part of a modernization programme which includes improvements to the railway line and port of Nouadhibou, as well as alterations to or replacement of certain installations at the plant itself to improve the flow of materials, and investments designed to facilitate plant maintenance.

2.4.63. In the Bahamas the Bank granted a loan of 9.1 million ECU to the Bahamas Electricity Corporation to go towards improving and extending electricity supply services on 10 of the islands, with a view to achieving a more balanced distribution of economic growth. The project relates to the construction of a new power plant on Abaco with four 1.5 MW diesel units, three similar-sized diesel units on Bimini and four on Eleuthera, as well as a number of units with a total capacity of 10 MW on seven other of the Family Islands. There are also plans to extend networks and exchange facilities to provide supplies to areas not served at present.

2.4.64. At its first financing operation in Angola, the EIB lent 4 million ECU for investment by small firms in industry, mining and tourism. A global loan was granted from risk capital resources to the Banco Nacional de Angola (BNA). The BNA, which is answerable to the Minister of State for Economic and Social Affairs, will onlend the proceeds of the loan to finance feasibility studies or actual implementation of small and medium-scale projects approved by the EIB, especially those intended to help meet the population's basic needs or enable the country to replace imports by local products. Financing for such projects will be provided through a national investment fund (Funin) being set up specially for this purpose.

Overseas countries and territories

2.4.65. In the British Virgin Islands the

Bank granted 4.4 million ECU for constructing a diesel power station and implementing various works to allow possible installation of a seawater desalination plant. This operation, the first to be carried out by the EIB in this Caribbean territory, is covered by the Council Decision of 30 June 1986,¹ which provides for specific aid to overseas countries and territories having special ties with certain Member States. The scheme focuses on the construction of a new thermal power station with two 2.5 MW generating sets on a coastal site at Pockwood Pond. The works also involve connection to the network via two underground cables, laying of a submarine cable between Tortola, the main island, and Virgin Gorda, plus various auxiliary installations.

¹ OJ L 175, 1.7.1986.

PART THREE

DOCUMENTATION

1. ECU

Values in national currencies of one ECU

30 December 1987¹

Belgian franc and Luxembourg franc (convertible)	43.1450
Belgian franc and Luxembourg franc (financial)	43.3000
Danish krone	7.94760
German mark	2.06037
Greek drachma	164.119
Portuguese escudo	169.342
French franc	6.99104
Dutch guilder	2.31756
Irish pound	0.777236
Italian lira	1 521.70
Spanish peseta	140.609
Pound sterling	0.695808
United States dollar	1.29177
Swiss franc	1.66858
Swedish krona	7.53746
Norwegian krone	8.10519
Canadian dollar	1.68614
Austrian schilling	14.5220
Finnish mark	5.13477
Japanese yen	159.469
Australian dollar	1.79662
New Zealand dollar	1.96766

¹ OJ C 354, 31.12.1987

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

December 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
	8.88697 ⁴
	8.75497 ⁵
German mark	2.41047 ¹⁵
	2.39792 ¹⁰
	2.38516 ⁵
Greek drachma	131.397 ⁶
	131.480 ⁷
	137.262 ⁸
	150.275 ¹
	134.174 ^{9, 10, 11, 12}
	128.340 ^{13, 14}
Portuguese escudo	124.840 ⁵
	181.888 ^{1, 8}
	173.609 ¹⁶
French franc	171.725 ^{5, 12}
	7.47587 ^{3, 12, 15}
	7.69553 ¹⁷
	7.54539 ¹
	7.45826 ²
	7.43671 ¹¹
Dutch guilder	7.73579 ⁴
	2.70230 ¹⁵
	2.68801 ¹⁰
	2.68749 ¹
Irish pound	2.67387 ⁵
	0.832119 ²
	0.831375 ³
	0.844177 ¹⁷
	0.843427 ⁴
Italian lira	0.817756 ¹
	1 629.00 ¹⁸
	1 654.00 ⁴
	1 554.00 ¹
	1 597.00 ^{10, 19}
1 603.00 ¹¹	
	1 613.00 ⁵

December 1987	
National currency	Value in national currency of one ECU
Spanish peseta	154.273 ²⁰
	154.984 ²¹
	153.751 ²²
	151.806 ¹
	155.786 ²
	154.213 ^{3, 11, 12}
Pound sterling	0.694266 ⁴
	0.710546 ¹⁷
	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 pigmeat from 21.12.1987.
- 7 For pigmeat from 1.12.1987 to 20.12.1987.
- 8 Amounts not related to the fixing of prices.
- 9 For sugar and tobacco.
- 10 For cereals.
- 11 For wine.
- 12 For olive oil.
- 13 For other crop products.
- 14 For eggs and poultrymeat.
- 15 For milk and milk products.
- 16 For fishery products.
- 17 For beef/veal.
- 18 For fruit and vegetables and tobacco.
- 19 For oilseeds.
- 20 For pigmeat from 14.12.1987 to 27.12.1987.
- 21 For pigmeat from 28.12.1987.
- 22 For pigmeat from 1.12.1987 to 13.12.1987.

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 7/8-1987

Point 2.1.68

Proposal for a Council Regulation on a Community programme in the field of information technology and telecommunications applied to road transport — Dedicated road infrastructure for vehicle safety in Europe (Drive)
OJ C 355, 31.12.1987

Point 2.1.69

Proposal for a Council Regulation on a Community action in the field of information technology and telecommunications applied to health care — Advanced informatics in medicine in Europe (AIM) — Pilot phase
OJ C 355, 31.12.1987

Point 2.1.107

Commission Decision of 15 July 1987 on the redesignation of assisted areas in Denmark on 1 January 1987
OJ C 347, 11.12.1987

Point 2.1.114

Commission Decision of 15 July 1987 on aid granted by the French Government to a producer of textiles, clothing and paper products — Boussac Saint Frères
OJ C 352, 15.12.1987

Point 2.1.153

Commission Decision of 15 July 1987 approving an integrated Mediterranean programme for the Languedoc-Roussillon region

Commission Decision of 15 July 1987 approving an integrated Mediterranean programme for the Midi-Pyrénées region
OJ C 12, 16.1.1988

Commission Decision of 15 July 1987 approving an integrated Mediterranean programme for the Aquitaine region
OJ L 14, 19.1.1988

Bull. EC 9-1987

Point 2.1.47

Amendment to the proposal for a Council Regulation relating to a research and development co-ordination programme of the European Economic Community in the field of medical and health research (1987 to 1989)
OJ C 340, 18.12.1987

Point 2.1.50

Amendment to the proposal for a Council Regulation relating to a research and development programme in the field of science and technology for development (1987 to 1990)
OJ C 340, 18.12.1987

Point 2.1.51

Proposal for a Council Regulation (EEC) adopting a plan to stimulate the international cooperation and interchange needed by European research scientists 1988 to 1992 (Science)
OJ C 14, 19.12.1988

Point 2.2.18

Recommendation for a Council Decision on the conclusion of a Protocol laying down the conditions and procedures for the implementation of the second stage of the Agreement establishing an Association between the European Economic Community and the Republic of Cyprus and adapting certain provisions of that Agreement
OJ C 343, 21.12.1987

Points 2.4.24 to 2.4.44

Opinions adopted by the Economic and Social Committee during its session on 23 and 24 September
OJ C 319, 30.11.1987

Bull. EC 10-1987*Point 2.1.116*

Resolution of the Council of the European Communities, and of the Representatives of the Governments of the Member States meeting within the Council, of 19 October 1987 on the continuation and implementation of a European Community policy and action programme on the environment (1987-92) (This text replaces the one which appears in OJ C 289, 29.10.1987, p. 3)
OJ C 328, 7.12.1987

Point 2.1.134

Amended proposal for a Council Directive on the approximation of the laws of the Member States

concerning the safety of toys
OJ C 343, 21.12.1987

Point 2.1.200

Commission Decision of 6 October 1987 allocating among the Member States the additional Community authorizations resulting from the 15% annual increase in the Community quota for the carriage of goods by road for 1988
OJ L 349, 12.12.1987

Points 2.4.39 to 2.4.47

Opinions adopted by the Economic and Social Committee during its session on 21 and 22 October
OJ C 347, 22.12.1987

3. Infringement procedures

Initiation of proceedings for failure to implement directives

3.3.1. In December 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

Council Directive of 20 December 1985¹ amending the Council Directive of 5 November 1963 on the approximation of the laws of the Member States concerning the preservatives authorized for use in foodstuffs intended for human consumption² (Denmark, France, Ireland, Italy, Luxembourg, Netherlands, Germany, United Kingdom).

Agriculture

Council Directive of 28 June 1984³ amending the Annexes to the Council Directive of 21 December 1976 on protective measures against the introduc-

tion into the Member States of organisms harmful to plants or plant products⁴ (Belgium, Luxembourg, Netherlands, United Kingdom).

Council Directive of 29 November 1984⁵ amending the Council Directive of 23 November 1970 concerning additives in feedingstuffs⁶ (Belgium, Germany, France, Ireland, Italy, Netherlands).

Commission Directive of 8 July 1985⁷ amending the Annexes to the Council Directive of 23 November 1970 concerning additives in feedingstuffs⁶ (Greece, Italy).

Commission Directive of 11 November 1985⁸ amending the Commission Directive of 8 July 1985⁷ amending the Annexes to the Council Directive of 23 November 1970 concerning additives in feedingstuffs⁶ (Greece, France, Italy).

Council Directive of 19 December 1985¹ amending the Council Directive of 21 December 1976 on protective measures against the introduction into

¹ OJ L 372, 31.12.1985.

² OJ 12, 27.1.1964.

³ OJ L 207, 2.8.1984.

⁴ OJ L 26, 31.1.1977.

⁵ OJ L 319, 8.12.1984.

⁶ OJ L 270, 14.12.1970.

⁷ OJ L 245, 10.7.1985.

⁸ OJ L 323, 4.12.1985.

the Member States of organisms harmful to plants or plant products¹ (Belgium, Denmark, Greece, Italy, Luxembourg, Netherlands, United Kingdom).

Second Commission Directive of 5 February 1986² amending the Commission Directive of 8 July 1985³ amending the Annexes to the Council Directive of 23 November 1970 concerning additives in feedingstuffs⁴ (Greece, France).

Commission Directive of 20 May 1986⁵ amending the Council Directive of 14 April 1972 determining the characteristics and minimum conditions for inspecting vine varieties⁶ (Greece).

Commission Directive of 28 July 1986⁷ amending the Annexes to the Council Directive of 23 November 1970 concerning additives in feedingstuffs⁴ (Greece, France, United Kingdom).

Second Commission Directive of 29 October 1986⁸ amending the Annexes to the Council Directive of 21 December 1976 on protective measures against the introduction into the Member States of organisms harmful to plants or plant products¹ (Belgium, Denmark, Greece, Italy, Netherlands, United Kingdom).

Council Directive of 18 December 1986⁹ amending, consequent on the accession of Spain and Portugal, the Council Directive of 21 December 1976 on protective measures against the introduction into the Member States of organisms harmful to plants or plant products¹ (Belgium, Denmark, Greece, Italy, Luxembourg, Netherlands, United Kingdom).

Environment and consumer protection

Sixth Commission Directive of 16 July 1985¹⁰ adapting to technical progress Annexes II, III, IV, V and VI to the Council Directive of 27 July 1976 on approximation of the laws of the Member States relating to cosmetic products¹¹ (United Kingdom).

Fourth Commission Directive of 11 October 1985 on the approximation of the laws of the Member States relating to methods of analysis necessary for checking the composition of cosmetic products¹² (United Kingdom).

Seventh Commission Directive of 28 February 1986¹³ adapting to technical progress Annexes II, III, IV and V to the Council Directive of 27 July 1976 on the approximation of the laws of the Member States relating to cosmetic products¹¹ (United Kingdom).

Eighth Commission Directive of 26 March 1986¹⁴ adapting to technical progress Annexes II, IV and VI to the Council Directive of 27 July 1976 on the

approximation of the laws of the Member States relating to cosmetic products¹¹ (United Kingdom).

Customs union and indirect taxation

Commission Directive of 24 September 1986¹⁵ amending the Commission Directive of 4 November 1977¹⁶ laying down detailed rules for implementing certain provisions of the Council Directive of 15 March 1976 on mutual assistance for the recovery of claims resulting from operations forming part of the system of financing the European Agricultural Guidance and Guarantee Fund, and of agricultural levies and customs duties, and in respect of value-added tax¹⁷ (Belgium, France, Ireland, Italy, Netherlands).

3.3.2. In December the Commission sent letters of formal notice for failure to comply with a judgment of the Court of Justice in the following cases:

Customs union and indirect taxation

Council Directive of 24 February 1981 on the harmonization of procedures for the export of Community goods¹⁸ (Italy).

Commission Directive of 23 April 1982¹⁹ laying down certain provisions for implementing the Council Directive of 24 February 1981 on the harmonization of procedures for the export of Community goods¹⁸ (Italy).

Reasoned opinions

3.3.3. The Commission delivered a reasoned opinion in the following case of failure to inform it of national measures to give effect to a directive:

¹ OJ L 26, 31.1.1977.
² OJ L 39, 14.2.1986.
³ OJ L 245, 10.7.1985.
⁴ OJ L 270, 14.12.1970.
⁵ OJ L 169, 25.6.1986.
⁶ OJ L 103, 2.5.1972.
⁷ OJ L 233, 20.8.1986.
⁸ OJ L 323, 18.11.1986.
⁹ OJ L 382, 31.12.1986.
¹⁰ OJ L 244, 22.8.1985.
¹¹ OJ L 262, 27.9.1976.
¹² OJ L 295, 7.11.1985.
¹³ OJ L 138, 24.5.1986.
¹⁴ OJ L 149, 3.6.1986.
¹⁵ OJ L 283, 4.10.1986.
¹⁶ OJ L 333, 24.12.1977.
¹⁷ OJ L 73, 19.3.1976.
¹⁸ OJ L 83, 30.3.1981.
¹⁹ OJ L 156, 7.6.1982.

Environment and consumer protection

Council Directive of 20 March 1985 on the approximation of the laws of the Member States

concerning the lead content of petrol¹ (Italy).

¹ OJ L 96, 3.4.1985.

4. The Bulletin in 1987: special features, supplements and documentation

Economic and monetary policy

Efficiency, stability and equity: A strategy for the evolution of the economic system of the European Community — Report of the Group chaired by Mr Padoa-Schioppa: Bull. 4, point 1.1.1 *et seq.*

Western Economic Summit in Venice: Bull. 6, points 1.2.1 *et seq.* and 3.7.1 *et seq.*

Measures to strengthen the EMS — informal meeting in Nyborg: Bull. 9, point 1.3.1 *et seq.*

Creation of a European Financial area: Bull. 10, point 1.1.1 *et seq.*

Using the Community dimension to reinforce internal growth — Annual economic report 1987-88: Bull. 10, point 1.4.1 *et seq.*

Internal market and industrial affairs

An asset for the Community: the new payment cards: Bull. 1, point 1.3.1 *et seq.*

Opening up public procurement to free competition within the Community: Bull. 3, point 1.2.1 *et seq.*

Commission plan for eliminating tax frontiers within the Community: Bull. 7/8, point 1.2.1 *et seq.*

Research and technology

A new research programme for the JRC: Bull. 10, point 1.3.1 *et seq.*

Telecommunications, information technology and innovation

Commission Green Paper on telecommunications: Bull. 6, point 1.4.1 *et seq.*

Customs union and indirect taxation

Commission plan for eliminating tax frontiers within the Community: Bull. 7/8, point 1.2.1 *et seq.*

Financial institutions and company law

An asset for the Community: the new payment cards: Bull. 1, point 1.3.1 *et seq.*

European Economic Interest Grouping (EEIG): Supplement 3.

Coordination of structural instruments

Implementing the Single Act — Reform of the structural Funds: Bull. 7/8, point 1.1.2.

Employment, education and social policy

Community action against AIDS: Bull. 2, point 1.4.1 *et seq.*

European integration in education and culture — French Government Blue Paper: Bull. 3, point 3.4.1.

The Val Duchesse social dialogue: Bull. 5, point 1.2.1.

The Council reaches agreement on Erasmus: Bull. 5, point 1.3.1 *et seq.*

Culture

A fresh boost for culture in the Community: Bull. 12, point 1.2.1 *et seq.*; Supplement 4.

Environment and consumers

Opening of the European Year of the Environment: Bull. 3, point 1.3.1.

Agriculture

Agricultural prices and related measures for 1987/88 — proposals: Bull. 2, point 1.2.1 *et seq.*; Council decisions: Bull. 6, point 1.3.1 *et seq.*

Income aid and incentives to cease farming: Bull. 4, point 1.2.1 *et seq.*

Implementing the Single Act — Review of action to control the agricultural markets and outlook for the common agricultural policy: Bull. 7/8, point 1.1.11 *et seq.*

Agricultural stabilizers: Bull. 9, point 1.5.1 *et seq.*

Standing arrangements for the free distribution of food: Bull. 10, point 1.2.1 *et seq.*

Relations with industrialized countries

Agreement between the United States and the Community on the consequences of enlargement: Bull. 1, point 1.2.1 *et seq.*

Western Economic Summit in Venice: Bull. 6, points 1.2.1 *et seq.* and 3.7.1. *et seq.*

Relations with other countries and regions

Central America-Community dialogue — Ministerial Conference in Guatemala City: Bull. 2, point 1.3.1 *et seq.*

Turkey's application for accession to the European Communities: Bull. 4, point 1.3.1. *et seq.*

Relations with Latin America — Conclusions adopted by the Council and the Representatives of the Governments of the Member States: Bull. 6, point 3.5.1.

Industrial cooperation with certain developing countries in Latin America, Asia, the Gulf and the Mediterranean — Conclusions adopted by the Council: Bull. 6, point 3.6.1.

Development

Special programme for sub-Saharan Africa: Bull. 9, point 1.4.1 *et seq.*

Financing Community activities

Exceptional budget difficulties in 1987 and 1988: Bull. 5, point 1.1.1 *et seq.*

Implementing the Single Act — Future financing of the Community: Bull. 7/8, points 1.1.3 to 1.1.10.

European political cooperation

Application of the Code of Conduct by Community companies with subsidiaries in South Africa: Bull. 2, point 3.4.1 *et seq.*

Other intergovernmental cooperation

Creation of a European law-enforcement area — Opening for signature of three international instruments aimed at furthering the creation of a European law-enforcement area: Bull. 5, point 3.4.1 *et seq.*

European policy

The Single Act: A new frontier for Europe — Commission communication: Bull. 2, point 1.1.1 *et seq.*; Supplement 1.

Thirtieth anniversary of the signing of the Treaties of Rome: Supplement 2: Bull. 3, point 1.1.1 *et seq.*

Turkey's application for accession to the European Community: Bull. 4, point 1.3.1 *et seq.*

Exceptional budget difficulties in 1987 and 1988: Bull. 5, point 1.1.1 *et seq.*

Brussels European Council: Bull. 6, point 1.1.1 *et seq.*

Implementing the Single Act — from Brussels to Copenhagen: Bull. 7/8, point 1.1.1 *et seq.*

Giving effect to the Single European Act — Positions adopted by Parliament and the Economic and Social Committee prior to the Copenhagen European Council: Bull. 11, point 1.1.1 *et seq.*

Implementing the Single Act — Follow-up to the Copenhagen European Council (Council and Commission Presidents report to Parliament): Bull. 12, point 1.1.1 *et seq.*

**Community institutions
and other bodies**

Sir Henry Plumb: new President of the European Parliament: Bull. 1, point 1.1.1 *et seq.*

Statement on Belgium's term as Council President: Bull. 1, point 3.4.1.

Belgium's six months as Council President — Extracts from the report by Mr Tindemans, President of the Council, to the European Parliament: Bull. 6, point 3.4.1.

Mr Peter Schmidhuber appointed Member of the Commission: Bull. 9, point 1.1.1 *et seq.*

Retirement of Mr Emile Noël, The Commission's Secretary-General: Bull. 9, point 1.2.1 *et seq.*

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