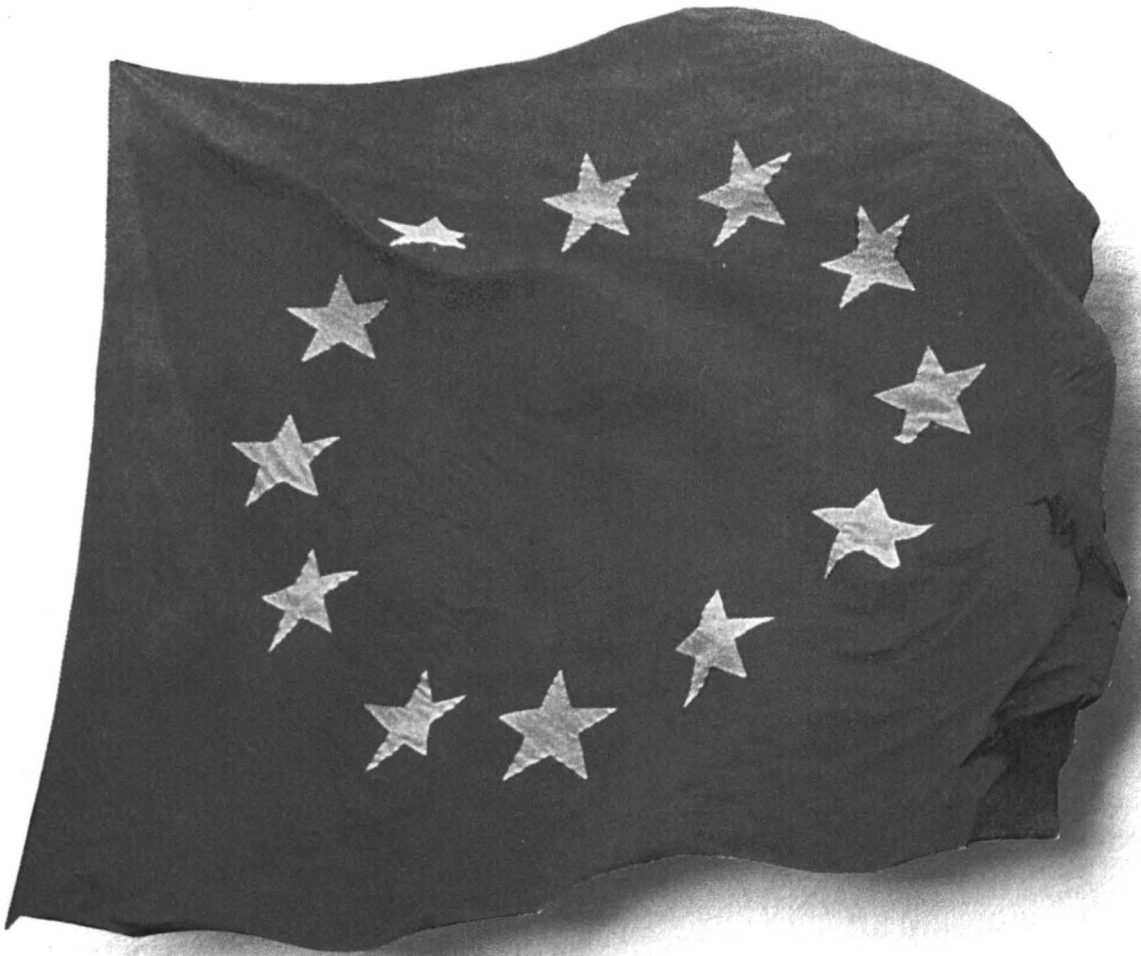


Bulletin of the European Communities

Commission



No 11 1988 Volume 21

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New presentation of the Bulletin

Opinions and resolutions adopted by Parliament, the Court of Auditors, the Economic and Social Committee and the ECSC Consultative Committee are now reported in the appropriate policy section of the Bulletin.

Council business is no longer reported in a 'Council' paragraph in the relevant section: it is itemized in the 'Council' section of the 'Political and institutional matters' chapter and cross-referenced to the appropriate points in the policy sections.

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

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Jean Monnet Centenary

'We are not forming coalitions between States, but union among people'

Jean Monnet would have been a hundred years old on 9 November this year, which was declared Jean Monnet Year by the Brussels European Council in June 1987. To commemorate this anniversary, Jean Monnet's ashes were transferred to the Panthéon in Paris in the presence of most of the Heads of State or Government of the Member States, President Delors and a large number of prominent figures.

As tributes to the architect of European integration, many other commemorative events were held elsewhere in Europe: in Lausanne on 4 November; in Bonn on 7 November; in Brussels (Symposium organized by the Commission on 10 November); in Strasbourg (formal sitting of the European Parliament on 15 November).

PART ONE

SPECIAL FEATURES ’

1. 1992: Mid-term review

1.1.1. In general, satisfactory progress has been made towards achieving the internal market by the 1992 deadline. This emerges from the report required by Article 8b of the EEC Treaty, as amended by the Single European Act,¹ transmitted by the Commission to the Council for the Rhodes European Council on 2 and 3 December.² In particular, the Commission finds that a good deal has been achieved since June 1985;³ it highlights the irreversible momentum which has been created and the generally shared conviction, both in and outside the Community, that the objective will be reached within the deadline set by the White Paper. However, the progress made has mostly been in the field of technical barriers; the situation regarding physical and fiscal barriers is much less satisfactory. It has been easier to establish the conditions for the free movement of goods, services and capital than to ensure the freedom of movement of individuals within the Community.

The current situation in detail

1.1.2. The 300 original proposals in the White Paper have been whittled down to 279, as some proposals which were no longer relevant have been withdrawn and others grouped together. New proposals, however, have been added. Last year the Commission set itself the target, as an internal management measure, that 90% of the proposals should be tabled before 31 December this year. It expects to achieve this objective.

1.1.3. Progress has not been as extensive in the Council, but the situation is improving. It has adopted, or reached common positions on, nearly 40% of the proposals.

The Commission notes that the Council is using judiciously the new (qualified majority) voting procedures introduced by the Single Act and that the cooperation procedure with Parliament has been working well overall, with Parliament itself making a useful and constructive contribution.

However, it requests that the Council Decisions conferring executive powers on it should conform more closely with the Single Act.

Removal of technical barriers: positive results

1.1.4. 70% of the Directives and measures adopted by the Council relate to proposals set out in the chapter of the White Paper on technical barriers.

(i) As far as goods are concerned, the implementation of the new approach to technical harmonization and standards⁴ has enabled framework Directives on pressure vessels⁵ and toys⁶ to be adopted, and the Directives on construction products⁷ and electromagnetic compatibility⁸ are close to adoption. Work on the Directive on machine safety⁹ is also well under way. Finally, significant progress has been made with respect to legislation on foodstuffs.

(ii) The services sector, which hitherto was the 'poor relation' of the internal market, is catching up rapidly. As far as financial services in particular are concerned, important advances have been made or are ready to be made. The Council has at long last adopted the second Directive on direct insurance other than life assurance.¹⁰ All the measures needed to create a genuine European banking area have now been proposed,¹¹ and some have already been

¹ OJ L 169, 29.6.1987; Supplement 2/86 — Bull. EC.

² COM(88) 650 final.

³ Bull. EC 6-1985, point 1.3.1 *et seq.*

⁴ OJ C 136, 4.6.1985; Bull. EC 5-1985, point 1.3.1 *et seq.*

⁵ OJ L 220, 8.8.1987; Bull. EC 6-1987, point 2.1.14.

⁶ OJ L 187, 16.7.1988; Bull. EC 5-1988, point 2.1.115.

⁷ OJ C 93, 6.4.1987; Bull. EC 12-1986, point 2.1.22; OJ C 30, 4.2.1988; Bull. EC 1-1988, point 2.1.10; Bull. EC 6-1988, point 2.1.26.

⁸ OJ C 322, 2.12.1987; Bull. EC 11-1987, point 2.1.22; Bull. EC 10-1988, point 2.1.10.

⁹ OJ C 29, 3.2.1988; Bull. EC 11-1987, point 2.1.21; OJ C 214, 16.8.1988; Bull. EC 6-1988, point 2.1.30.

¹⁰ OJ L 172, 4.7.1988; Bull. EC 6-1988, point 2.1.124.

¹¹ OJ C 84, 31.3.1988; Bull. EC 1-1988, point 1.2.1 *et seq.*; OJ C 135, 25.5.1988; Bull. EC 4-1988, point 1.2.1 *et seq.*

adopted.¹ However, the Council has not yet adopted the Commission's proposals on the internal market in audiovisual services.²

(iii) All the measures required for the full liberalization of capital movements have been adopted.³ The Directives liberalizing long-term capital movements are already in force; as far as short-term capital movements, including bank accounts, are concerned the measures adopted are due to enter into force in 1990.

(iv) Progress has been made in the field of public procurement, which accounts for a significant proportion of the Community's economic activity. In March the Council adopted the Directive on public supply contracts,⁴ while in October it adopted a common position on the Directive on public works contracts;⁵ the proposals relating to the excluded sectors are also before the Council.⁶

(v) The Directive on the mutual recognition of diplomas will be adopted before the end of the year.⁷ It will eventually provide qualified people in Europe with the opportunity to practise their skills throughout the Community.

(vi) After a long period of inactivity, significant steps have been taken, during the last two years, towards the establishment of a genuine Community market in transport services. In December 1986⁸ the Council adopted measures to liberalize sea transport between the Member States and with non-member countries; in December 1987⁹ it also adopted a vast package of measures to bring a greater degree of openness and competition into European air transport. Finally, the Council decided in June 1988 on a total abolition of road haulage quotas within the Community by the end of 1992.¹¹

Areas of delay

1.1.5. Progress has been disappointing, however, in three key areas. Certain delays have been visible in the field of animal and plant health. In the area of indirect taxation,¹¹ the Council has only just begun to discuss seriously Commission proposals which have been on the table for more than a year. The third field is concerned with the complex problem of the free movement of persons within the Community. The sad lack of a positive response within the Council to a people's Europe is borne out by the lack of progress on proposals relating to people's daily lives. In these areas where intergovernmental cooperation has a significant role to play, new directions from the highest level and political momentum are essential. Failing this, it will become more and more difficult in political terms to explain to the citizens of Europe why such an effort is being made to promote the free movement of goods across frontiers while nothing comparable is being done for people.

¹ OJ L 372, 31.12.1986; Bull. EC 12-1986, point 2.1.127.
² OJ C 179, 17.7.1986; Supplement 5/86 — Bull. EC; OJ C 110, 27.4.1988; Bull. EC 4-1988, point 2.1.11.
³ OJ L 332, 26.11.1986; Bull. EC 11-1986, point 1.1.1; OJ L 178, 8.7.1988; Bull. EC 6-1988, point 2.1.8.
⁴ OJ L 127, 20.5.1988; Bull. EC 3-1988, point 2.1.26.
⁵ Bull. EC 12-1986, point 2.1.35; Bull. EC 6-1988, point 2.1.50.
⁶ Bull. EC 6-1988, point 2.1.51.
⁷ Supplement 8/85 — Bull. EC; OJ C 217, 28.5.1985; Bull. EC 7/8-1985, point 1.4.1; OJ C 143, 10.6.1986; Bull. EC 5-1986, point 2.1.96; Bull. EC 6-1988, point 1.3.1.
⁸ OJ L 378, 31.12.1986; Bull. EC 12-1986, point 2.1.300.
⁹ OJ L 374, 31.12.1987; Bull. EC 12-1987, point 2.1.280.
¹⁰ OJ L 163, 30.6.1988; Bull. EC 6-1988, point 1.4.1 *et seq.*
¹¹ OJ C 250, 18.9.1987; OJ C 251, 19.9.1987; OJ C 252, 22.9.1987; OJ C 262, 1.10.1987; Bull. EC 7/8-1987, point 1.2.1 *et seq.*

2. High-definition television

Europe prepares for the next century

1.2.1. On 16 November the Commission adopted, for transmittal to the Council, a proposal for a Decision on high-definition television (HDTV)¹ which is intended to speed up the introduction of this type of television in Europe. HDTV signals the beginning of the era of third-generation television, since it will be just as big a step forward as the transition from black-and-white to colour television. The resolution and luminosity of HDTV pictures will rival those of the 35mm film used by the film industry and the sound quality will be comparable to that of compact discs. It will also mean the advent of flat screens without cathode-ray tubes which will be larger than present screens.

A world-wide business

1.2.2. It is estimated that the market for HDTV in the United States alone will be worth between USD 26 billion and 52 billion during the 10 years following the launch of HDTV services; similar forecasts for Europe, Japan and the rest of the world indicate that the total market is likely to be worth three times that figure.

The scale and potential impact of this new technology make it of immense strategic importance, and that is why Europe opposed a proposal by Japan for a world standard for the production of HDTV programmes, put forward at the meeting of the International Radio Consultative Committee (CCIR) held in Dubrovnik in 1986. The European position was based on the fact that the proposed standard was incompatible with all existing standards, whether for cinema or TV. Its adoption worldwide would have meant abandoning all existing TV equipment, i.e. both that used by filmmakers, distributors and broadcasters and also household equipment, including TV sets, cassette recorders and the associated software. Had it succeeded in imposing this

standard Japanese industry would have been able to derive a substantial competitive advantage.

Since Japan's proposal — supported at the time by the United States — was rejected by the CCIR in 1986, an additional study period of four years was agreed so that a new production standard acceptable to all parties could be worked out. This additional study period has allowed European industry to define and demonstrate an alternative HDTV system based on a philosophy of compatibility and evolution. The necessary work was carried out within a Eureka project involving some 30 European companies in the development of a technology laying down a common standard for image production. The results of this work, demonstrated in Brighton in September under the auspices of the CCIR, proved that these firms had acquired the technology both for production and for image transmission and reception. The system is based on the existing MAC/packet family of standards developed in Europe for direct satellite broadcasting.² The Commission's initiative proved to be a timely one, as only a few weeks ago the United States also decided to adopt an approach based on evolution and compatibility.

A Community strategy

1.2.3. The Commission is therefore proposing to the Council an overall Community HDTV strategy based on four objectives, two of which relate to the consolidation of gains (relating to technology and standards) and the other two to the creation of an appropriate framework for the coordinated Europe-wide introduction of the new system. It is also proposing the framing and implementation of a plan of action to ensure the gradual launching of HDTV services in Europe throughout the 1990s, after mounting a promotional campaign to encourage

¹ COM (88) 659 final.

² OJ L 311, 6.11.1986; Bull. EC 11-1986, point 2.1.53.

acceptance of the European system among professionals and consumers alike.

The cultural aspect

1.2.4. The technical aspect of the introduction of HDTV is matched by a cultural aspect since this new type of television provides an excellent opportunity to present original productions and cultural broad-

casts which foster the European ideal. The growth in European productions can therefore be seen as the necessary complement to the introduction of the new system. The Media programme of measures to encourage the audiovisual industry,¹ which moved into its application phase this year, has an important role to play in this connection.

¹ Bull. EC 4-1986, point 2.1.79.

3. News in brief

Economic and monetary policy

The Commission adopts a proposal for a Decision on the new NCI (NCI V) (→ point 2.1.4).

Internal market

The Commission adopts a proposal for a Directive on the control of the irradiation of foodstuffs (→ point 2.1.27).

Research and technology

The Commission adopts its first report on the state of science and technology in Europe (→ point 2.1.47).

Competition

The Commission adopts two Regulations exempting certain categories of franchising and know-how agreements (→ points 2.1.87 to 2.1.89).

Quality of life and environment

The Commission adopts a communication on the protection of the environment in the Mediterranean region (Medspa programme) (→ point 2.1.178).

The Council agrees on a common position on the Directive concerning less-polluting cars (below 1.4 litres) (→ point 2.1.167).

Consumer protection

The Commission adopts a recommendation on electronic payment systems (→ point 2.1.183).

Transport

The Commission adopts two proposals for Directives relating to road safety: driving licences (→ point 2.1.7), and maximum permissible blood alcohol concentrations (→ point 2.1.155).

Energy

The Council adopts conclusions on the implementation of the internal energy market (→ point 2.1.265).

PART TWO

**ACTIVITIES
IN NOVEMBER
1988**

1. Building the Community

Economic and monetary policy

Economic situation

Annual economic report 1988-89

2.1.1. On 16 November Parliament adopted a resolution¹ completing the consultation procedure concerning the Commission's annual report to the Council on the economic situation in the Community and the fixing of economic policy guidelines for 1989.² Referring to the need to tap and apply the growth potential inherent in the internal market, Parliament called on the Commission to conduct an assessment of the nature and extent of the investment induced by the internal market and to implement supporting policy measures. Commenting on the increased convergence hoped for within the internal market, Parliament drew attention to the widely varying degree of success in consolidating Member States' budgets and expressed the hope that the objective of turning the tide of public sector debt and of abolishing all competition-distorting subsidies could be achieved. Finally, on the question of employment and the social dimension, Parliament suggested ways of reducing unemployment and urged the Council to secure real progress with the achievement of the social dimension of the internal market.

2.1.2. By 112 votes for, 5 against and with 2 abstentions, the Economic and Social Committee adopted an opinion on the same report on 24 November. It stressed the need to adopt an economic strategy designed to sustain growth in a cohesive manner, both through the policies pursued by Member States and through Community policy. The Committee carried out a detailed examination of growth and employment, regional development, balance between the regions and economic and social cohesion. It took the view that the Commission and the Council should refine the guidelines con-

tained in the report and the monitoring procedures. The Committee called on the Commission to supplement 'The cost of non-Europe' report³ with a similar document setting out the prospects for employment.

Free movement of capital

Protective measures

2.1.3. On 22 November the Commission decided,⁴ on the basis of an examination of the economic situation in Greece, to extend until 31 December 1989 the authorization given to that country by its Decision 85/594/EEC of 22 November 1985 to take certain protective measures under Article 108 of the Treaty in respect of the movement of capital and transfers relating to tourist expenditure.⁵ Given the relaxations already introduced or about to be introduced by the Greek Government, however, the scope of the restrictions which have been authorized is limited.

Development of new financial instruments — Financial engineering

The new NCI

2.1.4. On 15 November the Commission adopted a proposal for a Decision extending the activities of the New Community Instrument.⁶ So far, there have been four ordinary NCI authorizations⁷ and two special

¹ OJ C 326, 19.12.1988.

² COM(88) 591 final; Bull. EC 10-1988, points 1.1.1 to 1.1.5.

³ Bull. EC 3-1988, point 1.4.1 *et seq.*

⁴ OJ L 325, 29.11.1988.

⁵ OJ L 373, 31.12.1985.

⁶ COM(88) 661.

⁷ OJ L 298, 25.10.1978; Bull. EC 10-1978, point 2.1.10; OJ L 78, 24.3.1982; Bull. EC 3-1982, point 2.1.5; OJ L 112, 23.4.1983; Bull. EC 4-1983, point 2.1.8; OJ L 71, 14.3.1987; Bull. EC 3-1987, point 2.1.3.

extensions¹ to provide urgent aid for regions affected by natural disasters. As in the past, the aim is to borrow funds on the capital markets on behalf of the Community and to on-lend the proceeds for the purpose of promoting investment and creating jobs in the Community. In contrast with previous authorizations, however, the Commission has proposed this time that the amount of debt outstanding be stabilized at the current level.

For the first three years of the new NCI, the Commission proposes giving priority, as in the case of NCI IV, to investment projects carried out by small and medium-sized firms, and particularly those designed either to diversify rural economies and safeguard the rural environment or to develop new technologies.

The internal market

Completion of the internal market

Implementation of the White Paper

2.1.5. On 18 November the Commission sent the Council a progress report on the completion of the internal market (→ point 1.1.1 *et seq.*).

People's Europe

Civil protection

2.1.6. On 4 November the Council and the Representatives of the Member States meeting within the Council adopted a resolution on the further development of Community cooperation on civil protection. This resolution incorporates most of the Commission's proposals put forward in September and brings a people's Europe one step closer.²

The Council agreed to the introduction by 1993 of a single emergency number.

Within the framework laid down by the Council resolution the Commission will study over the coming year the feasibility of a system linking national databanks to improve the exchange of information between Member States. It will produce by 1990 a multilingual glossary to ease communication between emergency teams. The Commission is to improve the flow of information between Member States to anticipate and prevent disasters, e.g. by using aerospace resources.

The Commission is to launch a study into the feasibility and cost of the first ever Community campaign to increase and develop information and education on civil protection.

Furthermore, to strengthen and promote the image of civil protection within the Community, the Commission informed the Council of its intention to use a distinctive European civil defence symbol, a proposal not taken up by the Council in its resolution.

Driving licences

2.1.7. On 30 November the Commission adopted, for transmission to the Council, a proposal for a Directive on driving licences.³

This proposal, which is to replace Directive 80/1263/EEC of 4 December 1980,⁴ advances a more far-reaching harmonization of the conditions under which driving licences are issued and is intended to guarantee the recognition of driving licences throughout the Community irrespective of the holders' State of residence. It introduces final provisions on vehicle categories, age-limits and standards for the training and the medical examination of applicants for driving licences and is designed to eliminate the sometimes substantial differences

¹ OJ L 37, 10.2.1981; OJ L 367, 23.12.1981; Bull. EC 12-1981, point 2.1.4.

² Bull. EC 9-1988, point 2.1.6.

³ COM(88) 705 final.

⁴ OJ L 375, 31.12.1980; Bull. EC 12-1980, point 2.1.117.

between national laws, which persist because of exemptions granted under the current Directive. Furthermore, in the context of a people's Europe, the proposal aims to assist freedom of movement within the Community, by ending the need to exchange driving licences when taking up residence in another Member State and it establishes, as a general principle, the mutual recognition of driving licences.

Free movement of persons — Freedom to provide services

Tourism

2.1.8. On 18 November Parliament endorsed¹ the Commission proposal for a Council Decision on an action programme for European Tourism Year (1990).² It contains certain amendments mainly entailing an extension of the objectives proposed by the Commission (improvement of freedom of movement for travellers and the position of disadvantaged people, promotion of awareness of the importance of an unspoilt environment for tourism). Parliament further requests that funds allocated for this should be available subject to the agreement of the budgetary authority or any change that the latter might decide.

2.1.9. The Economic and Social Committee endorsed this proposal. It requested, however, that the events which are planned in the context of European Tourism Year should take due account of social aspects and aspects relating to the environment.

Mutual recognition of diplomas — Access to economic activities

Medical professions

2.1.10. On 29 November the Commission transmitted to the Council an amendment³ to its proposal for a Directive⁴ amending Directives 75/362/EEC of 16 June 1975,⁵ 77/452/EEC of 27 June 1977,⁶ 78/686/EEC of 25 July 1978,⁷ 78/1026/EEC of 18

December 1978⁸ and 80/154/EEC of 21 January 1980⁹ relating to the mutual recognition of diplomas, certificates and other evidence of formal qualifications as doctor, nurse responsible for general care, dental practitioner, veterinary surgeon and midwife, together with Directives 75/363/EEC of 16 June 1975,⁵ 78/1027/EEC of 18 December 1986⁸ and 80/155/EEC of 21 January 1980⁹ concerning the coordination of provisions laid down by law, regulation or administrative action relating to the activities of doctors, veterinary surgeons and midwives. This amendment, which follows the opinion of Parliament¹⁰ specifies the legal basis for the proposal by making it clear that where the Council is concerned it is subject to voting by qualified majority and in the case of Parliament to the cooperation procedure.

Nurses

2.1.11. On the same date¹¹ the Commission forwarded to the Council an amendment to its proposal for a Directive¹² amending Directives 77/452/EEC and 77/453/EEC of 27 June 1977⁶ relating to nurses responsible for general care. This amendment, which also followed an opinion of Parliament,¹³ introduced the same stipulation as above as regards the legal basis.

General system for the recognition of diplomas

2.1.12. Following Parliament's decision¹⁴ on the common position of the Council¹⁵

¹ OJ C 326, 19.12.1988.

² OJ C 293, 17.11.1988; Bull. EC 10-1988, point 2.1.4.

³ OJ C 322, 15.12.1988; COM(88) 702 final.

⁴ OJ C 353, 30.12.1987; Bull. EC 11-1987, point 2.1.15.

⁵ OJ L 167, 30.6.1975.

⁶ OJ L 176, 15.7.1977.

⁷ OJ L 233, 24.8.1978.

⁸ OJ L 362, 23.12.1978.

⁹ OJ L 33, 11.2.1980.

¹⁰ OJ C 235, 12.9.1988; Bull. EC 7/8-1988, point 2.1.4.

¹¹ COM(88) 710 final.

¹² OJ C 20, 26.1.1988; Bull. EC 12-1987, point 2.1.13.

¹³ OJ C 235, 12.9.1988; Bull. EC 7/8-1988, point 2.1.5.

¹⁴ OJ C 309, 5.12.1988; Bull. EC 10-1988, point 2.1.6.

¹⁵ Bull. EC 6-1988, point 1.3.1 *et seq.*

relating to the proposal for a Directive concerning a general system for the recognition of higher education diplomas awarded on completion of professional education and training of at least three years' duration,¹ the Commission transmitted to the Council, on 25 November,² a re-examined proposal for a Directive on this subject. This proposal includes the three amendments adopted by Parliament.³

Freedom of movement for audiovisual services

2.1.13. At its meeting on 18 November on the internal market the Council made a thorough study of a number of key questions arising in connection with the three main chapters of the proposal for a Directive on the coordination of the provisions of the Member States concerning the pursuit of broadcasting activities,⁴ namely the promotion of the distribution and production of Community audiovisual works, advertising and the protection of minors.

Free movement of goods

Standardization, certification and testing

Implementing the new approach to technical harmonization and standards

Construction products

2.1.14. On 16 November Parliament adopted a decision⁵ approving the Council's common position⁶ on the proposal for a Directive relating to construction products, subject to the inclusion of an amendment stating that, when a future Directive relates only indirectly to the essential requirements of the abovementioned proposal for a Directive, that other directive must contain provisions ensuring that it also covers the requirements of this Directive.

Removal of trade barriers

Industrial products

Machinery

2.1.15. On 16 November Parliament adopted (first reading)⁵ an opinion endorsing the proposal for a Directive on machinery.⁷ It put forward a number of amendments emphasizing in particular the pressing need for an effective and adequate contribution from both sides of industry to the process of European standardization.

2.1.16. The Council (Internal Market) took note of the state of progress of this proposal at its meeting of 18 November.

Motor vehicles

2.1.17. On 18 November the Council (Internal Market) reached agreement on a common position concerning the adoption of a Directive relating to the lateral protection (side guards) of certain motor vehicles and their trailers.⁸

2.1.18. At its meeting of 24 and 25 November the Council (Environment) adopted a common position on a Directive concerning the measures to be taken against air pollution by gases from the engines of motor vehicles with an engine capacity below 1.4 litres (→ point 2.1.167).

2.1.19. A Communication from the Commission on procedures for the type-approval and registration of vehicles previously regis-

¹ Supplement 8/85-Bull. EC; OJ C 217, 28.8.1985; Bull. EC 7/8-1985, point 1.4.1 *et seq.*; OJ C 143, 10.6.1986; Bull. EC 5-1986, point 2.1.96.

² COM(88) 700 final.

³ OJ C 309, 5.12.1988; Bull. EC 10-1988, point 2.1.6.

⁴ Supplement 5/86 — Bull. EC and Bull. EC 3-1986, point 1.2.1 *et seq.*; OJ C 110, 27.4.1988; Bull. EC 4-1988, point 2.1.11.

⁵ OJ C 326, 19.12.1988.

⁶ Bull. EC 6-1988, point 2.1.26.

⁷ OJ C 29, 3.1.1988; Bull. EC 11-1987, point 2.1.21; OJ C 214, 16.8.1988; Bull. EC 6-1988, point 2.1.30.

⁸ OJ C 265, 5.10.1987; Bull. EC 7/8-1987, point 2.1.15; OJ C 230, 6.9.1988; Bull. EC 7/8-1988, point 2.1.6.

tered in another Member State was published in the Official Journal.¹ This describes the rights which individuals derive from the direct applicability of Community law when importing such a vehicle.

In recent years the Commission has received numerous complaints about the vehicle registration procedures operated by the Member States that raise doubts as to the compatibility of these procedures with Community law, in particular with Articles 30 and 36 of the EEC Treaty. The Commission takes the view that a Member State cannot refuse to register an imported vehicle solely on the grounds that it does not correspond in every respect to the approved type in that State and believes that such a refusal can only be justified on duly substantiated safety grounds. Provided that certain conditions are satisfied, the documents to be furnished for registration purposes may be either issued by the manufacturer or his authorized representative or come from the Member State in which the vehicle was previously registered. The communication also sets out the procedures for checking the roadworthiness of an imported vehicle and the procedural guarantees which the person applying for registration should enjoy. Lastly, it endeavours to answer certain practical questions with which an individual importing a vehicle under these circumstances is inevitably confronted.

Wheeled agricultural or forestry tractors

2.1.20. On 16 November Parliament approved² the Council's common position³ on the proposal for a Directive relating to certain components and characteristics of wheeled agricultural or forestry tractors.⁴

2.1.21. The Commission also sent the Council three proposals amending Directives on roll-over protection structures: the first, sent on 18 November,⁵ concerns structures mounted in front of the driver's seat on narrow-track wheeled agricultural and forestry tractors;⁶ the second, sent on

21 November,⁷ concerns rear-mounted roll-over protection structures⁸ and the third, sent on 23 November,⁹ concerns standard agricultural tractors.¹⁰

The purpose of the first two proposals was to introduce additional tests into the dynamic test procedure to deal with cases where cracks which cannot be considered negligible appear in the protection structure during the impact test. The third proposal seeks to extend the scope of Directive 77/536/EEC of 28 June 1977¹⁰ to cover tractors with a mass of not more than 6 tonnes and to substitute the Advisory Committee procedure for the Regulatory Committee procedure.

Electrical equipment

2.1.22. On 10 November the Commission adopted Directive 88/571/EEC¹¹ adapting to technical progress Council Directive 79/196/EEC of 6 February 1979 on electrical equipment for use in potentially explosive atmospheres employing certain types of protection.¹² This new Directive lays down the period of validity of certificates of conformity issued on the basis of the previous provisions and guarantees the free movement of electrical equipment complying with the new amendments to standards reflecting the state of the art in this field.

Electromagnetic compatibility

2.1.23. Further to the agreement in principle reached on 14 October,¹³ the Council adopted a common position on the proposal

¹ OJ C 281, 4.11.1988.

² OJ C 326, 19.12.1988.

³ Bull. EC 6-1988, point 2.1.31.

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

⁵ OJ C 305, 30.11.1988; COM(88) 629 final.

⁶ OJ L 220, 8.8.1987; Bull. EC 6-1987, point 2.1.12.

⁷ OJ C 311, 6.12.1988; COM(88) 626 final.

⁸ OJ L 186, 8.7.1986; Bull. EC 5-1986, point 2.1.13.

⁹ OJ C 324, 17.12.1988; COM(88) 630 final.

¹⁰ OJ L 220, 29.8.1977.

¹¹ OJ L 311, 17.11.1988.

¹² OJ L 43, 20.2.1979.

¹³ Bull. EC 10-1988, point 2.1.10.

for a Directive on electromagnetic compatibility on 7 November.¹

Dangerous substances

2.1.24. On 9 November the Commission sent the Council a communication concerning a Decision authorizing it to take part on behalf of the Community in the negotiation of an OECD decision/recommendation on the harmonization of the principles of good laboratory practice.

Foodstuffs

2.1.25. Further to the agreement reached on 14 October,² the Council formally adopted on 18 November Directive 88/593/EEC³ amending Directive 79/693/EEC of 24 July 1979 on fruit jams, jellies and marmalades and chestnut purée.⁴

2.1.26. On the same date it adopted a common position on the Directive amending⁵ for the third time Directive 75/726/EEC of 17 November 1975 on fruit juices and certain similar products.⁶ This common position also follows the substantive agreement on this subject reached on 14 October.⁷

2.1.27. On 30 November the Commission approved, for transmittal to the Council, a proposal for a Council Directive on foods and food ingredients treated with ionizing radiation.⁸ The purpose of this Directive is to guarantee the consumer a high level of protection and to ensure free movement of irradiated foods.

It lists in an annex the only sources of ionizing radiation which may be used to treat foodstuffs, and specifies the technical regulations and specific equipment to be used for these processes and sets out detailed provisions for labelling and inspection and the administrative rules governing the irradiated foodstuffs intended for sale to the ultimate consumer.

2.1.28. At its meeting of 18 November the Council (Internal Market) reached a common position on the proposal for a Direc-

tive relating to foodstuffs for particular nutritional uses.⁹

Directive 77/94/EEC of 21 December 1976,¹⁰ which currently governs this sector and allows Member States to adopt national arrangements in the absence of specific Community Directives, will be replaced by the new Directive which will lay down general rules governing the abovementioned products and determine the list of groups of foodstuffs for which specific provisions are to be adopted.

Foodstuffs not included in the annex to this Directive will be subject to an information procedure.

2.1.29. On 18 November the Council (Internal Market) reached substantive agreement on a common position on the proposal for a Directive⁹ amending Directive 79/112/EEC of 18 December 1978 relating to the labelling, presentation and advertising of foodstuffs.¹¹ The main aim of this proposal is to extend the scope of the 1978 Directive to include foodstuffs intended for supply to mass caterers. It also seeks to abolish all national derogations hitherto and to complete the horizontal legislation announced in the White Paper. It will serve as a basis for completing the single market in foodstuffs in the area of consumer information.

2.1.30. The Council (Internal Market) took note of the state of progress of the amended proposal for a Directive on the official inspection of foodstuffs.¹²

¹ OJ C 322, 2.12.1987; Bull. EC 11-1987, point 2.1.21.

² Bull. EC 10-1988, point 2.1.12.

³ OJ L 318, 25.11.1988.

⁴ OJ L 205, 13.8.1979.

⁵ OJ C 24, 31.1.1987; Bull. EC 12-1986, point 2.1.27; OJ C 214, 16.8.1988; Bull. EC 6-1988, point 2.1.40.

⁶ OJ L 311, 1.12.1975.

⁷ Bull. EC 10-1988, point 2.1.13.

⁸ COM(88) 654.

⁹ OJ C 124, 23.5.1986; Bull. EC 4-1986, point 2.1.10.

¹⁰ OJ L 26, 31.1.1977.

¹¹ OJ L 33, 8.2.1979.

¹² OJ C 88, 5.4.1988; Bull. EC 2-1988, point 2.1.9.

2.1.31. The Council also reached agreement on a proposal for a Directive on indications or marks identifying the lot to which a foodstuff belongs.¹ Lot identification is an attempt to meet the need for better information on the identity of products and provide a source of useful information when foodstuffs are the subject of a dispute or constitute a health hazard for consumers.

Pharmaceuticals

2.1.32. In the light of Parliament's opinion (first reading)² on the Commission's four proposals³ extending the scope of the pharmaceuticals Directives⁴ to cover medicinal products not yet included, the Commission sent the Council on 11 November four amended proposals for Directives.⁵

On 18 November the Council adopted a common position on the general proposal amending Directive 65/65/EEC of 26 January 1965⁶ and Directives 75/318/EEC and 75/319/EEC of 20 May 1975⁷ the aims of which are to extend the scope of the Directives to include medicinal products other than proprietary medicinal products, to provide patients with better information about medicinal products, to introduce certain provisions governing exports of such products and to improve guarantees of the quality of medicinal products manufactured in the Community.

A common position was also adopted on a second proposal extending the scope of these three Directives to include immunological medicinal products such as vaccines, toxins or serums and allergens.⁵

2.1.33. On 16 November Parliament approved⁸ the Council's common position⁹ on the proposal for a Directive relating to the transparency of measures regulating the pricing of medicinal products for human use and their inclusion within the scope of national health insurance systems.¹⁰

Enterprise

Improving the business environment

Intellectual property

Trade marks

2.1.34. At its meeting on the internal market on 18 November the Council discussed the main questions still outstanding concerning the Community trade mark,¹¹ in particular the location of the headquarters of the Community Trade Mark Office and the languages to be used.

2.1.35. On 28 November the Council adopted conclusions to the effect that Member States should take the necessary steps to ensure the participation of the Community, with full status, at the Diplomatic Conference of the World Intellectual Property Organization (WIPO).¹² The aim of the conference, to be held in June 1989, is to amend the Madrid Agreement of 1891 on the International Registration of Trade Marks, with a view in particular to enabling a link to be established between the future Community trade mark and international registration.

Public procurement

Public works

2.1.36. On 4 November the Council formally adopted a common position on the

¹ OJ C 310, 20.11.1987; Bull. EC 11-1987, point 2.1.24.

² OJ C 290, 14.11.1988; Bull. EC 10-1988, point 2.1.15.

³ OJ C 36, 8.2.1988; Bull. EC 12-1987, point 2.1.18.

⁴ OJ C 22, 9.2.1965; OJ L 147, 9.6.1975.

⁵ OJ C 308, 3.12.1988; COM(88) 663 final.

⁶ OJ 22, 9.2.1965.

⁷ OJ L 147, 9.6.1975.

⁸ OJ C 326, 19.12.1988.

⁹ Bull. EC 6-1988, point 2.1.43.

¹⁰ OJ C 17, 23.1.1987; Bull. EC 12-1986, point 2.1.31; OJ C 129, 18.5.1988; Bull. EC 4-1988, point 2.1.27.

¹¹ 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.

¹² Bull. EC 5-1988, point 2.1.19.

Directive amending Directive 71/305/EEC of 26 July 1971¹ concerning the coordination of procedures for the award of public contracts,² on which it had reached agreement in principle on 14 October.³

Redress

2.1.37. In the light of Parliament's opinion,⁴ the Commission sent to the Council on 25 November⁵ an amended proposal for a Directive coordinating the laws, regulations and administrative provisions relating to the application of Community rules on procedures for the award of public supply and public works contracts.⁶ The amendments specify and supplement, firstly, the measures which the administrative and judicial bodies are empowered to take when deciding on appeals and the guarantees offered in this respect to the undertakings concerned and, secondly, the provisions regarding the Commission's powers of suspension and the details of this procedure.

Services to promote business start-ups and expansion

2.1.38. On 15 November the Commission adopted, for transmission to the Council, a proposal for a Decision extending the New Community Instrument for a further three years. NCI V is intended in particular to promote investment projects carried out by small and medium-sized firms to diversify the rural economy or develop new technologies (→ point 2.1.4).

2.1.39. On 8 November⁷ the Commission published a call for tenders from candidate host organizations for the purpose of expanding the Euro-Info-Centre project.⁸

Industrial strategy and services

Steel

The Community steel industry

Restructuring

Monitoring and control

2.1.40. As a result of the ending of the quota system,⁹ the Commission, by Decision No 3464/88/ECSC of 8 November, repealed¹⁰ Decision No 3483/82/ECSC concerning the requirement for Community undertakings to declare the quantities of certain steel products delivered.¹¹

Market situation

2.1.41. The Steel Committee of the United Nations Economic Commission for Europe has drawn up a balance sheet for 1988. This shows that production in Eastern Europe in the first nine months was at the same level as in the corresponding period in 1987 and that there was investment in the gradual modernization of installations and the replacement of obsolete capacity. Where the Community is concerned, the increase in production for the year as a whole, originally estimated at 6%, will probably amount to 8%, but forecasts for 1989 indicate a 2% drop.

¹ OJ L 185, 16.8.1971.

² Bull. EC 12-1986, point 2.1.35; Bull. EC 6-1988, point 2.1.50.

³ Bull. EC 10-1988, point 2.1.19.

⁴ OJ C 167, 27.6.1988; Bull. EC 5-1988, point 2.1.22.

⁵ COM(88) 733 final.

⁶ OJ C 230, 28.8.1987; Bull. EC 7/8-1987, point 2.1.21.

⁷ OJ S 218, 8.11.1988.

⁸ Bull. EC 4-1987, point 2.1.18; Bull. EC 7/8-1987, point 2.1.23; Bull. EC 2-1988, point 2.1.21; Bull. EC 3-1988, point 2.1.27.

⁹ Bull. EC 6-1988, point 2.1.53.

¹⁰ OJ L 304, 9.11.1988.

¹¹ OJ L 370, 29.12.1982; Bull. EC 11-1982, point 2.1.16; OJ L 72, 18.3.1988; Bull. EC 3-1988, point 2.1.30.

2.1.42. The state of the steel industry in the other major countries of the OECD is as follows: The United States had a very good year, with its production costs the lowest in the industrial world. In Japan there was substantial progress, fuelled by internal demand.

Trade with non-member countries

External aspects of restructuring

2.1.43. On 30 November the Commission amended the basic prices for certain iron and steel products¹ to allow for the exchange rate fluctuations since 1 January.

2.1.44. On 15 November the Commission adopted a communication to the Council on the negotiating directives for the voluntary limitation arrangements for 1989 covering imports from the 12 countries with which arrangements have already been concluded: Brazil, South Korea, Bulgaria, Hungary, Poland, Romania, Czechoslovakia, Venezuela, Austria, Finland, Norway and Sweden.²

Shipbuilding

2.1.45. In accordance with the broad outline of an external commercial policy on shipbuilding, which was adopted in March,³ the Commission sent the Council a proposal for a Decision concerning an amendment to the OECD Understanding on Export Credits for Ships (→ point 2.2.9.).

Textiles

2.1.46. On the basis of a Commission report,⁴ the Council meeting (General Affairs) of 21 and 22 November held a detailed exchange of views on the situation in the textiles and clothing industry. The analyses given in the report indicates that structural changes are gathering pace and this suggests that it would be appropriate to make a systematic review of all areas in which Community action might affect the future development of the industry. In par-

ticular the report highlights the fact that outside competition is no less of a danger now than it was in 1977 when the first bilateral arrangements were negotiated but that the nature of the competition has changed. For some products the changes have been so considerable that a review of the Community's commercial policy as it affects textiles is essential—as is the need to succeed in the forthcoming multilateral negotiations in opening up the markets of certain non-member countries. Technological advances in the Community industry will also have to be promoted in order to make it competitive again.

Research and technology

Community R&TD policy

Report on the state of science and technology in Europe

2.1.47. On 15 November the Commission adopted a first report on the state of science and technology in Europe⁵ in response to Parliament's call⁶ for regular reviews of the situation in this field. Its aim is to provide a factual basis for debate both inside and outside the Community institutions.

The first report reveals that a good deal has been done to improve the situation in Europe by increasing spending on research and development and improving industrial performance through innovation. However, efforts as a whole are still unbalanced and fragmented. Three Member States (Germany, France and the United Kingdom) account for three-quarters of total spending on R&D in the Community and regional variations are acute. Transnational cooperation (Community programmes, Eureka, COST, ESA, CERN, etc.) accounts for only

¹ OJ C 313, 2.12.1988.

² Bull. EC 12-1987, point 2.1.44.

³ Bull. EC 3-1988, point 2.1.34.

⁴ COM (88) 653 final.

⁵ COM (88) 647.

⁶ OJ C 190, 20.7.1987; Bull. EC 6-1987, point 2.4.19.

a small proportion of the total research effort.

The Community's efforts are below those of its major competitors (the USA and Japan), which are both spending more and are taking action to remedy their own weaknesses. Europe's position is also threatened by the activities of the new, emerging science and technology powers (the newly-industrialized countries, in particular).

Europe is faced with three main challenges: to increase its capacity to develop and pursue, where necessary, its own technological and economic options, to strengthen its international competitiveness, especially in those fields which will take on increasing importance in the future, and to meet the need for improved quality of life.

The report also highlights five major areas of research which are of particular relevance to the European economy:

- (i) information technology and telecommunications, where a particular research effort is needed to improve the situation of the European semiconductor industry;
- (ii) materials technology for the manufacturing industry, where superconducting materials are particularly promising;
- (iii) the aircraft industry, where Europe faces particularly strong competition;
- (iv) biology and biotechnology, which offer the prospect of major transformations in industry, agriculture and medicine;
- (v) and energy, where Europe remains highly dependent on outside sources of supply: fusion is important in the long term, as is carefully targeted research on new and renewable forms of energy and energy-saving technologies in the short term.

With regard to the quality of life, there is a need for research in the fields of the environment, health, and industrial, road and nuclear safety. Europe can and must make a major contribution to the study of global climatic change.

To underpin these efforts in specific fields, Europe must maintain and increase its basic

research capability in order to provide the seedcorn for new technological developments.

Space

2.1.48. On 17 November the Council (Research) held an initial policy debate on the communication 'The Community and space: a coherent approach', which the Commission had sent it on 29 July.¹ It stressed in particular the complementarity between the lines of action proposed by the Commission in this field and existing activities within other European organizations, in particular the European Space Agency (ESA).

Coordination of national policies

2.1.49. At a meeting on 10 and 11 November in Brussels, the Scientific and Technical Research Committee (Crest) discussed the Council Presidency's communication on a cohesive policy in the research and technology sectors, which refers to refers to the contribution that science and technology can make to help reduce the gap between the regions of the Community and to bring about economic and social cohesion. The Committee stressed in particular that there was no contradiction between cohesion and competitiveness as long as the principle of research excellence was upheld.

The Commission was asked to carry out a detailed analysis of this subject as soon as possible and to put forward suitable proposals in due course.

Crest also expressed a favourable opinion on two draft proposals for a programme presented by the Commission in the fields of marine science and technology (MAST)² and predictive medicine³ (human genome).

It also resumed its discussion of the draft proposal for a future specific R&TD pro-

¹ Bull. EC 7/8-1988, point 2.1.17.

² OJ C 298, 23.11.1988; Bull. EC 10-1988, point 2.1.38.

³ Bull. EC 7/8-1988, point 2.1.23.

gramme in the field of biotechnology (Bridge),¹ which was generally felt to be of great interest.

International cooperation

Framework agreements with the EFTA countries

2.1.50. In accordance with the Council's Decision of 9 February 1987 concerning the conclusion of the Framework Agreements for scientific and technical cooperation² signed by the Commission on 29 April 1986 with Finland³ and on 27 June with Norway,⁴ the Commission sent the Council, on 4 November, two proposals for Decisions associating Finland⁵ and Norway⁶ with research and development in the field of environmental protection.

2.1.51. The third meeting⁷ of the Joint Committee set up under the Framework Agreements for scientific and technical cooperation between the Community and Sweden⁸ was held in Brussels on 10 November. The Committee reviewed progress in implementing cooperation in the fields covered by the Community programmes: two R&D cooperation agreements in the fields of wood and raw materials were signed by the Council in November,⁹ negotiation on two other agreements in the sectors covered by the Community medical research programmes and the Science programme are at an advanced stage, and Sweden is taking part in a number of projects under the Euram, Brite, RACE, Esprit and Drive programmes. The Committee also considered the case for extending cooperation to applied metrology, medical data-processing (AIM programme), non-nuclear energy (Joule), economic science (SPES), aeronautics and biotechnology in the coming months.

COST

2.1.52. On 22 November the Commission approved the signing, on behalf of the Community, of the Memorandum of Understanding on the implementation of a Euro-

pean research project in the field of maritime traffic simulation (COST project 311). The aim of this four-year project is to develop efficient simulation techniques to help improve the safety and efficiency of maritime traffic, notably by reducing the risks of collision and running aground.

Main areas of Community R&TD

Quality of life

Health

2.1.53. The Commission and the German Ministry of Research and Technology held the first European Conference on the bioethics of human embryos from 7 to 11 November in Mainz (Federal Republic of Germany). 150 biologists, doctors, lawyers, philosophers and sociologists from all the Member States discussed problems and issues raised by recent developments in human embryology, including the scientific and technological limits to embryo research, the status of the human embryo and ethical and regulatory questions.

Environment

2.1.54. On 17 November the Commission adopted,¹⁰ for transmittal to the Council, a proposal for a Decision adopting two specific research and technological development programmes (1989-92) in the fields of environmental protection (STEP: Science and technology for environmental protection) and climatology and natural hazards

¹ Biotechnology research for innovation, development and growth in Europe.

² OJ L 71, 14.3.1987; Bull. EC 2-1987, point 2.1.32.

³ OJ L 78, 24.3.1986; Bull. EC 3-1986, point 2.1.39; Bull. EC 4-1986, point 2.2.18.

⁴ OJ L 78, 24.3.1986; Bull. EC 3-1986, point 2.1.39; Bull. EC 6-1986, point 2.1.52.

⁵ OJ C 299, 24.11.1988; COM(88) 574 final.

⁶ COM(88) 578 final.

⁷ Previous meeting: Bull. EC 10-1987, point 2.1.34.

⁸ OJ L 313, 22.11.1985; Bull. EC 11-1985, point 2.1.183.

⁹ OJ L 276, 7.10.1988; Bull. EC 9-1988, point 2.1.19.

¹⁰ OJ C 327, 20.12.1988.

(Epoch: European programme on climatology and natural hazards). With a budget of ECU 75 million, the STEP programme covers a broad range of research subjects divided into nine sectors: environment and human health; assessment of risks associated with chemicals; atmospheric processes and air quality; water quality; soil and groundwater protection; ecosystem research; protection and conservation of the European cultural heritage; technologies for environmental protection and major technological hazards. With a budget of ECU 40 million, the Epoch programme covers the following sectors: past climates and climate change; climate processes and models; climate-related hazards and natural hazards (earthquakes).

Industrial technologies

Brite/Euram programme

2.1.55. On 16 November Parliament adopted in first reading a favourable opinion,¹ subject to certain amendments, on the Commission proposal for a Decision adopting a specific research and technological development programme in the fields of industrial manufacturing technologies and advanced materials applications (Brite/Euram) (1989-92).² The amendments concerned support for focused basic research projects, the possibility of adapting the technical contents of Annex I, the entry in the budget of the appropriations for the programme in proportion to the real needs of the financial year concerned and the financial estimates, and the simultaneous distribution in all the Community languages of all information useful for programme selection.

ECSC industries

Technical research in steel

2.1.56. The Commission asked the ECSC Consultative Committee³ to undertake consultation concerning the desirability of allocating ECU 2 440 000 from the levies

pursuant to Article 50 of the ECSC Treaty for financial aid for five technical research projects.

Biological resources

Biotechnology

2.1.57. On 17 November the Council (Research) adopted a common position on the proposal for a programme for biotechnology-based agro-industrial research and development (Eclair) (1988-93).⁴ The programme, which will need an estimated budget of ECU 80 million, will provide a framework for demonstration projects concerning the application of the life technologies to industrial and agricultural production.

Food technology

2.1.58. On 23 November the Economic and Social Committee unanimously adopted an opinion on the proposal for a multiannual research and development programme in food science and technology (Flair).⁵ It approved the programme, but regretted that it had not been submitted together with the Eclair programme.⁴

Energy

Nuclear fission

2.1.59. On 11 November the Commission sent the Council a proposal for a Decision adopting a research and training programme for the EAEC in the field of remote handling in nuclear hazardous and disordered environments (1989-93) (Telman).⁶ The aim of the programme is to strengthen the scientific and technological

¹ OJ C 326, 19.12.1988.

² OJ C 228, 3. 9.1988; Bull. EC 7/8-1988, point 2.1.25.

³ OJ C 288, 12.11.1988.

⁴ OJ C 294, 18.11.1988; Bull. EC 10-1988, point 2.1.34; OJ C 62, 5.3.1988; Bull. EC 12-1987, point 2.1.58.

⁵ OJ C 306, 1.12.1988; Bull. EC 6-1988, point 2.1.71.

⁶ OJ C 311, 6.12.1988; Bull. EC 7/8-1988, point 2.1.30.

basis for the nuclear remote handling equipment. Remote handling contributes to the safety of personnel the efficiency of plant in all parts of the nuclear industry, from mining through reactor operation to reprocessing and decommissioning.

Non-nuclear energy

2.1.60. On 16 November Parliament adopted in first reading a favourable opinion,¹ subject to a number of amendments concerning budgetary and participation procedures, on the Commission proposal for a Decision adopting a specific R&TD programme in the field of non-nuclear energy and rational use of energy (1989-92) (Joule).²

2.1.61. On 23 November the Economic and Social Committee unanimously adopted without debate an opinion on the same subject, but felt that the financial resources were not commensurate with the scale of the tasks to be accomplished in the fields covered by the programme.

2.1.62. On 22 November the Commission published an advance notice of the first call for proposals for the forthcoming Joule programme³ to allow small and medium-sized enterprises sufficient time to find partners and prepare proposals for participation.

European scientific and technological cooperation

Researchers' Europe

2.1.63. On 17 November the Council (Research) adopted a common position on the proposal for a programme to stimulate economic science (1989-92) (SPES).⁴ The programme, which has a budget of ECU 6 million, is intended to extend to economic science the Community efforts to stimulate the use of human resources in research and development undertaken in the second Science programme in the exact and natural sciences.⁵

2.1.64. On 17 November the Council also adopted a common position on the Community support plan (1988-92) to facilitate access to large-scale scientific facilities of European interest.⁶ Under the plan, which has been allocated ECU 30 million over four years, the Community will grant financial support to facilitate access to large-scale scientific facilities within the Community and thus to encourage their exploitation.

Telecommunications, information technology and innovation

Telecommunications

Television

2.1.65. On 16 November the Commission adopted, for transmittal to the Council, a proposal for a Decision on high-definition television (HDTV) (→ point 1.2.1 *et seq.*).

RACE

2.1.66. The RACE Management Committee met on 17 and 18 November and approved the Commission's plans for the negotiation of contracts following the second call for proposals,⁷ which concerned the characterization of new applications in the field of advanced communications and the development of new services applications. Forty new contracts are now being negotiated, 20 of which concern pilot applications of integrated broadband communications in manufacturing industries, banking, insurance, the media and publish-

¹ OJ C 320, 19.12.1988.

² OJ C 221, 25. 8. 1988; Bull. EC 7/8-1988, point 2.1.31.

³ OJ C 297, 12.11.1988.

⁴ OJ C 109, 26.4.1988; Bull. EC 3-1988, point 2.1.47; COM(88) 658 final.

⁵ OJ C 14, 19.1.1988; Bull. EC 9-1987, point 2.1.51.

⁶ Bull. EC 6-1988, point 2.1.74.

⁷ OJ C 173, 2.7.1988; Bull. EC 7/8-1988, point 2.1.34.

ing, entertainment, health care and the needs of the deaf and the physically handicapped.

2.1.67. The second meeting of the group of experts responsible for the strategic audit of developments in telecommunications¹ was held on 10 November. Topics discussed included a set of draft recommendations for actions supplementing those already launched under the RACE programme.²

Coordinated introduction of the integrated services digital network

2.1.68. On 30 November the Commission adopted, for transmittal to the Council, a proposal for a Council resolution on improving coordination for the introduction of the integrated services digital network,³ based on the proposals put forward by the Commission in its first annual report⁴ on the implementation of Council Recommendation 86/659/EEC of 22 December 1986.⁵

International cooperation

2.1.69. On 28 November the Council adopted a Decision concerning joint action by the Member States on any new international telecommunications regulations in the context of the World International Telephone and Telegraph Conference.

Information technology

Esprit

2.1.70. The Esprit 1988 Conference was held from 14 to 18 November⁶ in the Palais des Congrès, Brussels. The theme of this year's conference was 'Putting the technology to work'. Over 1 000 delegates attended the Conference, and the exhibition featured 68 technological demonstrations — the largest number yet presented — representing over 70 Esprit projects and involving some 300 firms, universities and research centres.

2.1.71. The second phase of the Esprit programme⁷ includes for the first time a section on basic research, with a budget of ECU 65 million from the Community. The areas covered include high-temperature superconductivity, optical computing, concurrency, specification and verification of complex software systems, neurocomputing, robotics and speech and vision processing. Following the first call for proposals for basic research projects under the Esprit programme,⁸ and in view of the funding available, the Commission was able to accept only 62 proposals (21% of the total number received) which were of exceptional quality and promise; the duration of the funding for these projects was limited to two-and-a-half years. The 62 projects selected are expected to involve the participation of 285 different organizations (of which 74% are universities, 20% are research establishments and 6% are industrial firms).

2.1.72. It was decided at the Esprit Conference (→ point 2.1.70) to set up an Esprit review board comprising seven eminent figures from Europe's scientific and industrial community.

Combined use of IT and telecommunications in general applications

Drive programme⁹

2.1.73. The Commission received 189 replies to its invitation to tender published on 2 July¹⁰ under the Community programme on the use of informatics in road transport and telecommunications.¹¹ The proposals that were selected on the basis of

¹ Previous meeting: Bull. EC 9-1988, point 2.1.32.

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

³ COM(88) 695.

⁴ Bull. EC 10-1988, point 2.1.40.

⁵ OJ L 382, 31.12.1986; Bull. EC 12-1986, point 2.1.77.

⁶ Previous conference: Bull. EC 9-1987, point 2.1.54.

⁷ OJ L 118, 6.5.1988; Bull. EC 4-1988, point 2.1.54.

⁸ OJ C 75, 25.3.1988; Bull. EC 3-1988, point 2.1.50.

⁹ Dedicated road infrastructure for vehicle safety in Europe.

¹⁰ OJ C 173, 2.7.1988; Bull. EC 7/8-1988, point 2.1.37.

¹¹ OJ L 206, 30.7.1988; Bull. EC 6-1988, point 2.1.83.

the technical evaluation (35% of the number submitted) cover virtually the whole of the present workplan and represent 11 000 man-months of work by 450 participants. Subject to the approval of the Drive programme Management Committee, these projects will take up 95% of the appropriations allocated under Council Decision 88/416/EEC of 29 June.¹

AIM²

2.1.74. On 4 November the Council adopted Decision³ 88/577/EEC on Community action in the field of information technologies applied to health care (AIM) — exploratory action.⁴

2.1.75. Further to this Council Decision the Commission published an invitation to tender under this programme on 8 November.⁵

Dissemination and utilization of research results

2.1.76. On 16 November Parliament approved (first reading)⁶ the proposal for a Decision on a specific programme for the dissemination and utilization of results from research (Value),⁷ subject to five amendments which the Commission endorsed and which cover the following points: collaboration with Eureka, use of the latest telecommunications and information technologies, use of up-to-date methods for the dissemination and utilization of research results, use of local organizations in the regions of the Member States with less well-developed infrastructures for innovation, and evaluation of the programme results.

2.1.77. On 24 November the Economic and Social Committee endorsed the proposal for a Council Decision on the implementation at Community level of the main phase of the strategic programme for innovation and technology transfer (Sprint) (1988-93).⁸ It places particular emphasis on the need for cooperation between the

Commission and Member States in implementing the programme and on the benefits of further developing the comparative index of national and European standards (Icône).⁹

Promotion of information services

2.1.78. Acting on the favourable opinion of the Senior Officials Advisory Committee for the information services market, the Commission sent those organizations which had replied to a first call for proposals published in July¹⁰ a further call for proposals concerning pilot demonstration projects in the following areas: intelligent interfaces, image banks, tourism information and information on standards.

Lowering of language barriers

2.1.79. On 24 November the Economic and Social Committee endorsed the proposals for Decisions¹¹ on a specific programme for the completion of an automatic translation system of advanced design (Eurotra).¹² It commented on the potential for exploiting Eurotra and on its social and cultural implications.

Customs union and indirect taxation

Customs union

Simplification of customs formalities

Introduction of common border posts

2.1.80. On 16 November Parliament adopted a decision⁶ on the Council's com-

¹ OJ L 206, 30.7.1988; Bull. EC 6-1988, point 2.1.83.

² Advanced informatics in medicine.

³ OJ L 314, 22.11.1988.

⁴ OJ C 355, 31.12.1987; Bull. EC 7/8-1987, point 2.1.69; Bull. EC 6-1988, point 2.1.84.

⁵ OJ C 284, 8.11.1988.

⁶ OJ C 326, 19.12.1988.

⁷ OJ C 184, 14.7.1988; Bull. EC 5-1988, point 2.1.45.

⁸ OJ C 268, 15.10.1988; Bull. EC 7/8-1988, point 2.1.40.

⁹ Bull. EC 10-1988, point 2.1.42.

¹⁰ OJ C 182, 12.7.1988; Bull. EC 7/8-1988, point 2.1.42.

¹¹ Bull. EC 5-1988, point 2.1.50.

¹² OJ L 317, 31.12.1982; Bull. EC 11-1982, point 2.1.25; OJ L 341, 4.12.1986; Bull. EC 11-1986, point 2.1.64.

mon position¹ on the proposal for a Regulation on the abolition of exit formalities at internal Community frontiers — introduction of common border posts.² It made a number of amendments restoring the initial form of the Commission's proposal.

General legislation

Community customs territory

2.1.81. On 16 November Parliament approved on second reading³ the Council's common position⁴ on the proposal⁵ for a Regulation laying down the provisions applicable to goods brought into the customs territory of the Community ('customs treatment').

Customs debt

2.1.82. On 16 November Parliament adopted a decision⁶ on the Council's common position⁷ on the proposal for a Regulation amending Regulation (EEC) No 2144/87 of 13 July 1987 on customs debt.⁸ The Commission was unable to accept any of the proposed amendments.

Temporary use

2.1.83. On 11 November the Commission adopted for transmission to the Council and Parliament a proposal⁹ for the amendment of Regulation (EEC) No 3/84 of 19 December 1985 introducing arrangements for movement within the Community of goods sent from one Member State for temporary use in one or more other Member States.¹⁰ The proposal would prolong the application of the arrangements until the date on which formalities and checks on intra-Community trade are abolished and also simplify and extend them to cover as many beneficiaries and goods as possible.

International conventions

2.1.84. On 16 November the Commission adopted for transmission to the Council a proposal¹¹ for a Decision accepting, on

behalf of the Community, Resolution No 46 of the Economic Commission for Europe's Group of Experts on Customs Questions affecting Transport concerning measures to ensure the continued compliance of containers with TIR Convention standards for transport of goods under customs seal.

Customs procedures with economic impact

Temporary importation

2.1.85. On 11 November the Commission adopted Regulation (EEC) No 3524/88¹² amending Regulation (EEC) No 1751/84 of 13 June 1984 on temporary importation arrangements¹³ in order to simplify the customs formalities concerning the instruments and apparatus necessary for doctors to provide assistance for patients awaiting an organ transplant. The new provisions enable such instruments and apparatus to be imported temporarily on the basis of an inventory; no written declaration or security is required.

Origin

2.1.86. On 28 November the Council adopted a common position on the draft Decisions of the EEC-EFTA Joint Committees amending Protocol 3 concerning the definition of the concept of 'originating products' and methods of administrative cooperation in order to simplify the rules

¹ Bull. EC 6-1988, point 2.1.91.
² OJ C 282, 8.11.1986; Bull. EC 10-1986, point 2.1.56.
³ OJ C 326, 19.12.1988; first reading: OJ C 88, 14.4.1986; Bull. EC 3-1986, point 2.1.57.
⁴ Bull. EC 6-1988, point 2.1.93.
⁵ OJ C 356, 31.12.1985; Bull. EC 12-1985, point 2.1.49.
⁶ OJ C 326, 19.12.1988.
⁷ Bull. EC 6-1988, point 2.1.94.
⁸ OJ L 201, 22.7.1987; Bull. EC 7/8-1987, point 2.1.73.
⁹ OJ C 324, 17.12.1988; COM(88) 526 final.
¹⁰ OJ L 2, 4.1.1984; Bull. EC 12-1983, point 2.1.25.
¹¹ COM(88) 631 final.
¹² OJ L 307, 12.11.1988.
¹³ OJ L 171, 29.6.1984; Bull. EC 6-1984, point 2.1.28.

on cumulation.¹ These decisions contain a safeguard clause to prevent the excessive use of parts or components not originating in EFTA or Community countries.²

Competition

General rules applying to businesses

Block exemptions for franchise and know-how licensing agreements

2.1.87. On 30 November the Commission adopted two Regulations providing block exemption from the EEC competition rules for franchising³ and know-how licensing.⁴ The Regulations define the limits to the restrictions of competition which may be included in such agreements. Provision is made in both cases for an opposition procedure in respect of agreements containing obligations which, though not expressly precluded from exemption, are not expressly exempted either.

2.1.88. The Regulation on franchise agreements exempts the territorial exclusivity granted to franchisees and the obligation to sell only the products of the franchisors. A number of conditions are laid down, however, which must be satisfied if the exemption is to apply. To ensure that competition cannot be eliminated in respect of a substantial proportion of the products in question, there must be no restriction on parallel imports. Franchisees must thus be free to supply one another. Where a franchise network is combined with a selective distribution system, franchisees must be able to obtain supplies from authorized dealers. To ensure that consumers receive a fair share of the benefits deriving from an agreement, it must be stipulated that, where franchisees are required to guarantee the products to which the franchise agreement relates, the guarantee must also cover products supplied by other franchisees. Although franchisees may be prohibited

from competing with the franchisor, they must not be prevented from investing in competing businesses in which they are not personally involved, especially where they have no controlling interest and are not members of the executive board.

On the other hand, the exemption does not apply where market sharing takes place between competing firms, where franchisees are restricted in determining their prices, and in certain other cases.

2.1.89. The Regulation on know-how licensing agreements applies to pure know-how agreements, exclusive or otherwise, covering the whole or part of the common market. It also applies to all mixed agreements covering both patent and know-how licensing that are not exempted under the Regulation on patent licensing agreements.⁵

Restrictive obligations which confer territorial protection against manufacture, use or sale between the licensor and the licensee are generally exempted for a period which cannot, for each territory allotted within the common market, exceed 10 years from the date of signature of the first licensing agreement concluded by the licensor for that territory and for the same technology.

Territorial protection for the licensee against manufacture, use and active sale by other licensees is generally exempted for a period of 10 years from the date on which the first licensing agreement is concluded in the Community. Licensees also enjoy protection *inter se* against passive competition for an initial period not exceeding five years. Certain other obligations, which are

¹ Text of Protocol 3: OJ L 149, 15.6.1988 (Austria, Finland), OJ L 180, 9.7.1988 (Iceland, Norway) and OJ L 216, 8.8.1988 (Sweden, Switzerland); Bull. EC 5-1988, point 2.1.56; introduction of single administrative document: OJ L 134, 22.5.1987; Bull. EC 4-1987, point 2.1.47; Council approval of Commission proposal: Bull. EC 6-1988, point 2.1.100.

² Proposal for a Council Regulation concerning the safeguard clause: COM(88) 666 final.

³ OJ C 229, 27.8.1987; Bull. EC 6-1987, point 2.1.72.

⁴ OJ C 214, 12.8.1987; Bull. EC 5-1987, points 2.1.68 and 2.1.69.

⁵ OJ L 219, 16.8.1984; Bull. EC 7/8-1984, point 2.1.50.

listed in the Regulation, are also exempted or regarded as not open to challenge from the point of view of competition.

On the other hand, exemption is ruled out where the licensee is prohibited from challenging the secrecy of the know-how communicated or the validity of the licensed patents. Nor may either party be limited to a category of customers or a maximum quantity of the licensed products in any one technological field. Finally, the agreements obviously must not include any clause providing for the fixing of prices or excluding competition.

Merger control

2.1.90. Again on 30 November the Commission transmitted to the Council a new¹ amended proposal² for a Regulation on the control of concentrations between undertakings, the original proposal for which dates back to July 1973.³

The changes reflect the amendments adopted by Parliament on 26 October,⁴ which concern mainly the inclusion of a provision to the effect that the Community has exclusive jurisdiction over cases falling within the scope of the Regulation, recognition of the collective workers' rights in force in the enterprises involved in the merger, publication of details of notified mergers and consultation of the business interests and workers concerned.

Restrictive practices, mergers and dominant positions: specific cases

Permissible forms of cooperation

ServiceMaster

2.1.91. On 14 November the Commission adopted the first decision in which the Community competition rules have been applied to a franchise agreement concerned exclusively with services.⁵ It considered that the agreement which ServiceMaster had noti-

fied to it with a view to setting up a European franchise network for the supply of housekeeping, cleaning and maintenance services to commercial domestic customers could be exempted under Article 85(3) of the EEC Treaty. In reaching this decision, it took particular account of the fact that franchisees retain passive service rights in other Member States as they are free to provide services to non-solicited customers resident outside their own territory.

Since the Court of Justice's ruling in *Pro-nuptia*,⁶ which was concerned with distribution franchising, the Commission has adopted three decisions on franchising.⁷ The ServiceMaster decision means that, as far as application of the competition rules is concerned, service franchises qualify for the same treatment as distribution franchises.

Abuse of a dominant position

Sabena

2.1.92. On 4 November the Commission adopted a decision finding that Sabena had infringed Article 86 of the EEC Treaty and fining it ECU 100 000.⁸ The decision followed a complaint filed in April 1987 by London European Airways (LEA) against the Belgian airline, which had denied LEA access to its Saphir computer reservation system on the pretext that LEA's low fares policy represented a potential threat to Sabena and that LEA entrusted the ground

¹ COM(88) 734 final.

² OJ C 92, 31.10.1973; OJ C 36, 12.2.1982; Bull. EC 12-1981, point 2.1.31; OJ C 51, 23.2.1984; Bull. EC 2-1984, point 2.1.42; OJ C 324, 17.12.1986; OJ C 130, 19.5.1988; Bull. EC 3-1988, point 2.1.59.

³ OJ C 92, 31.10.1973.

⁴ OJ C 309, 5.12.1988; Bull. EC 10-1988, point 2.1.52.

⁵ OJ L 332, 3.12.1988.

⁶ Case 161/84; Bull. EC 4-1986, point 2.4.31; Bull. EC 1-1986, point 2.1.48.

⁷ OJ L 8, 10.1.1987; Bull. EC 12-1986, point 2.1.100; OJ L 13, 15.1.1987; Bull. EC 12-1986, point 2.1.100; OJ L 222, 10.8.1987; Bull. EC 7/8-1987, point 2.1.91.

⁸ OJ L 317, 24.11.1988.

handling of its aircraft to another company.¹

The Commission decided that the Belgian airline had abused its dominant position on the market for computerized flight reservation in Belgium. The offence was considered particularly serious because Sabena's objective had been to drive a competitor out of the market. Only a moderate fine was imposed, however, because the infringement had been of fairly short duration (Sabena having finally admitted LEA to the Saphir system) and because it was the first time the Commission had applied the EEC competition rules to computerized flight reservation systems.

The LEA/Sabena decision is fully consistent with Regulation (EEC) No 2672/88 adopted by the Commission in July concerning computer reservation systems,² which lays down standards governing access by airlines to such systems.

State aid³

General schemes

Tourism

Federal Republic of Germany

2.1.93. On 30 November the Commission decided to give the go-ahead to a small business aid scheme aimed at modernizing hotel accommodation.

The scheme, which is to run until the end of 1991 and has a budget of DM 590 000 (ECU 0.3 million) for 1988 and 1989, offers soft loans to small-to-medium sized hotels carrying out renovation and modernization work.

Portugal

2.1.94. On 3 November the Commission gave the go-ahead to a scheme to support tourism in the Azores. The scheme is in fact a three-year extension to an existing scheme (whose budget is accordingly being

increased by ESC 693 million, or ECU 4 million) which the Commission approved on 8 April 1987.⁴

Under the scheme, interest-free loans are to be granted to finance investments aimed at improving and developing tourist facilities in the region.

Research and development

Spain

2.1.95. On 30 November the Commission approved a Spanish proposal to pay a PTA 3 275 million (ECU 24 million) grant to Standard Electrica SA for an R&D programme in the field of information technology and telecommunications covering the period 1988-89. The programme, which involves a substantial increase in the firm's R&D expenditure, is the final stage of a costly restructuring plan embarked upon in 1984 by Standard Electrica, which has greatly reduced its workforce and divested itself of a heavily loss-making subsidiary. The intensity of the aid is within the Community R&D aid guidelines,⁵ bearing in mind the particular risks stemming from the size of the programme and the firm's current financial position. The Commission also took account, in assessing the aid, of the contribution the programme could make to achieving Community objectives in the telecommunications field, strengthening Europe's competitive position in that field and reducing the continuing technology gap between Spain and the rest of the Community.

United Kingdom

2.1.96. On the same day the Commission authorized two schemes aimed at promot-

¹ Bull. EC 6-1987, point 2.1.73.

² OJ L 239, 30.8.1988; Bull. EC 7/8-1988, point 2.1.53.

³ For State aids in agriculture, see the competition section of the agriculture chapter.

⁴ Bull. EC 4-1987, point 2.1.64.

⁵ OJ C 83, 11.4.1986.

ing R&D in Northern Ireland. The first is designed to encourage small firms in Northern Ireland (those with up to 50 employees) to keep abreast of technological progress and introduce new products and processes with a view to increasing their profitability and efficiency and to strengthen the technological base of industry in Northern Ireland. Grants of up to UKL 35 000 (ECU 53 600) per project are payable by Local Enterprises Development Units (LEDUs). The second scheme relates to R&D aid granted under the auspices of the Industrial Development Board for Northern Ireland and is available to all companies in Northern Ireland. It has a 1988/89 budget estimated at UKL 5 million (ECU 7.6 million).

Regional aid

Federal Republic of Germany

2.1.97. On 3 November the Commission approved the 17th General Plan for joint Federal/*Länder* regional aid in Germany and two special regional development programmes designed to provide alternative employment in certain coal and steel areas. The 17th General Plan is to run for a four-year period up to 31 December 1991 and has a budget for 1988 of DM 3.5 billion (around ECU 1.6 billion) to be paid out in the form of direct grants, interest subsidies, guarantees, etc. In terms of the number of assisted areas and the aid intensity levels, the plan implements the reductions announced by the German Government which led to the 16th Plan being approved by the Commission in December 1987.¹

2.1.98. The Commission gave clearance for a special four-year programme for the Aachen/Jülich region, with a budget of DM 200 million. Although unemployment levels in the area are currently below those normally regarded by the Commission as serious enough to warrant regional aid, the closure of the local pit is expected to lead to many job losses (around 7 700). The Commission will monitor the programme's implementation closely.

2.1.99. The Commission also cleared a special programme for 12 labour market areas hit by the decline of the coal and steel industries and the resulting unemployment. The programme will likewise run until the end of 1991 and has a budget of DM 1 billion. It is proposed to include a number of previously unaided labour market areas in the programme, notably those of Wesel-Moers, part of Hamm-Beckum and certain parts of the Osnabrück labour market area.

Industry schemes

Shipbuilding

Portugal

2.1.100. On 3 November the Commission approved a plan to assist the Portuguese shipbuilding industry. The Portuguese Government has opted for a scheme under Chapter II of the Sixth Directive on aid to shipbuilding.² It is to apply to all Portuguese shipyards except the Setenave yard, which will be subject to the special transitional provisions of Article 9 of the Directive. The scheme is directed both at shipyards and at shipowners. The aid to yards consists in contract-related production aid of up to 9.5% of contract value before aid and loans within the terms of the OECD Understanding on Export Credit for Ships. The aid to shipowners is in the form of soft loans. The Commission first established that implementation of the individual aid measures and of the aid package as a whole would not result in the production aid ceiling, currently set at 28%, being exceeded. As regards small ships costing less than ECU 6 million, the Portuguese Government has undertaken to ensure that the 20% ceiling applicable to such vessels is not exceeded by aids being combined.

Footwear

Spain

2.1.101. On 30 November the Commission decided to initiate formal examin-

¹ Bull. EC 12-1987, point 2.1.114.

² OJ L 69, 12.3.1987; Bull. EC 12-1986, point 2.1.122.

ation proceedings under Article 93(2) of the EEC Treaty in order to investigate the compatibility of capital injections amounting to PTA 3.329 billion (ECU 24.2 million) in Imepiel SA, the largest Spanish shoe manufacturer. The firm, which was threatened with closure until it was taken over by the Spanish State in 1975, has been plagued by several financial difficulties. The Commission took the view that the aid, which had been granted with the sole aim of covering losses incurred in 1987 and 1988 and preventing the company from becoming insolvent, was unlawful as it had not been notified in advance. What is more, the capital was contributed in circumstances that would have been unacceptable to a private investor operating under normal market conditions. The Community footwear industry is going through a difficult period of adjustment, and the award of aid to the less viable firms in the industry poses a major threat to trade in the Community.

Domestic appliances

Spain

2.1.102. On 23 November the Commission decided to initiate Article 93(2) proceedings in respect of aid granted in 1986-87, without prior notification, by the Spanish central government and several autonomous regional governments to the domestic appliance manufacturer Magefesa. The companies forming this industrial group have been suffering since 1984 from financial difficulties that have brought them close to insolvency. The aid, which was aimed at keeping the group afloat, consisted of PTA 1.830 billion (ECU 13.3 million) in guarantees on bank loans, a soft loan of PTA 2.085 billion (ECU 15.2 million) to cover the wages bill and redundancy payments, a grant of PTA 1.095 billion (ECU 8 million) for the same purpose and interest relief on bank loans.

On the information available to it, notably the group's restructuring plan, the Commission took the view that the assistance was pure rescue aid to keep Magefesa arti-

cially in business and that it offered no firm guarantees of the group's future viability. There was therefore a risk that it might distort competition in the industry.

Contact lenses

Italy

2.1.103. On 3 November the Commission decided to begin an investigation under Article 93(2) of the EEC Treaty into government financial support (by way of cancellation of debts) for an Italian contact lens and spectacle manufacturer. The company employs 374 people and specializes in making contact lenses. Up to 1986 it was wholly State owned. As part of a physical and financial restructuring programme undertaken in that year to deal with serious problems in the company, half of its share capital was sold to a private-sector firm after LIT 17 billion (ECU 11 million) of debt had been written off by the government. The investigation will examine how closely related the financial assistance was to the restructuring programme and whether it has had adverse repercussions on the spectacle and contact lens industry in other parts of the Community.

Petrochemicals

Belgium

2.1.104. On 15 November the Commission took a final negative decision on a Belgian proposal—in respect of which it had initiated the Article 93(2) investigation procedure on 8 February¹—to grant investment aid and certain tax exemptions to Belgian Shell, which is building an R&D laboratory at Ottignies/Louvain-la-Neuve. In the course of the investigation, the Commission received confirmation that the aid was intended not so much to finance well-defined R&D projects, as to help purchase a site and cover the cost of building the laboratory (which together represent 87%

¹ Bull. EC 2-1988, point 2.1.69.

of the total cost of the project). This being so, and in view of the intense competition in the petrochemical industry and the fact that Ottignies/Louvain-la-Neuve is not eligible for regional aid, the Commission concluded that the aid was not justified on Community grounds and ordered the Belgian Government not to pay it.

Tyres

France

2.1.105. That same day the Commission decided to close an investigation opened on 25 March 1986¹ into aid granted to French tyre manufacture Kléber and to approve the aid.

Taken over in 1981 by Michelin, Kléber has undergone extensive financial and industrial restructuring, as a result of which it has returned to profit. To support the company's restructuring effort, the French Government made available a grant of FF 60 million (ECU 8.5 million) and a subsidized loan of FF 140 million (ECU 19.9 million) to part-finance investments totalling FF 313 million (ECU 44.5 million). Along with the new investments, financial restructuring took place at a cost of FF 1.47 billion, which was borne entirely by the parent company and its financial partners. The Commission took account of the fact that the restructuring programme reduced capacity and production. The main plants to benefit from the aid are located in Lorraine and the Saarland, where unemployment is well above average.

Steel

Belgium

2.1.106. On 30 November the Commission initiated Article 93(2) proceedings in respect of aid granted by the Walloon Region to UTM ('Tubemeuse'), a manufacturer of steel tubes. The aid, which took the form of a guarantee given in 1986 to the Société Liégeoise de financement, had enabled UTM to realize one of its assets on

favourable terms and thus continue trading despite the poor state of its finances. Since the sector is suffering from considerable overcapacity world-wide, the award of aid for steel tube production distorts competition and is incompatible with the proper functioning of the common market.

The investigation will also cover the terms of transactions carried out in 1986 affecting UTM's subsidiaries and the terms of the takeover of UTM by Soconord in 1988.

Federal Republic of Germany

2.1.107. On 15 November the Commission approved nine German proposals to grant aid for closures covering redundancies in the following companies: Klöckner Stahl, Pelne Salzgitter, Vereinigte Schiedewerke Bochum, Hoesch Stahl, Lemmerz Werke Königswinter, Benteler AG Paderborn, Thyssen Stahl, Krupp Stahl and Mannesmann Röhrenwerke. All of these companies will carry out partial plant closures before the end of 1990 and the Commission has verified that the proposed aid fulfils the conditions of the programme it approved in July.²

France

2.1.108. On 23 November the Commission decided to initiate Article 93(2) proceedings in respect of export aid for French foundry products. The aid consists in the levying of a lower parafiscal charge on such products when sold in other Community countries than when sold in France.

However, the Commission raised no objections to use of the proceeds from the charge to finance the activities of the Centre technique des industries de la fonderie. This was considered compatible with the common market given that it was of benefit to the entire sector.

¹ Bull. EC 3-1986, point 2.1.69.

² Bull. EC 7/8-1988, point 2.1.71.

Flat glass

Italy

2.1.109. On 30 November the Commission, terminating the scrutiny proceedings initiated on 24 March 1987¹ and extended on 16 March of this year,² adopted a negative decision on aid from the Italian Government to the flatglass manufacturer *Veneziana Vetro* of Porto Marghera (Venice), paid through the public holding company EFIM. The aid measure in question, a LIT 50 billion (ECU 32.3 million) capital grant, was decided on in 1987 and published in the Italian Official Gazette, but has not yet been paid. The Commission's decision therefore simply requires the Italian Government to refrain from implementing its plan.

2.1.110. On the same day the Commission considered a LIT 41 billion (ECU 26.5 million) capital grant to the flatglass manufacturer *Società Italiana Vetro (SIV)*, also paid through EFIM. In view of SIV's sound financial position and the fact that EFIM was acting like a private investor operating under market economy conditions, it decided that the grant did not constitute aid within the meaning of Article 92(1) of the EEC Treaty.

Car components

France

2.1.111. On 23 November the Commission adopted a negative decision on part of the aid granted by the French authorities to the car component manufacturer *Valeo*. In 1985 and 1986 *Valeo* received subsidized loans from the FIM (Fonds industriel de Modernisation)³ totalling FF 160 million (almost ECU 23 million) to help it carry out investments worth FF 227 million (ECU 32 million) in advanced manufacturing processes and technology. The aid covered a number of projects which were examined by the Commission on the basis of information provided by the French authorities. The Commission found that two projects relat-

ing to lighting and clutch systems could be said to relate to the development of truly innovative products and the subsidized loans granted to finance this part of the investment package could be approved as being in the Community interest. However, the other projects seemed to relate more to modernization and adaptation to customer and legislative requirements. In view of the intense competition in the Community car component sector, the Commission decided that the aid could not be justified and ordered repayment of the interest subsidy on FF 115 million of the FIM loan which, at the time of the decision, came to around FF 11.255 million.

State monopolies

2.1.112. On 15 November the Commission decided to initiate Article 169 (infringement) proceedings against Spain for failure to sufficiently reform its tobacco products monopoly.

Under Article 48 of the Act of Accession, Spain is required from 1 January 1986 to progressively adjust its State monopolies of a commercial character so as to ensure that by 31 December 1991 no discrimination regarding the conditions under which goods are procured and marketed exists between nationals of the Member States. The Commission considers that Spain has not taken all the measures it needs to take if it is to comply with that provision. For want of such implementing measures, the liberalization of the Spanish market, through the opening of import quotas for tobacco products from other Member States with a view to their being marketed freely, remains to this day without tangible effect.

¹ OJ C 174, 2.7.1987; Bull. EC 3-1987, point 2.1.85; Bull. EC 3-1988, point 2.1.86.

² OJ C 210, 10.8.1988.

³ OJ L 216, 13.8.1985; Bull. EC 12-1984, point 2.1.62.

Financial institutions and company law

Financial institutions

Banks and other financial institutions

2.1.113. On 24 November¹ the Commission transmitted to the Council a re-examined proposal² for a Directive on the obligations of branches established in a Member State by credit institutions and financial institutions having their head offices outside that Member State regarding the publication of annual accounting documents; the new proposal incorporates two of the four amendments adopted by Parliament at its second reading on 12 October.³ Those amendments concern, firstly, the inclusion of banks and other financial institutions in the recital relating to the documents and particulars which certain types of companies have to publish and, secondly, the clarification that the Council is to examine a provision of the Directive in cooperation with Parliament (Article 2(4)).

Company law, company taxation capital movements

The European company

2.1.114. On 18 November the Council discussed in detail the three main questions put by the Commission in its memorandum on the statute for the European company,⁴ namely the optional nature of the statute, its independence in relation to national laws and the inclusion of three forms of worker participation.

In the light of the majority backing for the guidelines proposed by the Commission, the Council invited the Commission to present a formal proposal on this subject.

2.1.115. The Economic and Social Committee gave an opinion on the same subject on 24 November, with 26 votes in favour, 25 against and 21 abstentions. It was pleased

that the Commission had resumed work on this subject, which had been interrupted for several years. The Committee called attention to the importance of the European company in improving transnational business collaboration and promoting economic integration in the Community, made suggestions on the drafting of its state and expressed views on the optional nature of the statute, its independence in relation to national laws and the inclusion of various forms of worker participation. The Committee added its comments on the law concerning groups of companies and on taxation.

Employment, education and social policy

Social dimension of the internal market

2.1.116. The Commission requested the Economic and Social Committee to discuss and reach general conclusions concerning the content of a Community charter of basic social rights (→ point 2.4.41).

2.1.117. On 17 November Parliament adopted five resolutions on the European social area.⁵ In the first of these resolutions, Parliament expressed regret at the lack of a consistent and coordinated effort by the Council in the social sphere and at the low level of interest shown by the latter with regard to its proposals. In the second resolution, Parliament called on the Commission to submit a binding plan for the establishment of the social area, accompanied by a definite timetable. Parliament reiterated, in the third resolution, that the social dimension of the internal market must be an inte-

¹ OJ C 321, 14.12.1988; COM(88) 664 final.

² OJ C 230, 11.9.1986; Bull. EC 7/8-1986, point 2.1.86; OJ C 143, 1.6.1988; Bull. EC 3-1988, point 2.1.91; Bull. EC 6-1988, point 2.1.123.

³ OJ C 290, 14.10.1988; Bull. EC 10-1988, point 2.1.65.

⁴ Supplement 3/88 — Bull. EC.

⁵ OJ C 326, 19.12.1988.

gral component of Community policies and urged, first, that basic social rights should be defined and, second, that steps be taken to set up the legal framework for collective bargaining. In the final two resolutions, Parliament called on the Commission to produce a proposal for a Directive recognizing the right of every employee to a written contract stating his conditions of employment, and requested that the European Council in Rhodes take positive decisions with regard to the practical implementation of the social dimension of the internal market and that both sides of industry be consulted on the Commission's working document.¹

Employment

Standing Committee on Employment

2.1.118. The Standing Committee on Employment held its 36th meeting on 25 November under the chairmanship of Mr Y. Yennimatas, Greek Minister for Labour.² The Committee examined the Commission working document on continuing training for adults. At the end of the meeting, the Chairman drew the following conclusions:

- (i) continuing training plays an important role in the strategy for completing the internal market by 1992, as an essential component of economic, industrial and social policy;
- (ii) investment in the Community's human resources is therefore an essential precondition for the completion of the internal market in its social dimension;
- (iii) continuing training performs four complementary functions inside or outside firms, as the case may be: it ensures permanent adaptation to the changing nature and content of occupations, promotes social progress, plays a preventive role, particularly in areas and sectors which are being restructured, and facilitates reintegration of the unemployed, in particular the long-term unemployed.

The Committee also requested the Commission to take swift action with a view to identifying and assessing measures to promote continuing training, developing schemes to increase awareness and motivation with regard to continuing training, instituting a European network to monitor qualifications at all levels, promoting transnational, transfrontier and intersectoral partnerships, supporting the transfer and spread of the most important innovations, developing ways of aiding continuing training for the benefit of the less-developed regions of the Community, and examining the conditions under which the right to continuing vocational education should be developed.

Employment and labour market

2.1.119. On 7 November the Council adopted Regulation (EEC) No 3473/88 on the organization of a labour force sample survey in the spring of 1989.³

Financial instruments

European Social Fund

2.1.120. On the occasion of the approval on 30 November of the 16th report on the activities of the European Social Fund (1987 financial year) transmitted to the Council and Parliament on 8 December⁴ the Commission also took note of a report on the clearing of outstanding commitments on 1 January 1986 — situation as at 31 October 1988. It follows that the imbalance resulting from the non-clearance of commitments entered into by the Commission since 1978 in favour of the Member States has now been almost completely absorbed. Of the ECU 2 890 million in commitment appropriations on 1 January 1986, only ECU 36.7 million remained to be cleared at 31 October 1988. This clearance was made

¹ Bull. EC 9-1988, point 1.1.1 *et seq.*

² 35th meeting: Bull. EC 5-1968, point 2.1.78.

³ OJ L 305, 10.11.1988.

⁴ COM(88) 701 final.

possible, on the one hand, by improved management of the Fund and, on the other, as a result of closer collaboration with the Member States.

2.1.121. On 23 November, the Commission published two notices of invitation to tender concerning the introduction of a means of rationalizing the costs of European Social Fund operations and the preparation of Social Fund operations within the framework of the reform of the structural Funds.¹

Special financial support for Greece

2.1.122. On 18 November² Parliament approved a proposal³ for the amendment of Regulation (EEC) No 815/84 of 26 March 1984 on exceptional financial support in favour of Greece in the social field⁴ an amendment which would provide for a three-year extension of the period of application of the Regulation.

2.1.123. This proposal was approved unanimously by the Economic and Social Committee on 23 November. Considering the amendment necessary on account of the slow implementation of the initial programme, the Committee reiterated the importance it attached to effective and speedy implementation of the programmes and to optimum utilization of the resources concerned.

Education and vocational training

2.1.124. On 23 November, the Council and the Ministers for Education meeting within the Council adopted a resolution on health education in which they called on the Member States to introduce health education as a specific part of the school curriculum, at the same time ensuring the involvement of all groups concerned, especially parents, and urged the development of initial and in-service training of teachers in health education. In addition, the Council and the Ministers for Education called on the Commission to support the

activities of the Member States, notably by encouraging the exchange of information and making use of the possibilities offered by the Community's other education and public-health programmes.

2.1.125. At the same meeting, the Council discussed problems which had arisen during the first year of implementation of the Erasmus programme.⁵ On the subject of this programme, the Commission transmitted a communication entitled 'Erasmus programme: first results and future perspectives'.⁶ The Commission notes that the programme, after its first two years of operation, has aroused great interest on the part of the universities, but that it is not possible to accede to all the applications for grants.

The Commission refers, also, to the Erasmus Advisory Committee's evaluation of the programme in which a number of changes are proposed, particularly concerning the procedures for the award of financial support. Lastly, the Commission announced plans to submit shortly to the Council a proposal for a 'Lingua' programme on modern language teaching in the Community, the aim being to improve the foreign language preparation of participants in the programme, plus proposals for the second phase of Erasmus.

New technologies

Comett programme

2.1.126. At the same meeting on 23 November, the Council held a wide-ranging discussion on experience with the first programme of cooperation between universities and enterprises regarding training in the field of technology (Comett I),⁷ and on the two proposals for Decisions concerning

¹ OJ C 298, 23.11.1988.

² OJ C 326, 19.12.1988.

³ OJ C 209, 9.8.1988; Bull. EC 7/8-1988, point 2.1.83.

⁴ OJ L 88, 31.3.1984; Bull. EC 3-1984, point 2.1.71.

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

⁶ COM(88) 660 final.

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

Comett II and the opening-up of the programme to EFTA countries.¹ During the discussion all delegations acknowledged the success of Comett I and the desirability of continuing with the Programme. For Comett II, there was broad consensus on the legal basis, the duration and the fact that the programme's budget needed to be larger than for Comett I.

2.1.127. On 18 November² Parliament endorsed the two Commission proposals referred to above, subject to certain amendments concerning a closer involvement of employers' and workers' organizations in the programme and caution as regards the extension of Community programmes to non-member countries.

2.1.128. These proposals were also the subject of an opinion adopted unanimously by the Economic and Social Committee on 23 November. Recalling the importance it had attached³ to the initial Comett programme,⁴ the Committee welcomed its continuation on the basis of the experience gained, but regretted that, despite a significant increase, the available funds were not commensurate with the scale of the programme's objectives. It recommended a comprehensive approach to the problem of training in respect of new technologies, taking in all branches of the economy and the broadest possible spectrum of higher education. Stressing the need to involve employers' and workers' organizations in the programme, the Committee also made various comments concerning the need for proper information on the opportunities provided by the programme and the participation of the SMEs. Lastly, although welcoming the extension of the programme to EFTA countries, it hoped to see them bear any additional costs resulting from this.

2.1.129. On 22 November⁵ the Commission published a notice concerning participation in the initial Comett programme,⁴ with a view to enabling interested parties to prepare for the 1989 call for applications, which will be limited to transnational exchanges of students and staff between universities and enterprises.

Living and working conditions and social protection

The fight against poverty

2.1.130. Under Article 5 of the Council Decision of 19 December 1984 on specific Community action to combat poverty,⁶ the Commission, on 29 November,⁷ sent to the Council, to Parliament and to the Economic and Social Committee an interim report on the first available results of the various operations and statistical research activities carried out under the programme. Beginning with a presentation of the European context and of local projects already undertaken, the report highlights the European dimension, both in the context of the programme, in particular as regards transnational exchanges, and of measures to combat poverty in general.

Social security and migrant workers

2.1.131. On 24 November the Economic and Social Committee delivered a unanimous opinion on the proposal for a Regulation amending⁸ Regulation (EEC) No 1408/71 of 14 June 1971⁹ on the application of social security schemes to employed persons, to self-employed persons and to members of their families moving within the Community and Regulation (EEC) No 574/72 of 21 March 1972 laying down the procedure for implementing Regulation (EEC) No 1408/71.¹⁰ The Committee approved the updating proposed by the Commission. It suggested that in future a routine procedure be set up for such revisions, for example on an annual basis. Drawing attention again to the fact that the term 'migrant workers'

¹ OJ C 239, 14.9.1988; Bull. EC 7/8-1988, point 2.1.87.

² OJ C 326, 19.12.1988.

³ OJ C 344, 31.12.1985; Bull. EC 11-1985, point 2.5.22.

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

⁵ OJ C 297, 22.11.1988.

⁶ OJ L 2, 3.1.1985; Bull. EC 12-1984, point, 2.1.94.

⁷ COM(88) 621 final.

⁸ Bull. EC 10-1988, point 2.1.80.

⁹ OJ L 149, 5.7.1971.

¹⁰ OJ L 74, 27.3.1972.

should be confined to workers who do not have the nationality of a Community Member State, the Committee repeated its desire to see more account taken of certain specific situations in respect of the application of the principle of equal treatment for men and women in the context of statutory and occupational social security schemes.

Migrant workers

2.1.132. On 23 November, the Economic and Social Committee adopted, by the large majority of 120 votes in favour and three abstentions, an opinion on the proposal for a Council resolution on the fight against racism and xenophobia.¹ The Committee welcomed the Commission's initiative, but deplored the fact that human barriers and social tensions persisted within the Community. It stressed the need for all Community nationals, including those belonging to ethnic minorities, to benefit from the principle of freedom of movement enshrined in the Treaty. Emphasizing the importance of education in the fight against racism and xenophobia, the Committee urged the ratification and application of the appropriate international instruments and the strict application of legislation designed to prevent or punish discrimination or racist acts. Stressing, furthermore, the importance of a Community information policy and a comparative assessment of the instruments implemented in the Member States, the Committee called for the adoption of a legal instrument to protect the rights existing under Community legislation and requested that responsibility for measures to combat racism and xenophobia be duly entrusted to a Member of the Commission.

Health and safety

Health and safety at the workplace

2.1.133. On 18 November the Commission sent the Council its re-examined proposal² concerning the common position adopted by the Council on 9 June³ with a view to the adoption of a Directive⁴

amending Directive 80/1107/EEC of 27 November 1980 on the protection of workers from the risks related to exposure to chemical, physical and biological agents at work.⁵ The re-examination followed the decision adopted in second reading by Parliament on 12 October.⁶

2.1.134. On 16 November Parliament adopted four opinions in first reading on proposals for Directives⁷ concerning the introduction of measures to encourage improvements in the safety and health of workers at the workplace⁸ and the minimum safety and health requirements respectively for the workplace,⁹ the use by workers of machines, equipment and installations¹⁰ and the handling of heavy loads where there is a risk of back injury for workers.¹¹ Numerous amendments were proposed, the most important of them seeking to ensure the balanced participation of workers' representatives in decisions on these issues in accordance with the procedure and/or legislation existing in the Member States.

Health and safety in the ECSC

2.1.135. On 9 November the Mines Safety and Health Commission held a plenary meeting at which it examined the interim reports on the explosion in the brown-coal mine at Stolzenbach in the Federal Republic of Germany on 1 June and the explosions and fires on the Piper Alpha drilling platform on 6 July. In the light of the outcome of the inquiries being conducted by the national authorities, it will draft proposals to the Member States on the prevention of similar accidents and the improvement of

¹ OJ C 214, 16.8.1988; Bull. EC 6-1988, point 2.1.146.

² OJ C 321, 14.12.1988; COM(88) 694 final.

³ Bull. EC 6-1988, point 2.1.130.

⁴ OJ C 164, 2.7.1986; Bull. EC 6-1986, point 2.1.125.

⁵ OJ L 327, 3.12.1980; Bull. EC 11-1980, point 2.1.38.

⁶ OJ C 290, 14.11.1988; Bull. EC 10-1988, point 2.1.83.

⁷ OJ C 326, 19.12.1988.

⁸ OJ C 141, 30.5.1988; Bull. EC 2-1988, point 1.2.4.

⁹ OJ C 141, 30.5.1988; Bull. EC 2-1988, point 1.2.5.

¹⁰ OJ C 114, 30.4.1988; Bull. EC 2-1988, point 1.2.6.

¹¹ OJ C 117, 4.5.1988; Bull. EC 2-1988, point 1.2.9.

safety on offshore oil and gas platforms in general.

Communication and culture

Communication

Audiovisual policy and production

2.1.136. To mark the occasion of the transfer of Jean Monnet's ashes to the Panthéon in Paris on 9 November, a 12-minute film entitled *Jean Monnet, father of Europe* was produced by the Commission for showing via Eurovision; 30 000 video cassettes of the film were distributed to arts centres, trade unions and schools in the 12 Member States and in Japan, the United States of America and China.

2.1.137. On 19 November Mr Carlo Ripa di Meana, Member of the Commission responsible for information and communication policy, presented the Delphi statement and the European Audiovisual Charter to the press.¹ He stressed the strategic importance of the audiovisual sector for the Community and declared that the Delphi statement would henceforth be an essential point of reference for the Community institutions.

2.1.138. Ten projects were selected at the first meeting to allocate funds for subtitling and dubbing European productions under the Babel scheme (Broadcasting across the barriers of European languages) set up by the Commission in conjunction with the European Broadcasting Union in January 1988.

2.1.139. Six of these projects will also receive assistance from the European Film Distribution Office.

2.1.140. The first European Cinema Prize was awarded at a ceremony held in Berlin on 26 November as part of the 'Berlin, European city of culture' events; 26 European countries entered films.

2.1.141. On 18 November Parliament passed a resolution² on the Media programme³ and European Cinema and Television Year,⁴ in which it expressed concern at the lack of competitiveness of the European cinema industry, approved the Media programme and called for priority to be given to projects designed to attract start-up capital, create film distribution cooperatives, boost information, research and development in the production sector and promote films for children and young people. Parliament also expressed support for the measures planned by the Commission in this sector.

Public awareness

2.1.142. In November the Commission launched two public information campaigns, one in the Federal Republic of Germany and the other in the United Kingdom. Designed to improve the Community's image the campaigns will begin in 1989, break off during the European election campaign and resume at the end of the year.

2.1.143. The first race in the European Community Cross-country Cup ('Cross-cup') sponsored by the Commission was held on 20 November in Sinaai, Belgium. There are six races for men and women in this tough competition, which is currently taking place in Belgium, France and the Netherlands and will eventually be extended to other Member States. Each year the most successful male and female runners will be declared European champions.

2.1.144. *Agricultural Europe — creating a balance* is the title of a 17-minute film presenting the common agricultural policy and its reform. It is available in the nine official Community languages and is the first of

¹ Bull. EC 9-1988, point 2.1.74.

² OJ C 326, 19.12.1988.

³ Measures to encourage the development of the audiovisual industry: Bull. EC 4-1986, point 2.1.79.

⁴ OJ C 320, 13.12.1986; Bull. EC 11-1986, point 2.1.127.

a series designed to provide an up-to-date picture of the problem.¹

2.1.145. The Brisbane international exhibition entitled 'Leisure in the age of technology', which was organized to mark Australia's bicentenary, ended on 30 October. The Community had its own stand at Expo '88, around which were grouped the stands of the six Member States which took part individually (France, Germany, Greece, Italy, Spain and the United Kingdom).

The Commission had already organized participation at previous international exhibitions (Knoxville, USA in 1982, New Orleans, USA in 1984, Tsukuba, Japan in 1985, and Vancouver, Canada in 1986) along the same lines, coordinating presentation by the Member States in order to give a coherent view of the Community.

Culture

Committee of Cultural Consultants

2.1.146. On 8 November the Commission set up a Committee of Cultural Consultants composed of leading figures from the arts world to advise it on general strategy. The Committee promptly started work on a comprehensive report on the prospects for cultural activity in Europe between now and the year 2000, which it plans to complete within six months. It will be assisted by seven groups of experts (books, radio-cinema-television, theatre, music, painting and sculpture, cultural heritage and training) selected on the basis of their professional experience and their knowledge of the diverse strains of Community culture.

Regional policy

Coordination and programmes

2.1.147. On 18 November Parliament adopted a resolution on Community regional policy and the role of the regions.²

After emphasizing the serious regional disparities in the Community, the inadequacy of the resources so far earmarked for the structural Funds and the need to create a favourable macroeconomic environment, the resolution sets out the principles which should guide implementation of regional policy. Parliament points out in particular that regional policy cannot be successful without the participation of the regions, which should be consulted and involved at the various stages of the decision-making process and which should assume a steadily increasing share of responsibility; to that end, it calls on the Member States to regionalize their internal structures. Parliament annexed to its resolution a 'Community charter for regionalization', which will serve as a blueprint for the future.

Financial instruments

European Regional Development Fund

Programme preparation

2.1.148. At the request of the French Government, the Commission adopted³ on 9 November a decision to include the departments of Moselle, Meurthe-et-Moselle and Nord (excluding the district of Lille) in the Community programme to assist the conversion of steel areas (Resider).⁴

ERDF grants

2.1.149. The ERDF Committee met on 10 and 11 November to give its opinion on two Resider programmes in Spain and the Federal Republic of Germany, on 17 national programmes of Community interest (NPCIs) and on 163 investment pro-

¹ Agricultural Information Division of the Directorate-General for Information, Communication and Culture, rue de la Loi 200, 1049 Brussels, and Information Offices of the European Communities.

² OJ C 326, 19.12.1988.

³ OJ L 316, 23.11.1988.

⁴ OJ L 33, 5.2.1988; Bull. EC 2-1988, point 2.1.92.

jects (including 17 projects promoting the development of indigenous potential).

Programmes

2.1.150. In the context of the Community's Resider programme,¹ the Commission adopted on 30 November a programme to assist the steel areas of Duisburg-Oberhausen, Bochum and Dortmund-Unna.² This programme, which has been allocated ERDF assistance totalling ECU 64.5 million for the period 1988-90, comprises a range of measures designed to promote the development of small and medium-sized firms, to provide the infrastructure necessary for productive activities and to reclaim derelict industrial sites.

2.1.151. On 24 November the Commission approved a national programme of Community interest (NPCI) to assist Sardinia. Costing ECU 24.54 million over the period 1988-92, this programme forms part of the integrated Mediterranean programme

(IMP) for that region.³ On 30 November the Commission also adopted seven NPCI's for the period 1988-92 concerning:

- (i) Spain (ECU 492.84 million for motorways);
- (ii) Chios (ECU 21.85 million) and Fokidas (ECU 24.41 million) in Greece;
- (iii) Abruzzi (ECU 127.65 million) and Sardinia (ECU 218.93 million) in Italy;
- (iv) Limburg (ECU 7.15 million) in the Netherlands;
- (v) Bradford (ECU 61.64 million) in the United Kingdom.

Projects

2.1.152. On 30 November the Commission approved the ninth allocation of grants for 1988 from the ERDF (see Table 1).

¹ OJ L 33, 5.2.1988; Bull. EC 2-1988, point 2.1.92.

² Bull. EC 7/8-1988; point 2.1.99.

³ OJ L 223, 13.8.1988; Bull. EC 7/8-1988, point 2.1.112.

Table 1 — ERDF: ninth 1988 allocation

	Number of grant decisions	Number of investment projects	Investment assisted (million ECU) ¹	Assistance granted (million ECU) ¹
Belgium	—	—	—	—
Denmark	—	—	—	—
Germany (FR)	—	—	—	—
Spain	9	11	68.33	32.09
Greece	—	—	—	—
France	16	49	341.38	71.20
Ireland	9	12	120.74	18.66
Italy	23	28	535.96	249.92
Luxembourg	—	—	—	—
Netherlands	2	2	16.86	2.70
Portugal	9	10	61.61	29.74
United Kingdom	20	29	264.84	81.89
Total	88	141	1 409.72	486.30

¹ Converted at October 1988 rates.

The total of ECU 486.30 million breaks down as follows:

ECU 17.28 million to help finance 19 projects in industry, craft industries and the service sector;

ECU 458.99 million to help finance 66 infrastructure projects;

ECU 10.03 million to help finance 56 projects promoting the development of the indigenous potential of the regions.

Studies

2.1.153. On 7 November the Commission decided, in accordance with Article 24(1) of the ERDF Regulation, to grant financial assistance for a physical planning study covering the autonomous region of Madeira (Portugal).

Business and innovation centres

2.1.154. In November the Commission decided to make financial contributions to two measures for converting areas affected by industrial decline, involving Heerlen (Netherlands) and Pescara (Italy). The grants (ECU 150 000 and ECU 280 000 respectively) are intended to help set up business and innovation centres.

Aid for disaster victims

2.1.155. On 15 November the Commission decided to grant emergency aid of ECU 200 000 to the families of the victims and those most in need as a result of the floods which had devastated the regions of Valencia, Catalonia and Murcia and the city of Malaga in Spain.

2.1.156. On 17 November Parliament adopted four resolutions on the storms which had affected the province of Savona (Italy), the floods which had devastated the coastal areas of the regions of Valencia, Catalonia and Murcia and the city of Malaga (Spain), the earthquake which had hit the area between Pyrgos and Zakynthos (Greece), and the flooding in Cork (Ire-

land).¹ It called on the Commission to grant emergency aid in all four cases.

Overseas dimension of regional policy

2.1.157. On 30 November the Commission adopted a proposal for a joint decision of the Council and the Commission establishing a programme of options specific to the remote and insular nature of the French overseas departments (Poseidom), together with a proposal for a Council Decision concerning dock dues in the overseas departments.

Poseidom represents a political response to the fears aroused in the overseas departments (Guadeloupe, French Guiana, Martinique and Réunion) by the completion of the internal market and their specific handicaps, namely remoteness, insularity and the close proximity of developing countries supplying the same products, generally at lower cost (social security and wage costs).

While ensuring that the broad principles of the Treaty and of secondary legislation are observed in these Community regions, this multiannual and multidisciplinary programme provides for the application of the common policies to be modified in certain ways in keeping with the spirit of Article 227(2) of the Treaty. Implementation through a joint decision of the Commission and the Council — the first of its kind — will be based on the three guiding principles of complementarity, partnership, and programming, in an effort to assist the economic catching-up process of those regions in the period to 31 December 1992 in accordance with the guidelines for the reform of the structural Funds, and to help with appropriate implementation of the common policies. Close attention will be paid in the programme not only to the economic and social development of the overseas departments but also to other Community commitments, particularly as regards the

¹ OJ C 326, 19.12.1988.

ACP States, and the obligations connected with completion of the internal market.

The proposal for a Decision concerning dock dues forms part of the tax aspects of the Poseidom programme. This import duty, which is currently levied on all goods, will have to be modified and converted into a non-discriminatory charge that can be differentiated by type of product so that a reduced rate can be applied to necessities.

Coordination of structural instruments

Reform of the structural Funds

2.1.158. Following the political agreement reached at its general affairs meeting on 21 and 22 November, the Council adopted on 28 November two common positions on proposals for Regulations¹ — the coordinating Regulation and the ERDF Regulation — designed to implement the comprehensive Regulation on the reform of the structural Funds.² The proposals had been amended by the Commission in the light of Parliament's first reading on 17 November.³

2.1.159. At its general affairs meeting and in the light of Parliament's opinion,³ the Council approved joint guidelines on the proposals for the Social Fund Regulation and the EAGGF Guidance Section Regulation.¹ These proposals were then dealt with in a conciliation meeting with Parliament, following which the Council agreed to a number of amendments.

Integrated Mediterranean programmes

2.1.160. On 10 and 12 November the Commission and the Italian authorities signed the programme contracts for the implementation of the IMPs for Apulia and Sicily.⁴ Since the two for Campania⁴ and Calabria⁴ were signed earlier, all the 29 French, Greek and Italian IMPs have now

been put in hand less than two years after the IMPs Regulation⁵ deadline (end of 1986) for submitting programmes.

Other integrated approaches

Pedip

2.1.161. Acting pursuant to Regulation (EEC) No 2053/88 of 24 June 1988 on financial assistance for Portugal for a specific industrial development programme (Pedip),⁶ the Commission adopted on 24 November the financing decisions in respect of the first four operational programmes; these cover publicity and the implementation and monitoring of Pedip; a general scheme of aid for productive investment (Sinpedip); a plan for restructuring the wool industry; and the main measures to be taken under the financial engineering programme (particularly the setting-up of two venture capital companies and the creation of a guarantee fund). As a result of these four decisions, all the appropriations entered in the 1988 budget have been committed (61 % of all the specific financial resources earmarked for the period 1988-92).

Structural aid for areas affected by disasters

2.1.162. On a proposal from the Commission⁷ and in the light of Parliament's opinion,⁸ the Council adopted on 7 November Decision 88/561/EEC relating to exceptional Community aid for the reconstruction of the Kalamata region of Greece stricken by the earthquakes of September 1986.⁹ According to this Decision, the final recipients of the loans granted by the Euro-

¹ OJ C 256, 3.10.1988; Bull. EC 7/8-1988, point 1.1.1. *et seq.*

² OJ L 185, 15.7.1988; Bull. EC 6-1986, point 2.1.159.

³ OJ C 326, 19.12.1988.

⁴ OJ L 292, 26.10.1988; Bull. EC 10-1988, point 2.1.100; Bull. EC 6-1988, point 2.1.160.

⁵ OJ L 197, 27.7.1985; Bull. EC 7/8-1985, point 2.1.106.

⁶ OJ L 185, 15.7.1988; Bull. EC 6-1988, point 2.1.166.

⁷ OJ C 20, 26.1.1988; Bull. EC 12-1987, point 2.1.5.

⁸ OJ C 187, 18.7.1988; Bull. EC 6-1988, point 2.1.12.

⁹ OJ L 309, 15.11.1988.

pean Investment Bank from its own resources are entitled to an interest subsidy (three percentage points per year for a maximum period of 12 years) to be charged to the general budget of the Communities and available for a maximum of ECU 100 million in loans.

Environment and consumers

Environment

Prevention and reduction of pollution and nuisance

Protection of the aquatic environment

Titanium dioxide

2.1.163. At its meeting of 24 and 25 November the Council reached agreement in principle on a proposal for a Directive on pollution caused by waste from the titanium dioxide industry.¹ The main objectives of the proposal are to improve the conditions of competition in the titanium dioxide industry by harmonizing national programmes aimed at the gradual reduction and ultimate elimination of pollution caused by waste from existing plant, to ban, with effect from 31 December 1989, the dumping of all waste covered by the Directive and discharges into water of the most dangerous forms of waste (particularly solid waste and strong acid waste from existing industrial establishments) and to reduce, in accordance with a timetable running from 1989 to 1992, discharges of less dangerous waste (particularly weak acid waste and neutralized waste).

The Directive further provides for the application, subject to certain conditions, of quality objectives to be set in such a way as to ensure that they achieve an effect equivalent to that of limit values as regards protecting the environment and avoiding distortion of competition. The proposal

also provides for a reduction of discharges to atmosphere of dust, SO_x, SO₂ and chlorine in accordance with a set timetable.

Discharges of certain dangerous substances

2.1.164. On 24 November the Economic and Social Committee endorsed the proposal² to amend framework Directive 86/280/EEC of 12 June 1986 on limit values and quality objectives for discharges of certain dangerous substances.³ The Committee approved the Commission's proposal as a whole but considered it advisable to take into account the cumulative effects of simultaneous discharges of several substances and to set more objective criteria for use in selecting the substances concerned.

Air pollution

Emissions from large combustion plants

2.1.165. On 24 November the Council formally adopted Directive 88/609/EEC⁴ on the limitation of emissions of certain pollutants into the air from large combustion plants⁵ on which it had agreed in principle in June.⁶ The main objectives of this Directive are reductions in overall emissions of SO₂ discharged by existing installations, to be achieved in three stages (by 1993, 1998 and 2003, the reductions for the different Member States having been set in such a way as to reflect the need for a balanced sharing of the burden and to take account of specific situations), reductions in overall emissions of NO_x discharged by existing plants, to be achieved in two stages (by 1993 and 1998, the approach being similar to that used for SO₂) and Community-wide

¹ OJ C 138, 26.5.1983; Bull. EC 4-1983, point 2.1.82; OJ C 167, 27.6.1984; Bull. EC 6-1984, point 2.1.75.

² OJ C 253, 29.9.1988; Bull. EC 9-1988, point 2.1.84.

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

⁴ OJ L 336, 7.12.1988.

⁵ OJ C 49, 21.2.1984; Bull. EC 12-1983, point 2.1.118; OJ C 76, 22.3.1985; Bull. EC 2-1985, point 2.1.62; Bull. EC 3-1986, point 2.1.107; Bull. EC 11-1986, point 2.1.153.

⁶ Bull. EC 6-1988, point 2.1.180.

emission limit values for SO₂, NO_x and dust emitted by new plant.

There are specific provisions for certain types of fuel and installation (e.g. solid fuel with a high sulphur content, brown coal/lignite, peak-load installations and refineries). Spain has been granted a temporary exemption with regard to solid fuel to take account of its specific energy situation.

Harmful motor vehicle emissions

2.1.166. In the light of Parliament's opinion,¹ the Commission, on 21 November amended² its proposal for a Directive³ amending Council Directive 70/220/EEC of 20 March 1970⁴ relating to the measures to be taken against air pollution by gases from the engines of motor vehicles (European emission standards for cars below 1.4 litres).

2.1.167. The Council reached a common position on this Directive at the meeting of 24 and 25 November. This includes the limit values and deadlines for reducing emissions proposed by the Commission.

Greenhouse effect

2.1.168. On 25 November the Commission submitted to the Council a communication entitled 'The greenhouse effect and the Community'.⁵ This is a work programme drawn up by the Commission to evaluate the policy options available for dealing with the dangers associated with the 'greenhouse effect' and is accompanied by a draft Council resolution on the subject.

The communication gives a review of present scientific knowledge of the greenhouse effect, describes the dangers and potential consequences, particularly for the Community, of the climatic changes associated with the effect, analyses the main measures which might be considered to combat the dangers and sets out conclusions on what urgent action is required. The measures fall into three categories, namely, research, preventive measures to reduce emissions of the gases contributing to the greenhouse effect

and adjustments to deal with the climatic changes and their consequences. The Commission considers that policy decisions affecting the activities responsible for emitting the substances creating the effect should, from now on, take into account the likelihood of climatic change. An example is the energy sector and emissions of carbon dioxide, the most important of the gases involved. The Commission adds that chlorofluorocarbons should be completely eliminated by the year 2000 as they are the most substantial single cause of the greenhouse effect.

The Commission's work programme should enable the Community to play its part in establishing a general policy in this field during the forthcoming international negotiations.

Long-range transboundary air pollution

2.1.169. From 31 October to 4 November Community representatives attended the sixth session⁶ of the Executive Body of the 1979 Geneva Convention on Long-range Transboundary Air Pollution⁷ held in Sofia (Bulgaria) when a Protocol was adopted with a view to reducing NO_x emissions and transboundary flows by 1994 in such a way that they do not exceed 1987 levels. Apart from Ireland and Portugal all the Community's Member States have signed the Protocol.

Municipal waste

2.1.170. The Council held a detailed initial exchange of views on the proposal for a Directive on the prevention of air pollution from new municipal waste incineration plants.⁸ The discussion resulted in progress on several issues.

¹ OJ C 262, 10.10.1988; Bull. EC 9-1988, point 2.1.87.

² COM(88) 675 final.

³ OJ C 56, 27.2.1988; Bull. EC 2-1988, point 2.1.103.

⁴ OJ L 76, 6.4.1970; OJ L 81, 14.4.1970.

⁵ COM(88) 656 final.

⁶ Previous meeting: Bull. EC 11-1987, point 2.1.157.

⁷ OJ L 171, 27.6.1981; Bull. EC 6-1981, point 2.1.72.

⁸ OJ C 75, 23.3.1988; Bull. EC 2-1988, point 2.1.102.

Noise abatement

2.1.171. On 30 November the Commission adopted a proposal for a Directive on the limitation of noise emission from civil subsonic jet aeroplanes for forwarding to the Council.¹

The Commission is proposing that, as from 1 November 1990, aircraft should no longer be admitted to the registers of the Community's Member States unless they comply with the very severe noise standards of Annex 16, Chapter 3 of the Convention on International Civil Aviation. Aircraft already on Member States' registers on that date will not be affected. The proposal for a Directive concerns not only the environment, particularly the noise to which people living near airports are subjected, but also industry and transport in so far as it aims to harmonize the way in which aircraft coming under Chapter 2 of Annex 16 (less severe noise standards) are dealt with throughout the Community.

Controls on chemicals, industrial hazards and biotechnology

Major-accident hazards

2.1.172. At the meeting of 24 and 25 November, after receiving Parliament's opinion² on the proposal,³ the Council formally adopted Directive 88/610/EEC⁴ amending for the second time Directive 82/501/EEC⁵ of 24 June 1982 on the major-accident hazards of certain industrial activities.

This new version extends the scope of the Directive to all dangerous chemicals wherever they may be stored (in bulk or packaged). It also reinforces the provisions on informing the public by specifying the minimum information the latter should receive, e.g. the type of hazard to the population and the environment, measures to be taken in the event of an accident, whether emergency plans exist and how to obtain additional information.

Biotechnology

2.1.173. The Economic and Social Committee meeting on 23 and 24 November endorsed two proposals for Directives on the contained use of genetically modified micro-organisms and on the deliberate release to the environment of genetically modified organisms.⁶ However, it did suggest that the Commission should make provision in the texts for appropriate measures concerning the transport of GMOs and concerning information for and the involvement of the public at large. In connection with the second proposal the Committee stresses that great care should be taken where deliberate releases are concerned. It calls upon the Commission to ensure that products not included in the scope of the Directive should be covered by suitable regulations. It also proposes some technical amendments and asks Parliament to keep the Committee informed about the implementation of the Directive.

2.1.174. The Council devoted an initial detailed discussion to the proposal on the contained use of micro-organisms and noted the progress made on the proposal on the deliberate release to the environment of genetically modified organisms.

Waste disposal

2.1.175. On 18 November the Commission sent the Council a proposal⁷ amending in respect of chromium Directive 86/278/EEC of 12 June 1986 on the protection of the environment, and in particular of the soil, when sewage sludge is used in agriculture.⁸ The proposal sets limit values for chromium in soil used for agricultural purposes and in sewage sludge likely to be spread on soil and lays down the maximum

¹ COM(88) 662 final.

² OJ C 290, 14.11.1988; Bull. EC 10-1988, point 2.1.109.

³ OJ C 119, 6.5.1988; Bull. EC 3-1988, point 2.1.124.

⁴ OJ L 336, 7.12.1988.

⁵ OJ L 230, 5.8.1982; Bull. EC 6-1982, point 2.1.92.

⁶ OJ C 198, 28.7.1988; Bull. EC 3-1988, point 2.1.125.

⁷ OJ C 307, 2.12.1988; COM(88) 624 final.

⁸ OJ L 181, 4.7.1986; Bull. EC 6-1986, point 2.1.164.

amount of chromium that may be added to soil used for agricultural purposes.

2.1.176. On 4 November the Council adopted a Decision authorizing the Commission on behalf of the Community, to negotiate, within the framework of UNEP, a Global Convention on the Control of the Transboundary Movements of Hazardous Wastes.¹

2.1.177. At the meeting of 24 and 25 November the Council adopted a resolution concerning transfrontier movements of hazardous waste to third countries. The resolution recognizes the ban on imports of hazardous waste imposed by a number of Third World countries. It also calls for the establishment of a system ensuring effective control of transfrontier movements and disposal of hazardous waste.

Protection and use of resources

Mediterranean area

2.1.178. On 24 November the Commission sent the Council, Parliament and the Economic and Social Committee a communication on the protection of the environment in the Mediterranean region (Medspa).² This sets out a medium and long-term strategy and a package of priority measures to combat pollution in the Mediterranean. It will be followed by proposals at the earliest possible date setting out the financial resources available for this action and the rules governing the use of the resources.

Better quality of life

Increasing awareness and training

2.1.179. From 2 to 4 November the Commission held a seminar in Avignon (France) on the need to provide training to ensure better management of the environment. Training specialists, persons responsible for environmental policy and representatives of the main international bodies all attended.

At the seminar the environmental training projects supported by the Commission (over 60 so far) were evaluated and future Community-level action outlined. The seminar also showed that a great deal still remains to be done to ensure the effective implementation of Community policy on the environment and that the Commission has a decisive part to play in coordinating Member States' research and environmental training activities and the dissemination and exchange of information on practical experience of training the trainers themselves.

Information on the environment

Corine programme

2.1.180. Commission representatives attended national meetings at Villamoura in Portugal (10 and 11 November) and Madrid (17 and 18 November) on the implementation of the experimental project for gathering, coordinating and ensuring the consistency of information on the state of the environment and natural resources (Corine).³

Consumers

Physical protection and product safety

Standardization

2.1.181. On 4 November the Council formally adopted a resolution on the improvement of consumer involvement in standardization⁴ to which it had agreed on 7 June.⁵

¹ Bull. EC 7/8-1988, point 2.1.119.

² COM(88) 392 final.

³ OJ L 176, 6.7.1985; Bull. EC 6-1985, point 2.1.93.

⁴ OJ C 293, 17.11.1988.

⁵ Bull. EC 6-1988, point 2.1.90.

Foodstuffs

2.1.182. On 30 November the Commission adopted, for transmission to the Council, a proposal for a Directive on the control of the irradiation of foodstuffs (→ point 2.1.27).

Protection of economic and legal interests

Payment systems

2.1.183. On 17 November the Commission adopted a recommendation concerning payment systems, and in particular the relationship between cardholder and card issuer¹ which supplements that of 8 December 1987 on a European Code of Conduct relating to electronic payment.² In view of the range of possibilities available to consumers as a result of new technologies in the banking sector the Commission recommends that issuers of means of payment and suppliers of systems should comply within 12 months with the provisions set out, especially as regards contractual clauses, the extent of the issuer's liability and the consequences of loss, theft or forgery of means of payments. The Commission also recommends that Member States should take steps to ensure that data relating to cardholders, where they are transmitted, be kept to a strict minimum and treated as confidential by those persons who have knowledge of them.

Agriculture

Continuing reform of the CAP

2.1.184. At its meeting on 14 and 15 November the Council resumed its discussion³ of the main points of the Commission's amended proposal for a Regulation establishing a system of transitional aids to agricultural income⁴ and worked out guidelines for further examination of the matter.

Extension of the transitional period for Spain

2.1.185. On 15 November the Commission sent the Council a proposal⁵ for a Regulation amending, in respect of Spain, Regulation (EEC) No 4007/87 of 22 December 1987 extending the period referred to in Articles 90(1) and 257(1) of the Act of Accession of Spain and Portugal.⁶ Because of continuing difficulties in some sectors (oils and fats, cereals), the Commission proposes that the period for transitional measures to facilitate the change to Community arrangements, as laid down in the Act of Accession, be extended to 31 December 1989.

Economic aspects of the common agricultural policy

Agri-monetary measures

2.1.186. On 17 November the Commission adopted Regulation (EEC) No 3578/88.⁷ This lays down detailed rules for the application of the system of automatic dismantling, in four stages, of real monetary gaps, triggered by a realignment under the European monetary system and covering all real monetary gaps arising since the previous realignment.⁸ The Regulation provides for the procedure to be followed in certain special cases and lays down precise rules for calculating new monetary gaps and agricultural conversion rates resulting from Council Regulation (EEC) No 1889/87 of 2 July 1987.⁹

¹ OJ L 317, 24.11.1988.

² OJ L 365, 24.12.1987; Bull. EC 12-1987, point 2.1.137.

³ Bull. EC 10-1988, point 2.1.123.

⁴ OJ C 236, 2.9.1987; Bull. EC 4-1987, point 1.2.1. *et seq.*; OJ C 180, 9.7.1988; Bull. EC 5-1988, point 2.1.118.

⁵ OJ C 305, 30.11.1988; COM(88) 620 final,

⁶ OJ L 378, 21.12.1987; Bull. EC 12-1987, point 2.1.203.

⁷ OJ L 312, 18.11.1988.

⁸ Bull. EC 1-1987, point 2.1.1.

⁹ OJ L 182, 3.7.1987; Bull. EC 6-1987, point 2.1.162 *et seq.*

Market organizations

Cereals and rice

2.1.187. On 21 November the Commission sent the Council two proposals¹ for Regulations, one amending Council Regulation (EEC) No 2727/75 on the common organization of the market in cereals,² the other laying down general rules concerning the premium for the use of cereals in animal feed during the 1989/90 marketing year.

In accordance with the conclusions of the European Council at its February meeting in Brussels,³ and the approach worked out by the Council when it discussed agricultural prices and related measures for 1988/89, the Commission proposes, firstly, that a progressive premium be granted for increasing the use of cereals in livestock feed by more than 20% as compared with a reference period (1986/87 and 1987/88 marketing years) and, secondly, that a fixed premium of ECU 5 be granted where the final product already contains more than 45% cereals.

2.1.188. On 23 November the Commission sent the Council a proposal for a Regulation laying down general rules for the special system applicable to small producers as part of the co-responsibility arrangements in the cereals sector.⁴

The proposal sets out rules for the exemption of small producers of cereals from the co-responsibility levy and provides a definition of 'small producers'. It is to apply from the 1989/90 marketing year. The main provisions are as follows:

(i) exemption from the co-responsibility levies continues to take the form of direct aid. However, Member States experiencing difficulties of an administrative or technical nature may apply the aid in the form of compensation for the levies;

(ii) the aid is granted up to an overall amount of ECU 220 million for the Community as a whole and apportioned between the Member States according to sales by

producers marketing no more than 25 tonnes of cereals;

(iii) 'small producers' are those whose holdings have a utilized agricultural area of no more than 20 hectares. However, in view of the disparity in structures and in yields per hectare, Member States are authorized to fix a limit of 40 hectares on utilized agricultural area. They may also adopt other criteria, such as the area under cereals and/or the importance of cereals in the income of holdings.

2.1.189. On 23 November the Commission noted that cereal production had exceeded the maximum guaranteed quantity, fixed under the 'stabilizers'⁵ at 160 million tonnes, by 1.6%. The additional co-responsibility levy, provisionally fixed at 3% of the intervention price, will thus be partially reimbursed to producers for 1988/89. This exceeding of the threshold will also lead to a 3% reduction in the intervention price for 1989/90.

Fruit and vegetables

2.1.190. On 28 November the Commission adopted Regulation (EEC) No 3712/88 fixing the intervention threshold for clementines in Spain for the 1988/89 marketing year at 61 500 tonnes.⁶

Wine

2.1.191. On 15 November the Commission sent the Council a proposal⁷ for a Regulation amending for the 11th time Regulation (EEC) No 351/79 concerning the addition of alcohol to products in the wine sector.⁸ There being no common organization of the market in alcohol or any provisions harmonizing the definitions of

¹ COM(88) 614 final.

² OJ L 281, 1.11.1975.

³ Bull. EC 2-1988, point 1.1.1. *et seq.*

⁴ COM(88) 599 final.

⁵ OJ L 110, 29.4.1988; Bull. EC 4-1988, point 2.1.126.

⁶ OJ L 325, 29.11.1988.

⁷ COM(88) 619 final.

⁸ OJ L 54, 5.3.1979.

aromatized wines, the purpose of this proposal is to extend the existing provisions governing such addition of alcohol to the end of 1989.

2.1.192. On 28 November the Commission sent the Council a proposal for a Regulation providing for the adjustment of the price applicable to table wine delivered for compulsory distillation in Spain.¹ The purpose of this proposal is to extend to Spain the new criteria for determining the purchase price of table wine to be delivered for compulsory distillation decided upon by the Council in Regulation (EEC) No 1441/88 of 24 May,² in order to bring about a substantial reduction in that price in the event of major surpluses. The main aim of the operation is to encourage producers to limit their yields and so reinforce the effect of the reduction in wine-growing potential which the voluntary abandonment of areas under vines is intended to achieve, and it will be fully effective only if it applies to all Community producers.

2.1.193. On 4 November the Commission adopted Regulation (EEC) No 3445/88³ amending Regulation (EEC) No 2729/88⁴ of 31 August laying down detailed rules for the application of Council Regulation (EEC) No 1442/88 on the granting, for the 1988/89 to 1995/96 wine years, of permanent abandonment premiums in respect of wine-growing areas. The new Regulation specifies that the agricultural conversion rates to be applied for converting premiums for the abandonment of areas under vines into national currency are to be those used for the common agricultural structure policy, i.e. those applying on 1 January of the year during which the decision to grant aid is taken.

2.1.194. On 4 November the Commission adopted Regulation (EEC) No 3447/88³ derogating for the 1988/89 wine year, as regards certain time limits, from Regulation (EEC) No 2635/88 of 24 August 1988 laying down detailed rules for implementing an aid scheme for the use of concentrated grape must in feedingsuffs.⁵ The time limits were

extended both because of the late publication of the latter Regulation and also because of certain administrative difficulties arising in the first year of its application.

2.1.195. The Commission made a correction to the same Regulation (EEC) No 2635/88⁵ when, on 11 November, it adopted Regulation (EEC) No 3522/88,⁶ specifying that it is proof of utilization, in accordance with Commission Regulation (EEC) No 2823/87 of 18 September 1987,⁷ and not proof of denaturing which is provided by the T 5 control copy.

2.1.196. On 9 November the Commission adopted Regulation (EEC) No 3479/88⁸ amending Regulation (EEC) No 2720/88 of 31 August 1988 fixing the buying-in prices, aid and certain other amounts applicable for the 1988/89 wine year to intervention measures in the wine sector.⁹ The amendment corrects the amounts applying to intervention measures for wines produced in Spain, as the published amounts did not tally with the results of the calculations laid down to determine them.

2.1.197. On 10 November the Commission adopted Regulation (EEC) No 3503/88 derogating from the minimum total alcoholic strength by volume laid down for vinho verde.¹⁰ In order to facilitate the opening of the Community market to these Portuguese wines, this Regulation authorizes their free movement, during the first stage of accession, with a total alcoholic strength by volume of not less than 8.5%, instead of the 9% laid down for Community wines.

2.1.198. On 14 November the Commission adopted Regulation (EEC) No

¹ COM(88) 633 final.
² OJ L 132, 28.5.1988.
³ OJ L 302, 5.11.1988.
⁴ OJ L 241, 1.9.1988.
⁵ OJ L 236, 26.8.1988; Bull. EC 7/8-1988, point 2.1.152.
⁶ OJ L 307, 12.11.1988.
⁷ OJ L 270, 23.9.1987; Bull. EC 9-1987, point 2.1.59.
⁸ OJ L 305, 10.11.1988.
⁹ OJ L 241, 1.9.1988; Bull. EC 7/8-1988, point 2.1.152.
¹⁰ OJ L 306, 11.11.1988.

3531/88¹ amending Regulation (EEC) No 2728/88² of 31 August 1988 on the reduction of the buying-in price for wine as referred to in Article 44 of Council Regulation (EEC) No 822/87³ of 16 March 1987. The amendment specifies that the system laid down for the reduction of the buying-in price for wine delivered for distillation after being enriched with sucrose or with must which has received Community aid cannot justifiably apply to wine and categories of wine for which Member States do not authorize enrichment, and that the buying-in price should be paid in full when they are delivered for distillation.

Milk and milk products

2.1.199. On 14 November, on a proposal from the Commission,⁴ the Council adopted Regulation (EEC) No 3554/88⁵ amending Regulation (EEC) No 987/68 of 15 July 1968 laying down general rules for granting aid for skimmed milk processed into casein or caseinates.⁶ Its effect is that the option given the Commission to exclude certain uses of casein and caseinates from the aid expires on 31 December 1989.

2.1.200. The Council continued its discussion⁷ on the five proposals for Regulations on the adjustment of the milk quota arrangements and related measures.⁸ A large measure of agreement was achieved, though certain technical aspects still required further examination.

2.1.201. The Council examined the proposal for a Regulation⁹ on the continued import of New Zealand butter into the United Kingdom on special terms.¹⁰ It agreed to resume discussion of the matter at its December meeting.

2.1.202. On 18 November the Commission adopted Regulation (EEC) No 3600/88¹¹ amending Regulation (EEC) No 685/69 of 14 April 1969 on detailed rules of application for intervention on the market in butter and cream.¹² The effect is to reduce the maximum period for private storage of butter from 210 to 180 days, in view of

developments on the butter market, and specifically the rise in prices.

Market situation¹³

2.1.203. The situation on the market in milk products developed favourably over the first nine months of the year: prices were stable, and indeed high for skimmed-milk powder.

In accordance with the aims of the additional levy and milk quota system, deliveries of milk fell by 4% as against the same period in 1987. Output of butter and skimmed-milk powder fell by 15.9 and 24.5% respectively, while production of other milk powders had increased by 10.7% and that of cheese by 2.8%.

The various schemes for disposing of intervention butter had enabled 678 376 tonnes to be taken out of store, as against 24 792 tonnes coming in. Total public stocks of butter amounted to 105 589 tonnes, compared with 908 599 tonnes a year before. Stocks under private contract receiving Community aid amounted to 204 723 tonnes as against 155 625 tonnes in 1987. Special intra-Community sales of market butter receiving aid amounted to 150 790 tonnes.

As regards skimmed-milk powder, there had been no more intervention buying since the beginning of the year, while 462 415 tonnes had been removed from store. Available stocks had thus fallen to 10 495 tonnes, as against 624 105 tonnes in 1987.

Cheese under private storage contracts and receiving aid amounted to 138 093 tonnes,

¹ OJ L 309, 15.11.1988.

² OJ L 241, 1.9.1988; Bull. EC 7/8-1988, point 2.1.152.

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

⁴ Bull. EC 9-1988, point 2.1.103.

⁵ OJ L 311, 17.11.1988.

⁶ OJ L 169, 18.7.1968.

⁷ Previous discussion: Bull. EC 10-1988, point 2.1.138.

⁸ OJ C 265, 12.10.1988; Bull. EC 9-1988, point 2.1.102.

⁹ Bull. EC 10-1988, point 2.1.140.

¹⁰ OJ L 203, 26.7.1986; Bull. EC 7/8-1986, point 2.1.140.

¹¹ OJ L 313, 19.11.1988.

¹² OJ L 90, 15.4.1969.

¹³ Bull. EC 7/8-1988, point 2.1.161.

compared with 128 442 tonnes a year before.

The latest available figures on Community exports (covering between five and nine months, depending on the Member State) showed the following quantities, compared with the same period in the previous year: fresh products and condensed milk, 362 200 tonnes (+ 7.4%); skimmed-milk powder, 206 300 tonnes (+ 65.3%); whole milk powder, 366 500 tonnes (+ 6.3%); butter, 75 100 tonnes (+ 1.1%); butteroil, 89 400 tonnes (+ 26.3%); cheese, 234 100 tonnes (- 3.9%), whey powder, 17 300 tonnes (- 8.9%); casein, 37 600 tonnes (- 21%). The figures for milk powder, butter and butteroil refer to normal commercial exports only.

Beef/veal

2.1.204. On 8 November the Council adopted Regulation (EEC) No 3484/88 opening a Community tariff quota for frozen thin skirt of bovine animals falling within CN code 0206 29 91 (1988).¹ The quota is for 1 500 tonnes in 1988 at a Common Customs Tariff duty of 4%.

2.1.205. The Council held a preliminary exchange of views on the proposals for regulations concerning reform of the sector.² The need to put an end to certain abuses in the operation of the market organization mechanisms was recognized. There were differences, however, on the wisdom of introducing a maximum limit on the amount of intervention buying on the applicability of a system of buying-in by tendering and on the abolition of certain special premium schemes for beef producers.

2.1.206. On 11 November the Commission adopted Regulation (EEC) No 3523/88³ laying down detailed rules for the application of the import arrangements provided for by Council Regulation (EEC) No 3210/88⁴ of 17 October in the beef and veal sector. This lays down the terms for the admission of meat under a 2 000 tonne quota for Brazil and Uruguay in 1988. It

provides for a system of certificates of authenticity, which may be presented until 28 February 1989, and determines the bodies empowered to issue such certificates.

Sheepmeat and goatmeat

2.1.207. The Council examined for the first time the proposal on the common organization of the market in sheepmeat and goatmeat.⁵ It devoted particular attention to the regrouping of regions, the arrangements for calculating loss of income and the amount of the premium, the phasing-out of the variable premium system, maximum guaranteed quantities, and external trade aspects (→ point 2.1.208).

2.1.208. As agreed by the European Council in Brussels in February,⁶ the Council authorized the Commission to open negotiations on changes to existing voluntary restraint agreements on sheepmeat⁷ and on achieving similar arrangements with supplier countries so far unable to enter into undertakings on voluntary restraint.

Oils and fats

2.1.209. On 14 November the Council adopted, on a proposal from the Commission,⁸ Regulation (EEC) No 3555/82⁹ amending Regulation (EEC) No 2194/88 adopting general rules concerning special measures for soya beans.¹⁰ The purpose of the amendment was to extend to 31 December 1992 the possibility of using other methods producing effects equivalent to those deriving from the Community single method of taking samples of soya beans for analysis.

¹ OJ L 306, 11.11.1988.

² Bull. EC 10-1988, point 2.1.144.

³ OJ L 307, 12.11.1988.

⁴ OJ L 286, 20.10.1988; Bull. EC 10-1988, point 2.1.143.

⁵ Bull. EC 10-1988, point 2.1.145.

⁶ Bull. EC 2-1988, point 1.1.1 *et seq.*

⁷ OJ L 275, 18.10.1980; Bull. EC 10-1980, point 1.4.1 *et seq.*

⁸ Bull. EC 10-1988, point 2.1.147.

⁹ OJ L 311, 17.11.1988.

¹⁰ OJ L 204, 2.8.1985.

2.1.210. On 3 November the Commission adopted Regulation (EEC) No 3419/88 fixing the maximum quantity of sunflower oil to be released for consumption and exported to Spain for the 1988/89 marketing year.¹ This authorizes exports of 150 000 tonnes of sunflower oil, corresponding to 375 000 tonnes of sunflower seed qualifying for the aid provided for this purpose.

2.1.211. On 3 November the Commission adopted Regulation (EEC) No 3421/88 issuing a standing invitation to tender in order to determine refunds on exports of olive oil for the 1988/89 marketing year.¹ This extends the current arrangements, adopted under Council Regulation (EEC) No 1650/86 of 26 May 1986,² and especially the fixing of export refunds by the tendering procedure, which enabled export certificates to be issued for about 197 000 tonnes in the previous marketing year. A similar level of exports was expected for the current marketing year, for which a production shortfall of about 1 150 000 tonnes of olive oil is likely, as against 1 630 000 tonnes in 1987. Supplies will be ensured by marketing a large part of intervention stocks, which at 31 October 1988 amounted to 356 000 tonnes (304 000 tonnes at 31 October 1987), breaking down as follows: Spain, 239 000 tonnes; Italy, 110 000 tonnes; Portugal, 7 000 tonnes.

2.1.212. On 4 November the Commission adopted Regulation (EEC) No 3446/88 laying down transitional provision on the utilization of advance-fixing certificates for the subsidy for oilseeds in Spain and Portugal.³

The purpose of this Regulation is to avoid speculative operations by disallowing, during the transitional period provided for in Articles 90 and 257 of the Act of Accession of Spain and Portugal, the use in those Member States of advance-fixing certificates for the aid for oilseeds as provided for in Council Regulation (EEC) No 1594/83 of 14 June 1983.⁴

Processed fruit and vegetables

2.1.213. On 14 November the Commission adopted Regulation (EEC) No

3532/88 fixing for the 1988/89 marketing year the minimum purchase price for oranges delivered for industrial processing and the financial compensation payable after processing.⁵

2.1.214. On 23 November the Commission adopted Regulation (EEC) No 3644/88 fixing for the 1988/89 marketing year the minimum price for selling blood oranges, withdrawn from the market, to processing industries.⁶

Hops

2.1.215. On 28 November the Council adopted, on a proposal from the Commission,⁷ Regulation (EEC) No 3771/88 laying down, in respect of hops, the amount of aid to producers for the 1987 harvest.⁸ This Regulation, involving an increase of 1.5% in the average level of the aid, is a first step in aligning aid for the different groups of varieties, while allowing for developments in the returns to hop producers in the Community. The aid is as follows for the different groups of varieties: ECU 330 per hectare for aromatic varieties, ECU 380 for bitter varieties and ECU 370 for other varieties.

Structures

2.1.216. The Council held an initial examination of the proposal for a Regulation⁹ amending Regulation (EEC) No 1975/82 of 19 July 1982 on the acceleration of agricultural development in certain regions of Greece,¹⁰ with a view to making implementation of this measure more satisfactory.

¹ OJ L 301, 4.11.1988.

² OJ L 145, 30.5.1986.

³ OJ L 302, 5.11.1988.

⁴ OJ L 163, 22.6.1983.

⁵ OJ L 309, 15.11.1988.

⁶ OJ L 317, 24.11.1988.

⁷ OJ C 265, 12.10.1988.

⁸ OJ L 332, 3.12.1988.

⁹ OJ C 294, 18.11.1988; COM(88) 533 final.

¹⁰ OJ L 214, 22.7.1982; Bull. EC 7/8-1982, point 2.1.125.

The Council agreed on certain points, including the extension of the measure until 31 December 1989 and a modulated increase in the rate of the Community's financial contribution.

Legislation

Veterinary and animal husbandry

2.1.217. On 11 November the Commission sent the Council a proposal¹ for a Decision amending Council Decision 88/303/EEC of 24 May recognizing certain parts of the territory of the Community as being either officially swine fever free or swine fever free.² In order to help free trade in live pigs, pigmeat and pigmeat products, this proposal provides for certain parts of Germany, France, the Netherlands and Spain to be declared officially free or free of classical swine fever.

2.1.218. Having received the opinion of Parliament,³ the Commission sent the Council on 18 November an amendment⁴ to its proposal for a Directive on health problems affecting the production and the placing on the market of egg products.⁵

2.1.219. On 3 November the Commission adopted Decision 88/567/EEC approving the plan for the eradication of classical swine fever presented by France.⁶

2.1.220. In November, Parliament approved without debate⁷ three proposals for Regulations on veterinary checks.⁸

Plant health legislation

2.1.221. On 14 November the Council adopted, on a proposal from the Commission,⁹ Directive 88/572/EEC¹⁰ amending Directive 77/93/EEC on protective measures against the introduction into the Member States of organisms harmful to plants or plant products.¹¹ The amendment adapts certain of the Directive's provisions to developments which have taken place since its adoption, particularly with regard

to wood and wood products. It also makes it mandatory for Member States to inform each other of consignments intercepted during inspection, and provides for border checks to be progressively reduced. Border checks are to be carried out either at destination or at another designated place instead, provided the routing of the products is as direct as possible.

Feedingstuffs

2.1.222. On 23 November the Economic and Social Committee unanimously endorsed the proposal for a Directive¹² amending Council Directive 79/372/EEC of 2 April 1979 on the marketing of compound feedingstuffs.¹³ The Committee considered that it was necessary to harmonize standards, and thus also the methods of analysis and assessment, in order to permit effective checks. The main ways of achieving this should be compulsory declaration of ingredients, lists of ingredients banned on health grounds, and indication of dates of manufacture and shelf-life.

Seeds and propagating material

2.1.223. On 14 November the Council adopted the following three Decisions¹⁰ on the equivalence of seeds and propagating material produced in third countries:

(i) Decision 88/573/EEC amending Decision 81/956/EEC of 16 November 1981 on the equivalence of seed potatoes produced in third countries.¹⁴ This extends the equivalence of seed potatoes produced and

¹ COM(88) 634 final.

² OJ L 132, 28.5.1988; Bull. EC 5-1988, point 2.1.159.

³ OJ C 187, 18.7.1988; Bull. EC 6-1988, point 2.1.225.

⁴ COM(88) 646 final.

⁵ OJ C 67, 14.3.1987; Bull. EC 2-1987, point 2.1.136.

⁶ OJ L 310, 16.11.1988.

⁷ OJ C 326, 19.12.1988.

⁸ OJ C 225, 31.8.1988; Bull. EC 7/8-1988, point 2.1.185.

⁹ OJ C 180, 5.6.1984; Bull. EC 6-1984, point 2.1.109.

¹⁰ OJ L 313, 19.11.1988.

¹¹ OJ L 26, 31.1.1977.

¹² OJ C 178, 7.7.1988; Bull. EC 5-1988, point 2.1.164.

¹³ OJ L 86, 6.4.1979.

¹⁴ OJ L 351, 7.12.1981.

certified in Austria and Switzerland to 30 June 1990;

(ii) Decision 88/574/EEC amending Decision 78/476/EEC of 30 May 1978 on the equivalence of checks on practices for the maintenance of varieties carried out in third countries.¹ This amends to 30 June 1992 the equivalence of checks in 18 non-Community countries;

(iii) Decision 88/575/EEC amending the seventh Decision, 85/355/EEC, on the equivalence of field inspections carried out in third countries on seed-producing crops² and the seventh Decision, 85/356/EEC, on the equivalence of seed produced in third countries.² This extends current equivalence arrangements to either 30 June 1989 or 30 June 1990.

Competition

2.1.224. Under Articles 92 to 94 of the EEC Treaty the Commission decided to make no objection to the introduction of the following draft measures notified by:

Federal Republic of Germany

Measures to reintroduce the growing of oil-seed rape under a pilot project.

France

Measure envisaged to help agriculture at the Special Agricultural Conference of 25 February 1988 — aid for occupational conversion.

Italy

Bolzano: draft Law on financial facilities for encouraging owner occupation.

Netherlands

Aid for a pilot project for the production of hazelnuts.

United Kingdom

Changes at the Home-grown Cereals Authority.

2.1.225. The Commission decided to terminate the Article 92(2) procedure in respect of Italian aid for offsetting the cost of insurance against hail. The Commission accepted that a 60% rate of aid, rather than the 50% which it normally accepts for this type of aid, may be granted in areas where there is a high risk of production loss due to hail: in the areas concerned insurance premiums amount to 20 to 25% of the insured value, with the first 10% at least of the loss being borne by the farmer.

European Agricultural Guidance and Guarantee Fund

EAGGF Guarantee Section

2.1.226. In implementation of paragraph 8 of the conclusions of February's European Council,³ the Commission forwarded to the budgetary authority on 10 and 25 November respectively the eighth and the ninth monthly reports⁴ on EAGGF guarantee expenditure by Member States between November 1987 and end-September and mid-October 1988 (early warning system).

2.1.227. Pursuant to Council Regulation (EEC) No 1885/78 of 2 August 1978⁵ laying down general rules for the financing of intervention by the EAGGF, Guarantee Section, the Commission decided on 29 November on amounts and detailed rules for the depreciation of certain stocks of agricultural products in intervention at the beginning of 1989. This depreciation serves to bring the value of the products down towards their likely selling price. It involves

¹ OJ L 152, 8.6.1978.

² OJ L 195, 25.7.1985; Bull. EC 6-1985, point 2.1.134.

³ Bull. EC 2-1988, point 1.1.1.

⁴ Bull. EC 10-1988, point 2.1.60.

⁵ OJ L 216, 5.8.1978.

a total of ECU 649 million, of which 56.8 million represent total advances to certain Member States on the cost of disposing of products from distillation operations in the wine sector.

2.1.228. On 30 November the Commission formally notified the Member States of decisions clearing the accounts of the EAGGF Guarantee Section for 1986. In this instance clearance covered total expenditure of ECU 21.6 billion and led to the recovery from the Member States of nearly ECU 213 million, to be credited to 1989.

2.1.229. EAGGF Guarantee Section expenditure to be charged to the Com-

munity budget for 1988 (payments made to recipients from 1 November 1987 to 15 October 1988) are shown in Table 2. There is a saving of some ECU 1.1 billion on the appropriations in the budget. Of this amount, representing appropriations not used in 1988, ECU 1 billion has been accounted for in letter of amendment No 1/89¹ to the preliminary draft budget for 1989 and will be set off against Member States' financial contributions for that financial year.

¹ Bull. EC 10-1988, point 2.3.1.

Table 2 — *Implementation of the 1988 budget:¹ EAGGF Guarantee Section expenditure (provisional figures)*

Chapter	Initial appropriation	Expenditure	Difference
	a	b	c = a - b
10 Cereals and rice	4 440	4 337.2	+ 102.8
11 Sugar	2 010	2 081.8	- 71.8
12 Oils and fats	4 601	3 915.4	+ 685.6
13 Protein plants	688	689.3	- 1.3
14 Fibre plants	448	454.1	- 6.1
15 Fruit and vegetables	1 091	708.2	+ 382.8
16 Wine sector	1 659	1 545.6	+ 113.4
17 Tobacco	948	966.1	- 18.1
18 Other sectors	73	59.8	+ 13.2
20 Milk and milk products	5 662	5 910.0	- 248.0
21 Beef/veal	2 825	2 475.8	+ 349.2
22 Sheepmeat and goatmeat	1 000	1 293.6	- 293.6
23 Pigmeat	183	215.6	- 32.6
24 Eggs and poultrymeat	178	194.1	- 16.1
25 Non-Annex II products	597	602.4	- 5.4
27 Accession compensatory amounts	20	64.3	- 44.3
28 Monetary compensatory amounts	496	505.2	- 9.2
29 Other expenditure	581	375.1	+ 205.9
Grand total	27 500	26 393.6	+ 1 106.4
81 Depreciation of stocks	1 240	1 240.0	0

¹ Excluding Chapter 40 (fisheries).

Fisheries

Resources

Internal aspects

Community measures

TACs and quotas

2.1.230. On 7 November the Council adopted Regulation (EEC) No 3472/88¹ amending Regulation (EEC) No 3977/87 of 21 December 1987 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

The purpose of this amendment was to increase the TAC for cod in ICES divisions VII b, c, d, e, f, g, h, j, and k, in ICES subareas VIII, IX and X and in CEEAF division 34.1.1.

2.1.231. At its meeting on 28 November the Council held a preliminary exchange of views on the proposal for a Regulation fixing, for certain fish stocks and groups of fish stocks, the total allowable catches for 1989 and certain conditions under which they may be fished.³

Control measures

2.1.232. On 7 November, following the agreement reached in October,⁴ the Council formally adopted Regulation (EEC) No 3485/88⁵ amending Regulation (EEC) No 2241/87 of 23 July 1987 establishing certain control measures for fishing activities.⁶

2.1.233. On 30 November the Commission adopted, for transmission to the Council, a proposal⁷ for a Decision on a Community financial contribution towards expenditure incurred by Member States on

the enforcement of the Community system for the conservation and management of fishery resources. Under this proposal the Community contribution would amount to ECU 30 million per year over the period 1990-94.

Technical measures

2.1.234. On 22 November the Commission sent the Council a proposal⁸ for a Regulation laying down a minimum mesh size for beam trawls in the North Sea.

External aspects

Bilateral relations

Norway

2.1.235. On 7 November the Council, acting on proposals from the Commission,⁹ adopted Regulations (EEC) Nos 3470/88 and 3471/88¹ amending Regulations (EEC) Nos 3978/87 and 3979/87 of 15 December 1987¹⁰ respectively. The former relates to the allocation, for 1988, of certain catch quotas among Member States for vessels fishing in the Norwegian exclusive economic zone and the fishing zone around Jan Mayen, whilst the latter lays down for 1988 certain measures for the conservation and management of fishery resources applicable to vessels flying the flag of Norway.

¹ OJ L 305, 10.11.1988.

² OJ L 375, 31.12.1987; Bull. EC 12-1987, point 2.1.239.

³ COM(88) 628 final.

⁴ Bull. EC 10-1988, point 2.1.163.

⁵ OJ L 306, 11.11.1988.

⁶ OJ L 207, 29.7.1987; Bull. EC 7/8-1987, point 2.1.238.

⁷ COM(88) 703.

⁸ COM(88) 685 final.

⁹ COM(88) 580 final; COM(88) 579 final.

¹⁰ OJ L 375, 31.12.1987; Bull. EC 12-1987, point 2.1.252.

Færoes

2.1.236. The annual bilateral consultations between the Community and the Færoes began in Brussels on 21 November, with a view to reaching agreement on reciprocal fishing rights and the fishing arrangements for 1989.

Greenland

2.1.237. The Council held preliminary discussions on the proposal for a Regulation allocating, for 1989, Community catch quotas in Greenland waters.¹

Seychelles

2.1.238. The Joint Committee provided for in the fisheries agreement between the Community and the Seychelles² met in Mahé (Seychelles) on 17 and 18 November. The two delegations reviewed the application of the agreement and expressed their general satisfaction therewith. The discussions related in particular to the landing of tuna, the use of port facilities, scientific research and the conservation and management of tuna in the Indian Ocean.

Mauritius

2.1.239. A fisheries agreement between the Community and Mauritius was initialled in Port Louis on 23 November. The agreement, which is to run for three years, provides for the issue of fishing authorizations to 40 tuna seiners and a limited number of pole-and-line vessels from Réunion which traditionally operate in these waters. The agreement also provides for exploratory fishing for crustaceans. By way of financial compensation the Community is to make an annual payment of ECU 400 000 and is to contribute ECU 480 000 towards a scientific research programme which will run for the duration of the agreement. It will also provide ECU 120 000 in training grants over the same period and ECU

150 000 for the 18 months of exploratory fishing.

Malta

2.1.240. On 3 and 4 November a Commission Delegation and a Maltese Government delegation held exploratory talks in Valletta, with a view to the conclusion of a fisheries agreement.

Multilateral relations*NAFO*

2.1.241. The Council held preliminary discussions on a proposal for a Regulation fixing catch possibilities for 1989 for certain fish stocks and groups of fish stocks in the Regulatory Area as defined in the Convention on Future Multilateral Cooperation in the Northwest Atlantic Fisheries (the NAFO Convention).³

Norway and Sweden

2.1.242. On 25 November the annual trilateral consultations between the Community, Norway and Sweden ended with an agreement on the fishing rights and conditions applicable to all three parties in the Skagerrak and the Kattegat in 1989.

Iccat

2.1.243. The Community attended as an observer the sixth special session⁴ of the International Commission for the Conservation of Atlantic Tunas (Iccat), which was held in Madrid from 14 to 16 November. Having discussed the state of tuna stocks in the Atlantic and adjacent waters, Iccat found that no species was giving cause for

¹ COM(88) 641 final.

² OJ L 160, 20.6.1987; Bull. EC 10-1987, point 2.1.186.

³ COM(88) 642 final.

⁴ Previous meeting: Bull. EC 11-1986, point 2.1.218.

concern and extended the validity of the conservation measures currently in force. It expressed doubts, however, as to the reliability of the data used to assess the position in the Mediterranean. A research programme on North Atlantic albacore was launched.

NEAFC

2.1.244. The Community took part in the seventh annual meeting of the North-East Atlantic Fisheries Commission (NEAFC), which was held in London from 22 to 25 November.

Detailed discussions were held on the management of fish stocks in the international waters of the North-East Atlantic and in those national waters which fall within the jurisdiction of the NEAFC. It was decided that the next meeting should give consideration to management measures for 1990 and subsequent years. The NEAFC also advocated a TAC of 700 000 tonnes for blue whiting in 1990.

Markets and structures

Market organization

2.1.245. On 7 November the Council formally adopted Regulation (EEC) No 3468/88¹ amending Regulation (EEC) No 3796/81 of 29 December 1981 on the common organization of the market in fishery products² and Regulation (EEC) No 2658/87 of 23 July 1987 on the tariff and statistical nomenclature and on the Common Customs Tariff.³ These amendments follow from the joint position adopted in June.⁴

2.1.246. The Council reached agreement on the proposals⁵ for Regulations fixing, for 1989, the guide prices for the fishery products listed in Annex I(A), (D) and (E) and in Annex II to Regulation (EEC) No 3796/81 of 29 December 1981² and the producer price for tuna intended for the canning industry.

2.1.247. On 16 November the Commission adopted Regulation (EEC) No 3563/88 establishing a system of surveillance applicable to imports of frozen squid until the end of June 1989.⁶ Under this system the Commission will be able to intervene if there is any disturbance of the market in question.

2.1.248. On 30 November the Commission adopted, for transmission to the Council, a proposal⁷ for a Regulation amending Regulation (EEC) No 103/76 of 19 January 1976 laying down common marketing standards for certain fish or chilled fish.⁸ The purpose of the amendment is to improve the system adopted in 1976 by taking account of changes in production and marketing over recent years.

2.1.249. On 24 November the Economic and Social Committee adopted an opinion on the report concerning the situation on the market for sardines.⁹ The Committee, which shares the Commission's views on how to resolve the problems facing the Community on this market, called on the Commission to take further action, either within the existing framework or by adopting new measures.

Structures

2.1.250. On 24 November the Commission adopted Regulation (EEC) No 3798/88¹⁰ laying down detailed rules concerning follow-up reports on projects granted financial aid under Regulation (EEC) No 4028/86 of 18 December 1986 on Community measures to improve and adapt structures in the fisheries and aquaculture sector.¹¹

¹ OJ L 305, 10.11.1988.
² OJ L 379, 31.12.1981; Bull. EC 12-1981, point 2.1.140.
³ OJ L 256, 7.9.1987; Bull. EC 7/8-1987, point 2.1.80.
⁴ Bull. EC 6-1988, point 2.1.249.
⁵ Bull. EC 10-1988, point 2.1.173.
⁶ OJ L 311, 17.11.1988.
⁷ COM(88) 684.
⁸ OJ L 20, 28.1.1976.
⁹ Bull. EC 12-1987, point 2.1.253.
¹⁰ OJ L 339, 9.12.1988.
¹¹ OJ L 376, 31.12.1986; Bull. EC 12-1986, point 2.1.285.

Transport

Infrastructure

2.1.251. On 16 November Parliament adopted an opinion¹ endorsing the proposal for a Council Regulation for an action programme in the field of transport infrastructure with a view to the completion of an integrated transport market in 1992.²

2.1.252. On 23 November the Economic and Social Committee also adopted an opinion on this proposal, of which it approved both the principle and the objectives. It had, however, certain observations to make concerning the long-term aims: it called upon the Commission to devise a master plan taking into account the needs of current and future traffic, and the need to improve road safety and reduce the environmental impact.

Inland transport

Road transport

Access to the market

2.1.253. On 17 November Parliament adopted a resolution on the German Government's plan to introduce a road toll for lorries.¹ Parliament called upon the German Government to suspend this new legislation and called upon the Commission and the Council to do everything in their power to prevent the adoption of such an anti-European measure.

Taxation

2.1.254. On 24 November³ the Commission adopted, and on 2 December, transmitted to the Council, a communication on the introduction of the principle of territoriality for the charging of transport infrastructure costs to heavy goods vehicles. This commu-

nication follows a proposal for a Directive⁴ on this and examines the technical means enabling the application of the principle of charging, in anticipation of a detailed proposal from the Commission.

Technical aspects

Road safety

2.1.255. On 30 November the Commission adopted, for transmission to the Council, a proposal for a Directive relating to the maximum permitted blood alcohol concentration for vehicle drivers.⁵ This proposal, included in the undertakings made by the Commission in its report evaluating European Road Safety Year (1986),⁶ is intended to impose by 1 January 1993 a maximum alcohol concentration of 0.5 mg/ml for all the Community's drivers and to increase road safety, whilst allowing the Member States sufficient time to ensure the effective implementation of this measure.

2.1.256. On the same day it adopted a proposal for a Directive relating to the mutual recognition of European driving licences (→ point 2.1.7).

Social conditions

2.1.257. On 23 November⁷ the Council adopted, on a proposal from the Commission,⁸ and after consultation with Parliament,¹ a Directive on standard procedures for the implementation of EEC Regulations Nos 3820/85 and 3821/85 of 20 December 1985,⁹ relating to the harmonization of certain social legislation in the area of road transport, and to recording equipment. This

¹ OJ C 326, 19.12.1988.

² OJ C 270, 19.10.1988; Bull. EC 6-1988, point 2.1.254.

³ COM(88) 683 final.

⁴ OJ C 79, 26.3.1988; Bull. EC 12-1987, point 2.1.275.

⁵ COM(88) 707 final.

⁶ Bull. EC 4-1988, point 2.1.181.

⁷ OJ L 325, 29.11.1988.

⁸ OJ C 116, 3.5.1988; Bull. EC 2-1988, point 2.1.160.

⁹ OJ L 370, 31.12.1985; Bull. EC 12-1985, point 2.1.214.

Directive defines what is to be checked, lays down minimum quantitative criteria for the number of discs to be checked and provides for compulsory exchanges of information between Member States.

2.1.258. On 16 November¹ Parliament adopted an opinion approving, with certain amendments, the proposal² for a Directive³ concerning standard checking procedures for these two Regulations. The principal amendments were on the checking of the total service time, the harmonization of Community legislation with the provisions of the AETR and the strict monitoring of driving hours, breaks and rest periods.

Inland waterways

2.1.259. On 16 November Parliament adopted an opinion¹ approving, with certain amendments, the proposal for a Regulation⁴ on structural improvements in inland waterway transport. It asked that the prefinancing of the restructuring, by the Member States concerned, with reimbursable loans be compulsory rather than optional. Other amendments were intended to define more precisely terms such as 'active fleet' and 'vessels under construction'.

Shipping

2.1.260. On 16 November Parliament adopted a resolution on a European port policy.¹ Parliament considered that the creation of a single internal market would heighten competition between European seaports. It called on the Commission to pay greater attention to them and to insist upon the necessity of eliminating distortions in competition and, in particular, to harmonize taxation. It also formulated a series of recommendations in the areas of international shipping and maritime social policy.

Multimodal transport

2.1.261. On 16 November Parliament adopted an opinion on a proposal amending

EEC Regulation No 1107/70⁵ of 4 June 1970,⁶ on the granting of aid for transport by rail, road and inland waterways. It approved the proposal, asking that aid towards running costs, as specified in the proposal, be granted by Member States only with the assent of the Commission. Furthermore, it requested that the proposed aid rules be re-examined in 1992.

International cooperation

2.1.262. On 24 November⁷ the Commission adopted, and on 1 December transmitted to the Council, a supplement to its proposal for a Decision⁸ concerning the conclusion of an Agreement between the Community, Finland, Norway, Switzerland, Sweden and Yugoslavia on the International Combined (Road/Rail) Transport of Goods. This proposal includes a revised version of the list of stations.

2.1.263. On 16 November¹ Parliament adopted a resolution on the Community's relations with certain non-member countries in the transport sector. The resolution is concerned with problems of Community transit through Austria, Switzerland and Yugoslavia and relates to the negotiations of 7 December 1987⁹ between the Community and these three countries to seek a lasting solution to these difficulties.

Parliament welcomed the fact that the Council had given the Commission the first mandate to conduct these negotiations, but regretted the limited scope of this mandate. The second mandate should be broader, Parliament believing the following objectives of the negotiations to be most impor-

¹ OJ C 326, 19.12.1988.

² OJ C 116, 3.5.1988; Bull. EC 2-1988, point 2.1.160.

³ OJ L 370, 31.12.1985; Bull. EC 12-1985, point 2.1.214.

⁴ OJ C 297, 22.11.1988; Bull. EC 5-1988, point 2.1.189.

⁵ OJ C 113, 29.4.1988; Bull. EC 3-1988, point 2.1.194.

⁶ OJ L 130, 15.6.1970; OJ L 184, 29.6.1982; Bull. EC 6-1982, point 2.1.145.

⁷ COM(88) 665 final.

⁸ Bull. EC 4-1988, point 2.1.83.

⁹ Bull. EC 12-1987, point 2.1.283; Bull. EC 10-1988, point 2.1.190.

tant: with Austria the development of combined transport and, in the longer term, agreement on a new route through the Alps and the allocation of infrastructure costs; with Switzerland, coordination in the combined transport sector, and in the long term agreement on plans for a new route across the Alps, agreement on an efficient transit corridor enabling lorries conforming to Community standards to cross this country and counter-action, on the basis of reciprocity and, as soon as possible, to the ban imposed by the Swiss on lorries over 28 tonnes; with Yugoslavia interest rebates on loans from the EIB for the development of transport infrastructure and in the long term the development of combined transport.

Parliament also called upon the Commission and the Member States concerned to enable a reasonable proportion of intra-Community transalpine road traffic to be routed directly, without transit through a non-member country, by creating an unbroken motorway link of adequate capacity between the Benelux countries and Italy through France.

2.1.264. Furthermore, the Economic and Social Committee adopted on 24 November a supplement to its opinion¹ on Community traffic in transit through Switzerland, Austria and Yugoslavia. The Committee shares the position of the Commission in the negotiations with these countries² and wishes to be kept informed of their progress.

Energy³

Formulating and implementing a Community energy policy

Internal energy market

2.1.265. On 8 November the Council debated in depth the implementation of the internal energy market. Emphasizing the

importance of the Commission's working paper,⁴ the Council accepted the Commission's overall approach advocating progress in all areas of activity to achieve the internal energy market. The Council arrived at the following conclusions:

'The internal energy market should contribute to establishing the large market of 1992 and to strengthening the achievements of the Community energy policy. It should also help to strengthen the competitiveness of the European economy and the development of the Community.

The creation of an internal energy market should have beneficial consequences for consumers in the Community and for the competitiveness of its industries; it should also be an important factor in the Community's security of energy supplies; it should pave the way for increased trade in energy between Member States; it should enhance solidarity between the Member States; and it should improve the ability of undertakings to adapt and develop.

The achievement of a satisfactory balance between energy and the environment — in accordance with the Single Act — must constitute a major goal of the Community's work.

The internal energy market also depends on the development of efficient energy infrastructures. In striving to achieve this development, account must be taken of the objective of economic and social cohesion as defined in the Single Act, as well as of the specific characteristics of the regions, notably those at the periphery of the Community. Efforts in that direction must be supported by available Community financing instruments.

The development and dissemination of new energy technologies is of capital importance in reducing the Community's energy dependence. ...'

2.1.266. In the light of these conclusions, the Commission's programme for 1989 should comprise the following main points:

- (i) *beginning of 1989*: proposals on the transparency of energy prices for major consumers of gas and electricity;
- (ii) *mid-1989*: systematic overall report on energy and the environment;

¹ OJ C 134, 24.5.1988; Bull. EC 3-1988, point 2.4.39.

² Bull. EC 10-1988, point 2.1.190.

³ For energy research see 'Research and technology'.

⁴ Bull. EC 4-1988, points 1.1.1 to 1.1.13.

(iii) *during 1989*: action to remove barriers to transfrontier trade in electricity; report on the advantage of common carrier systems for increasing trade in gas and electricity;

(iv) *end of 1989*: report on the problems involved in energy infrastructures; overall report on progress with regard to the internal energy market.

Community energy objectives for 1995

2.1.267. In accordance with its resolution of 16 September 1986¹ and on the basis of a communication from the Commission² the Council re-examined³ the Member States' energy policies and their convergence in the light of the Community energy policy objectives for 1995. The conclusions adopted by the Council cover both the general problems of the energy sector and matters relating to the various sectoral objectives. The Council supports efforts to restructure the energy sector towards the rational use of energy and the diversification of sources of energy and of supply. It attributes particular importance to new and renewable energy sources in the Community, and to the promotion of technological innovation and a search for balanced solutions as regards energy and the environment. The Council also reaffirms the usefulness of development in the energy sector of the Community's external relations by virtue of a coordinated approach, on the basis of regular consultations between Member States and the Commission.

Specific matters

Solid fuels

2.1.268. On 18 November the Commission sent the Council a memorandum on the financial aid granted by Spain and Portugal to their coal industries in 1986.

Oil and gas

2.1.269. On 23 November the Commission approved⁴ a draft proposal for a Council Regulation amending Regulations (EEC) No 1893/79 of 28 August 1979⁵ and (EEC) No 2592/79 of 24 November 1979⁶ introducing registration for crude oil imports in the Community. The intention is to renew the system of registration of crude oil imports for a period of three years from 31 December 1988 in order to monitor oil market prices.

2.1.270. On 25 November,⁷ under Council Regulation (EEC) No 3640/84 of 20 December 1985⁸ on the promotion of demonstration projects and industrial pilot projects in the energy field, the Commission published an invitation to submit applications for financial support for energy demonstration projects by 14 April 1989.

Electricity

2.1.271. On 8 November⁹ the Council adopted, on a proposal from the Commission,¹⁰ and after receiving the opinions of Parliament¹¹ and the Economic and Social Committee,¹² a recommendation to the Member States concerning the development of private generation of electricity from renewable sources of energy, energy generated from waste and combined heat and power generation, through cooperation between public utilities and private electricity generators.

¹ OJ C 241, 25.9.1986; Bull. EC 9-1986, point 2.1.154.

² Bull. EC 3-1988, point 2.1.198.

³ Bull. EC 6-1988, point 2.1.269.

⁴ COM(88) 649.

⁵ OJ L 220, 30.8.1979; Bull. EC 7/8-1979, point 2.1.198.

⁶ OJ L 297, 24.11.1979; Bull. EC 11-1979, point 2.1.102.

⁷ OJ C 300, 25.11.1988.

⁸ OJ L 350, 27.12.1985; Bull. EC 12-1985, point 2.1.221.

⁹ OJ L 335, 7.12.1988.

¹⁰ OJ C 172, 1.7.1988; Bull. EC 4-1988, point 2.1.188.

¹¹ OJ C 235, 12.9.1988; Bull. EC 7/8-1988, point 2.1.237.

¹² Bull. EC 10-1988, point 2.1.198.

Energy saving and alternative sources of energy

2.1.272. On 23 November, in accordance with Council Regulation (EEC) No 3640/85 of 20 December 1985¹ on the promotion of demonstration projects and industrial pilot projects in the energy field, the Commission decided to grant financial support totalling ECU 61 million to 61 projects concerning energy saving, 102 projects concerning alternative energy sources and nine projects concerning the substitution of electricity and heat for oil and natural gas.

Nuclear safety

Radiation protection

Basic standards

2.1.273. After consulting the group of experts referred to in Article 31 Euratom,² the Commission adopted, on 30 November,³ a communication to the Council proposing to add limit values for feedingstuffs to the Annex to Regulation (Euratom) No 3954/87 of 22 December 1987⁴ laying down maximum permitted

levels of radioactive contamination of foodstuffs and feedingstuffs following a nuclear accident or any other case of radiological emergency.

2.1.274. The Commission held an international seminar in Luxembourg from 28 to 30 November on radiation protection training and information for workers. The seminar forms part of the Commission's efforts to ensure uniform application of Council Directives 80/836/Euratom of 15 July 1980⁵ and 84/467/Euratom of 3 September 1984⁶ laying down the basic standards for the protection of the health of the general public and workers against the dangers arising from ionizing radiation. The need to harmonize basic training in radiation protection in the run-up to 1992 was particularly underlined. In view of the increasing diversification of activities involving the use of radioactive substances, the Commission was asked to step up its efforts to ensure that all workers exposed to ionizing radiation receive appropriate information and training.

¹ OJ C 300, 25.11.1988.

² Bull. EC 10-1988, point 2.1.201.

³ COM(88) 709.

⁴ OJ L 371, 30.12.1987; Bull. EC 12-1987, point 2.1.288.

⁵ OJ L 246, 17.9.1980.

⁶ OJ L 265, 5.10.1984; Bull. EC 9-1984, point 2.1.55.

2. External relations

Uruguay Round

Mid-term review

2.2.1. In preparation for the ministerial meeting in Montreal (the mid-term review) in December, the Council held a general exchange of views on 21 and 22 November on the prospects for the mid-term review and for the negotiations as a whole. It noted that one of the aims of the work to achieve the single market of 1992 coincided with the objective of the Uruguay Round, namely to strengthen and maintain the multilateral trading system.

Following the discussions, the President of the Council drew the following conclusions:

(i) the Council had been informed by the Commission of the current state of preparation and of the prospects for the Uruguay Round negotiations both at the mid-term review and afterwards;

(ii) the Council noted that the mid-term review was of importance for progress in the negotiations, was an intermediate step towards a successful outcome for the negotiations in 1990, and was based on the concept of globality set out in the Punta del Este Declaration;¹

(iii) the Council welcomed the Commission's communication of 10 November 1988—'The Uruguay Round mid-term review'—which it considered gave the necessary general guidelines for a Community position at the Montreal meeting within the overall approach adopted by the Community;

(iv) the Council recognized the importance for the Community of strengthening and modernizing the open multilateral trading system and the institution of GATT itself, of the integration into the system of non-traditional sectors, and of the fullest participation therein of all Contracting Parties, in accordance with their level of development;

(v) the Council concurred with the recommendation adopted at the Council meeting on agriculture on 14 November regarding the mid-term review (→ point 2.2.2);

(vi) the Council underlined the importance, for the negotiation and effective implementation of the results of the Uruguay Round, of further improvement to the monetary and financial environment;

(vii) the Council urged all participants, during the remainder of the negotiations, to avoid undertaking action which might endanger effective implementation of their standstill commitment, and to ensure more effective implementation of their rollback commitment;

(viii) the Council expected that the Community would endeavour to get results from the Montreal meeting in accordance with the guidelines already agreed upon. The Community would on this basis be in a position to play an active role in the promotion of common bases to facilitate the future negotiating process, including, where appropriate, decisions on the provisional implementation of specific measures.'

2.2.2. At the same meeting, the Council confirmed the following recommendation on the agriculture part of the multilateral trade negotiations within GATT which was adopted at the Council meeting on agriculture on 14 November:

'The mid-term review to be conducted in Montreal at the beginning of December is important for the continuation of negotiations but is only an intermediate stage on the way to completion of the negotiations in 1990. Although recognizing that the agricultural sector plays an important role in the negotiations, the Council would point out that the Punta del Este Declaration enshrines the principle of the global nature of the negotiations.¹

The Council would also point out that the Community, in spite of the diversity of its agricultural structures, has taken major steps to adapt the CAP. These steps have already had a favourable effect on world prices. There is, therefore, every reason for the Community to play an active part during the mid-term review.

More specifically, the Council is insistent that the Community remain faithful to the Declaration adopted at Punta del Este and to its proposal, as well as to the various positions adopted at Geneva. The Community should therefore continue to distinguish between the short term and the long term.

The short term should involve a freeze on support, measured in accordance with the Community proposal, and a reduction to be defined. This approach would enable the adjustments to the CAP in recent years to be capitalized internationally. With regard to the long term, the Council confirms the Community's position that this should encompass a reduction of support significantly affecting inter-

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

national trade in agricultural products, together with the adjustment of protection, a strengthening of the GATT rules and the minimizing of the adverse effect of the health and plant health regulations on trade in agricultural products.

Such measures are in any case conditional on balanced commitments by all parties to the GATT negotiations.

Throughout the negotiations, the Community has taken into account the interests of developing countries, whether net exporters or net importers. The Community will need to continue this approach in the future.

The Council therefore agrees on the prospects outlined in the memorandum on agriculture contained in the communication to the Council, while leaving the Commission some room for manoeuvre in Montreal. The Community will thus be able to speak with one voice, which is vital for the success of the meeting.'

2.2.3. On 18 November Parliament adopted a resolution on the stage reached in the Uruguay Round multilateral trade negotiations.¹ It considered the general progress so far to be favourable, welcomed the Commission's contribution and drew attention to the global nature of the negotiations, the connection between the world trade system and the world monetary system as the mainstays of an international economic order and the priority nature of the negotiations on tropical products. Parliament considered that the current GATT rules should be adapted, but warned against relaxing them too far. It stressed the responsibility of the industrialized countries and the lack of progress regarding the developing countries. It also advocated a substantial, linear and simultaneous reduction in customs duties and called for a revision of the code of conduct on non-tariff barriers and of the anti-subsidy and anti-dumping codes of conduct. It considered that clear agreements must be concluded on production, exports and imports of the major agricultural products so as to achieve a better equilibrium in the world markets concerned.

Parliament was of the view that on the expiry of the Multifibre Arrangement (MFA) a transitional solution should be found for trade in textiles and clothing,

leading to its eventual inclusion within the scope of the GATT rules, but did not rule out a renewal of the MFA if accompanied by certain improvements. It expected that the Ministers meeting in Montreal would reach an agreement on the principles of a common position on trade in services and proposed that a single general code on the sector be prepared. Finally, Parliament welcomed the Commission's detailed proposal on the worldwide protection of intellectual property.²

Meetings of negotiating groups

Goods

2.2.4. At its meeting of 16 to 21 November the Group discussed a comprehensive report prepared for the Trade Negotiations Committee, consolidating the discussions of all 14 negotiating groups of the Uruguay Round.³

Subsidies and countervailing measures

2.2.5. At its meeting in Geneva on 10 and 11 November the Group reached an agreement on a negotiating framework to ensure the smooth progress of negotiations to improve GATT discipline regarding all subsidies and countervailing measures affecting international trade.

Disputes settlement

2.2.6. The Group met from 14 to 16 November in Geneva and agreed on the formulation of a proposal on improvements to the GATT disputes settlement procedures, to be examined and approved by the Ministers in Montreal and applied on a trial basis from January 1989.⁴

¹ OJ C 326, 19.12.1988.

² Bull. EC 7/8-1988, point 2.2.2.

³ Previous meeting: Bull. EC 2-1988, point 2.2.3.

⁴ Previous meeting: Bull. EC 9-1988, point 2.2.1.

Commercial policy

Implementing the common commercial policy

Commercial policy instruments

Easing of restrictive measures

2.2.7. Under the Council Regulation of 14 November 1983 on import arrangements for products originating in State-trading

countries, not liberalized at Community level,¹ the Commission adopted decisions on quotas and the abolition of quantitative restrictions on the release for free circulation of various products.²

Trade protection

2.2.8. Trade protection measures taken in November are shown in Table 3.

¹ OJ L 346, 8.12.1983.

² OJ C 287, 11.11.1988; OJ C 301, 26.11.1988; OJ C 312, 7.12.1988.

Table 3 — 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>Definitive anti-dumping duty on imports of:</i>
Serial-impact dot matrix printers originating in Japan OJ L 317, 24.12.1988 (provisional duty: OJ L 130, 26.5.1988)	Certain iron or steel sections originating in Yugoslavia or Turkey OJ L 313, 19.11.1988 (provisional duty: OJ L 190, 21.7.1988)
<i>Extension of provisional anti-dumping duty on imports of:</i>	<i>Extension of anti-dumping proceeding</i>
Serial-impact fully formed character printers originating in Japan OJ L 302, 5.11.1988 (provisional duty: OJ L 177, 8.12.1988)	Concerning imports of small-screen colour television receivers originating in the Republic of Korea to include imports of this product originating in Hong Kong and the People's Republic of China OJ C 288, 12.11.1988 (anti-dumping proceeding: OJ C 44, 17.2.1988)
Copper sulphate originating in Bulgaria or the Soviet Union OJ L 326, 30.11.1988 (provisional duty: OJ L 205, 30.7.1988)	<i>Amendment of anti-dumping proceeding</i>
<i>Repeal of Decision 87/104/EEC of 9 February 1987 accepting an undertaking concerning imports of:</i>	Regulation (EEC) No 3052/88 of 4 October 1988 imposing a provisional anti-dumping duty on imports of paint, distemper, varnish and similar brushes originating in the People's Republic of China OJ L 303, 8.11.1988 (provisional anti-dumping duty: OJ L 272, 4.10.1988)
Paint, distemper, varnish and similar brushes originating in the People's Republic of China OJ L 312, 18.11.1988 (acceptance of undertaking: OJ L 46, 14.2.1987)	Acceptance of undertakings concerning imports: Iron or steel sections originating in Yugoslavia or Turkey OJ L 313, 19.11.1988
	<i>Extension of temporary measures for prior Community surveillance concerning imports of:</i>
	Certain products originating in Japan OJ L 301, 4.11.1988 (temporary measures: OJ L 117, 5.5.1987; OJ L 309, 31.10.1987; OJ L 125, 19.5.1988)
	<i>Impending expiry of certain anti-dumping measures</i> OJ C 304, 29.11.1988

Export credits

2.2.9. On 30 November the Commission sent the Council a proposal for a Council Decision concerning an amendment to the OECD understanding on Export Credits for Ships.¹ (→ point 2.1.46).

Individual sectors

Iron and steel products

Agreements and arrangements with non-Community countries

2.2.10. On 29 November the Commission forwarded to the Council a communication on the negotiation of the 1989 arrangements for steel imports originating in certain non-member countries. It proposed that the voluntary restraint arrangements concluded in 1988 should be renewed in 1989.²

Relations with industrialized countries

United States of America

2.2.11. At its meeting on 21 and 22 November the Council took note of the situation regarding the application from 1 January 1989 of the Council Directive of 31 December 1985 on the use of hormones in stockfarming.³ As restrictive US measures based on the Trade Act would constitute a violation of GATT rules, the Council decided to refer the matter to GATT and approved a draft notification to GATT for the purpose.⁴ It agreed to the principle of Community countermeasures, should the United States implement unilateral measures, while encouraging the Commission to continue talks with the US authorities with the aim of finding a satisfactory solution to the dispute under existing rules.

2.2.12. Earlier, Mr Clayton Yeutter, the United States Trade Representative, and Mr

Richard Lyng, the US Secretary of Agriculture, met Mr Frans Andriessen and Mr Willy De Clercq. They reviewed a number of outstanding bilateral issues as well as multilateral questions of common interest. The differences over the Community Directive on hormones were discussed at length, but virtually no progress was made.

Japan

2.2.13. Mr Karl-Heinz Narjes visited Japan on 14 and 15 November for the third Community-Japan Forum, which brought together in Tokyo the Commission and the representatives of Japanese employers (Keidanren) and European employers (Unice). At this meeting, which was also attended by the Japanese Foreign Minister, Mr S. Uno, Mr Narjes stressed the need for the Community and Japan to manage their relations responsibly and to strengthen their links to take account of the ever-increasing importance of the two partners to each other. Mr Narjes also met a number of leading politicians, including his counterpart, Mr H. Tamura, Minister for International Trade and Industry, with whom he discussed the programme for unifying the Community market and matters connected with industrial cooperation between the Community and Japan.

European Free Trade Association

2.2.14. On 29 November the Commission sent to the Council a report, which had been requested in January, on strengthening cooperation between the Community and EFTA, particularly with respect to economic and social cohesion. The report suggested a number of possible measures which could be taken in the context of such cooperation, with specific reference to the Community's less-favoured regions.

¹ Bull. EC 3-1988, point 2.1.34.

² Bull. EC 2-1988, point 2.2.12.

³ OJ L 382, 31.12.1985; Bull. EC 12-1985, point 2.1.173; OJ L 339, 1.12.1987; Bull. EC 11-1987, point 2.1.209.

⁴ Bull. EC 7/8-1988, points 2.2.20 and 3.6.1 *et seq.*

2.2.15. On 29 November Mr Willy De Clercq attended the ministerial meeting in Geneva between the Commission and EFTA Ministers.¹ Reviewing developments in cooperation between the Community and EFTA since the 1984 Luxembourg Declaration,² which launched cooperation beyond the Free Trade Agreements concluded in 1972³ and 1973,⁴ Mr De Clercq and the EFTA Ministers noted with satisfaction the significant results achieved. They reaffirmed their determination to strengthen cooperation still further in the years to come.

Finland

2.2.16. The first consultation at ministerial level to be held with Finland took place in Brussels on 4 November. Mr P. Salolainen, the Finnish Foreign Trade Minister, and Mr De Clercq looked at the prospects for EC-EFTA cooperation since the ministerial meeting at Tampere (Finland) in June,⁵ in preparation for the ministerial meeting on 29 November referred to above (→ point 2.2.15). As regards bilateral issues, they discussed the recent debate on the Finnish Government's report concerning the consequences for Finland of integration in Western Europe, and also the possibility of opening a Commission delegation in Helsinki.

Relations with other countries and regions

Mediterranean countries

Cyprus

2.2.17. Mr G. Vassiliou, the President of Cyprus, was in Brussels for an official visit on 14 November. During his talks with Mr Delors and Mr Cheysson the various aspects of bilateral relations were examined. Mr Vassiliou drew particular attention to the *rapprochement* between the Community and Cyprus as a result of implementation

of the second stage⁶ of the Association Agreement.⁷

2.2.18. The 12th meeting of the EEC-Cyprus Association Council was held in Brussels on 21 November.⁸ The situation regarding financial and trade cooperation was examined, with particular emphasis being laid on the problems concerning the second stage of the Agreement aimed at achieving customs union.⁶

Yugoslavia

2.2.19. On 28 November⁹ the Commission presented to the Council a recommendation for a Decision on the opening of negotiations with Yugoslavia with a view to determining the trade arrangements to be applied after the expiry of the first stage provided for by the Agreement between the Member States of the ECSC and Yugoslavia.¹⁰ It also presented a proposal for a Decision by the representatives of the Governments of the Member States of the ECSC, meeting within the Council, extending the arrangements applicable to trade with Yugoslavia in products covered by the ECSC Treaty.

Egypt

2.2.20. Mr Cheysson paid an official visit to Egypt from 11 to 13 November. He was received by the President, Mr Mubarak, and by the Ministers concerned with bilateral cooperation. The exchanges of views concerned mainly the political problems in the Middle East.

¹ Previous meeting: Bull. EC 6-1988, point 2.2.24.

² Bull. EC 4-1984, point 1.2.1 *et seq.*

³ OJ L 300, 31.12.1972.

⁴ OJ L 328, 28.11.1973.

⁵ Bull. EC 6-1986, point 2.2.24.

⁶ OJ L 393, 31.12.1987; Bull. EC 12-1987, point 2.2.24.

⁷ OJ L 133, 21.5.1973.

⁸ Previous meeting: Bull. EC 12-1986, point 2.2.20.

⁹ COM(88) 667 final.

¹⁰ OJ L 41, 14.2.1983; Bull. EC 1-1983, point 2.2.21.

Syria

2.2.21. On 21 November¹ the Council, acting on a proposal from the Commission,² and with Parliament's assent,³ adopted Decision 88/598/EEC concerning the conclusion of an Additional Protocol to the Cooperation Agreement between the Community and Syria.⁴ The Protocol includes measures to enable traditional agricultural exports from Syria to the Community to be maintained.

Israel

2.2.22. On 21 November¹ the Council, acting on a proposal from the Commission,⁵ and with the Parliament's assent,⁶ also adopted Decision 88/596/EEC concerning the conclusion of the fourth Additional Protocol to the Agreement between the Community and Israel.⁷ On the same date¹ the Council, acting on a proposal from the Commission,⁸ and with Parliament's assent,⁶ adopted Decision 88/597/EEC on the conclusion of the third Protocol on financial cooperation between the Community and Israel.

Asia**Indonesia**

2.2.23. Mr Cheysson paid an official visit to Indonesia from 4 to 6 November at the invitation of Mr Ali Alatas, Indonesia's Foreign Minister. Mr Cheysson was received by the President, Mr Suharto, and by a number of members of the Government, and also met other political figures. The talks focused in particular on the region's political problems and the world economic situation; the possible consequences of the single market for South-East Asia and the prospects for industrial cooperation were also discussed. Of the countries belonging to the Association of South-East Asian Nations (Asean), Indonesia is one of the main beneficiaries of development cooperation, and in this connection financing conventions were signed for two development

projects concerning fisheries and milk production.

Singapore

2.2.24. The Community took part in Medic Asia 88, the specialized trade fair dealing with hospital and medical equipment held in Singapore from 9 to 12 November. Some 40 firms from nine Member States were represented in the Community pavillon, thereby illustrating the importance of the Community's medical equipment industry. A Commission stand provided information on concerted action under the Community's medical programme⁹ and documentation on the 'Europe against cancer' programme.¹⁰

Latin America**Andean Group**

2.2.25. On 18 November Parliament adopted a resolution on economic and trade relations between the Community and the Andean Group countries.¹¹ Parliament emphasized the need to strengthen these relations and develop cooperation on the basis of the cooperation agreement between the Community and the Andean Group countries, which entered into force on 1 February 1987.¹²

Central America

2.2.26. A meeting was held in Guatemala from 23 to 25 November of the subcommit-

¹ OJ L 327, 30.11.1988.

² Bull. EC 3-1988, point 2.2.28.

³ OJ C 290, 14.11.1988; Bull. EC 10-1988, point 2.2.32.

⁴ OJ L 269, 27.9.1978.

⁵ OJ C 104, 21.4.1987; Bull. EC 1-1987, point 2.2.11.

⁶ OJ C 290, 14.11.1988; Bull. EC 10-1988, point 2.2.33.

⁷ OJ L 136, 28.5.1975.

⁸ Bull. EC 7/8-1987, point 2.2.30.

⁹ OJ L 334, 24.11.1987; Bull. EC 11-1987, point 2.1.62.

¹⁰ OJ C 50, 26.2.1987; Bull. EC 12-1986, point 1.4.1 *et seq.*

¹¹ OJ C 326, 19.12.1988.

¹² OJ L 153, 8.6.1984; Bull. EC 6-1984, point 2.2.36; Bull. EC 1-1987, point 2.2.19.

tees on projects and on commodities and trade which were set up under the Joint Committee provided for by the Community-Central America Cooperation Agreement.¹

The projects subcommittee discussed the Community's future programme of technical and financial assistance to Central America. The regional cooperation activities now in progress were also examined, and particular reference was made to the Community's special effort in 1988 as regards food aid and assistance for refugees.

A wide-ranging exchange of views was held within the subcommittee on commodities and trade on the trend of Central American exports to the Community, in particular coffee and banana exports, which account for 70% of the region's total exports to the Community. The two sides noted that access to the Community market for those products depended largely on the operation of the international commodity markets. Since exports are concentrated on such a small number of products, it was agreed that a special effort should be made to diversify and that the Community could help through its trade promotion activities.

Argentina

2.2.27. High-level consultations were held between the Commission and Argentina in Brussels on 14 and 15 November.

In a general look at the international economic situation, Argentina raised the problem of the external debt affecting its economic and social development. It underlined the need for new approaches in order to find an appropriate solution. The Commission set out the main features of the Community's policy towards Latin America and described the process which will lead to the single market in 1992.

Looking at bilateral relations, the two sides examined developments in trade and the Argentine delegation stressed the particular problems being encountered in the agricultural sector. The Commission again voiced

its support for the efforts to diversify and liberalize Argentina's external trade.

The two delegations examined the cooperation projects under way in the fields of trade promotion, science and technology, energy, training and drug control. The following priority areas were singled out for future cooperation: biotechnology, environment, natural resources and the metallurgical industry.

Both sides underlined how the regional integration movement started by Argentina and the other democracies in Southern America was important for economic development.

State-trading countries

Romania

2.2.28. The eighth meeting² of the Joint Committee set up under the EEC-Romania Agreement of 1980³ was held in Bucharest on 21 and 22 November.

The discussions focused on the development of relations and the pattern of trade between the two sides, in particular the sharp drop of 34% in Community exports to Romania in 1987. The Community delegation expressed its concern at this unfavourable trend and said it hoped that balanced trade would be resumed. The Romanian delegation explained that the present imbalance was the result of the policy being implemented by Romania with the aim of rapidly repaying its debts.

Hungary

2.2.29. On 21 November⁴ the Council, acting on a proposal from the Commission,⁵ after Parliament had given its

¹ OJ L 172, 30.6.1986; OJ L 58, 28.2.1987; Bull. EC 2-1987, point 2.2.17.

² Previous meeting: Bull. EC 1-1988, point 2.2.18.

³ OJ L 352, 24.12.1980; Bull. EC 7/8-1980, point 1.4.1. *et seq.*

⁴ OJ L 327, 30.11.1988.

⁵ OJ C 271, 20.10.1988.

opinion,¹ formally adopted Decision 88/595/EEC concerning the conclusion of an Agreement between the Community and Hungary on trade and commercial and economic cooperation. The Agreement, which was initialled in June,² was signed on 26 September.³

Development

North-South relations

Cooperation in international forums

United Nations Food and Agriculture Organization (FAO)

2.2.30. The main topics at the 92nd session of the FAO Council⁴ in Rome from 15 to 25 November were the world food and agricultural situation, the problems arising from delays in payments from the member states of the Organization and the setting-up of a group of 13 'wise men' with the task of presenting proposals for reform of the FAO to its next conference in November 1989.

ACP-EEC Convention

Renewal of the Convention

2.2.31. The central negotiating group set up by decision of the ministerial conference in Luxembourg on 12 and 13 October⁵ met three times in November. After discussing various procedural questions, the group looked at the different areas of negotiation, with the ACP States stressing from the outset the importance which they attach to trade cooperation.

Aid for long-term projects

2.2.32. The Commission approved aid of ECU 745 000 to support a resettlement programme for Mozambican refugees in Malawi and Zimbabwe. Implemented by

International Workers Aid, a German NGO, the aim of the programme is to improve infrastructure to ease the return of 1 720 families to Tete province.

Generalized tariff preferences

Scheme proposed for 1989

2.2.33. At its meeting on 21 and 22 November⁶ the Council, acting on a proposal from the Commission⁷ and having received the opinion of Parliament⁸ and of the Economic and Social Committee⁹ agreed on the essential features of the generalized tariff preferences scheme for 1989.

In the industrial sector, most of the preferential amounts are to be considerably increased as a result of their revaluation in accordance with import figures (or consumption in the case of chemicals) as compared with 1987 levels. The number of sensitive products remains stable, while the policy of greater differentiation, introduced in 1986,¹⁰ continues with six additional exclusions and the reduction of 12 quotas to 50% of their 1988 amounts. The reference basis for non-sensitive products is now 6% of the value of 1987 imports, or 2% in exceptional cases. The provisions covering ECSC products are maintained with the preferential offer unchanged.

As regards textile products covered by the Multifibre Arrangement, the measures adopted in 1987¹¹ come into full operation. This means a very substantial increase in the overall offer, a fairer distribution of the advantages and the exclusion of a total of

¹ OJ C 309, 5.12.1988.

² Bull. EC 6-1988, point 2.2.43.

³ Bull. EC 9-1988, point 2.2.32.

⁴ Previous session: Bull. EC 6-1987, point 2.2.34.

⁵ Bull. EC 10-1988, points 1.3.1 to 1.3.4.

⁶ Previous discussion: Bull. EC 10-1988, point 2.2.49.

⁷ Bull. EC 6-1988, point 2.2.54.

⁸ OJ C 326, 19.12.1988.

⁹ Bull. EC 9-1988, point 2.4.43.

¹⁰ OJ L 352, 30.12.1985; Bull. EC 12-1985, point 2.3.37.

¹¹ OJ L 350, 12.12.1987; OJ L 367, 28.12.1987; Bull. EC 11-1987, point 2.2.42.

76 categories for five highly competitive suppliers. The arrangements for jute and coir are unaltered, but the policy of greater differentiation is extended to other textile products from more advanced countries whose average share of Community imports exceeded 20% over the 1983-85 period.

A new product (sweet-lime juice) is included in the agricultural scheme and the preferential margin on seven other products, including raw coffee, is improved.

Following the judgment of the Court of Justice in Case 51/87,¹ the Council has taken an important step towards Community management of quotas, which will be complete in 1990.

The suspension of preferences for South Korea is renewed, on unchanged terms.²

Commodities and world agreements

Coffee

2.2.34. On the basis of a recommendation from the Commission,³ the Council adopted conclusions at its meeting on 14 and 15 November concerning participation by the Community and its Member States in negotiations for a new international coffee agreement.⁴

2.2.35. The negotiating group set up to draw the new agreement met for the first time in London from 14 to 18 November.⁴

The Community presented a common negotiating position, based on the need to strike a balance between the rights and obligations of producers and consumers. This position is based on the principles of non-renewal of the 1983 Agreement,⁵ continuation of efforts to achieve an international agreement taking account of the aims of the previous Agreement, and incorporation of a number of amendments in the new agreement in accordance with past experience. In addition, the Community proposed the establishment of a global export quota, covering world imports of coffee by both

member States of the Agreement and non-members and including a system of compulsory verification, a quota allocation system taking account of the interests of both producers and consumers and a selective quota adjustment system aimed at improving the supply of the different types of coffee on the market.

The discussions, which failed to yield a compromise, centred on the first of these proposals and on the proposal from the producer countries to maintain the present system of quotas and to strengthen controls on exports to non-member countries.

Tin

2.2.36. On 28 November the Council approved the common position of the Community and its Member States concerning the negotiations for the setting-up of an international study group on tin.

2.2.37. The United Nations conference on tin was held in Geneva from 21 November to 2 December. The Community and the Member States took part in the work with the explicit aim of becoming members of the future study group. However, despite the progress made the negotiations did not reach a consensus on some essential points of the arrangements for the group (such as functions, contributions and status). The closing resolution nevertheless expressed determination to continue the negotiations and called for a new session of the conference in 1989.

Tropical timber

2.2.38. The Council of the International Tropical Timber Organization (ITTO) met in Yokohama from 9 to 16 November. It continued the discussion from its June meet-

¹ OJ C 284, 8.11.1988; Bull. EC 10-1988, point 2.4.48.

² OJ L 369, 29.12.1987; Bull. EC 12-1987, point 2.2.42; OJ L 40, 13.2.1988; Bull. EC 2-1988, point 2.2.14.

³ Bull. EC 10-1988, point 2.2.51.

⁴ Bull. EC 10-1988, point 2.2.50.

⁵ Bull. EC 6-1983, point 2.2.58; Bull. EC 9-1983, point 2.2.33.

ing,¹ on establishing criteria for its work and on realistic procedures for the project cycle, and adopted a method for bringing order to the presentation and examination of projects.

The Council also adopted the budget for 1989 and the statute of the Organization's staff regulations. However, the financial outlook for the ITTO is still causing concern. Voluntary contributions from the member countries to the special project account are still irregular, and there are considerable delays in contributions to the Organization's administrative budget.

Jute

2.2.39. At its 10th meeting in New Delhi from 4 to 8 November, the International Jute Council gave a first reading to the proposals from the members for a new agreement. The present Agreement, negotiated in 1982² and in force since January 1984,³ expires in January 1989. As the negotiations are expected to be completed in Dhaka in March 1989, the Council decided to extend the present Agreement by two years.

Campaign against hunger in the world

Support for food strategies

2.2.40. On 23 November the Council adopted a resolution on food security policy in sub-Saharan Africa.

Recalling its concern about the food situation in developing countries, the Council, drawing conclusions from experience gained under the third Lomé Convention,⁴ expressed concern at the decline in recent decades of the ability of a considerable number of countries in sub-Saharan Africa to feed their populations adequately. It stressed that establishing food security must form part of a consistent long-term development policy, based on scientific and technical research tailored to the needs of the countries concerned and including an environmental dimension. Achievement of this objective

depends on a stable and remunerative economic environment, based on a flexible and realistic approach to price policy and, where necessary, some degree of protection of the international market, an increase in urban earnings, cooperation between the private and public sectors in marketing, the development of decentralized storage capacities, improved market organization and greater competitiveness of export crops. Measures at the consumers' end are also necessary to encourage the consumption of local products, combat malnutrition in vulnerable groups and ensure that more attention is paid to food problems in the framework of general economic policy. The Council called on the Member States and the Commission to continue vigorously with their support for food security policies in sub-Saharan African countries, while ensuring that their measures are coordinated and consistent.

In particular, it called on the Commission to use for this purpose all the instruments available to it, especially the EDF national and regional indicative programmes, financial and technical cooperation, food aid and regional cooperation.

Food aid

2.2.41. On 17 November the Commission decided to allocate 2 500 tonnes of cereals to Egypt and 4 000 tonnes to Botswana under the 1987/88 budget, following the favourable opinion delivered by the Food Aid Committee.

2.2.42. In accordance with the provisions of Regulation (EEC) No 3972/86 of 22 December 1986 on food aid policy and food aid management,⁵ extended on 30 June 1988,⁶ the Commission approved emer-

¹ Bull. EC 6-1988, point 2.2.57.

² OJ L 185, 8.7.1983; Bull. EC 9-1982, point 2.2.17.

³ Bull. EC 1-1984, points 2.2.30 and 2.2.31.

⁴ OJ L 86, 31.3.1986; Bull. EC 11-1984, point 1.1.1 *et seq.*; Bull. EC 12-1984, point 1.5.1. *et seq.*; Bull. EC 4-1986, point 2.2.31.

⁵ OJ L 370, 30.12.1986; Bull. EC 12-1986, point 2.2.31.

⁶ OJ L 168, 1.7.1988; Bull. EC 6-1988, point 2.2.59.

gency food aid totalling ECU 1 690 000 for refugees in Africa. The aid, consisting of foodstuffs, will go to displaced persons in Angola, Burundian refugees in Rwanda and Mozambican refugees in Zimbabwe (→ point 2.2.43). It will be implemented by the World Food Programme.

Co-financing operations

2.2.43. In November the Commission decided to co-finance the following operations for the purchase of food products or seeds by international bodies and non-governmental organizations ¹ (Table 4).

Table 4 — *Co-financed food aid operations*

<i>(million ECU)</i>			
Organization	Recipient State	Community contribution	Product
Oxfam (UK)	Ethiopia (Tigre)	0.496	Sorghum
Oxfam (UK)	Ethiopia (Eritrea)	0.744	Lentils, soya oil
Oxfam (UK)	Ethiopia (Tigre)	0.750	Lentils, soya oil
Oxfam (UK)	Ethiopia (Eritrea)	0.750	Sorghum
Christian Aid	Afghanistan	0.750	Sugar, beans, ghee, wheat flour
World Food Programme (WFP)	Angola	0.572	Maize
World Food Programme (WFP)	Rwanda	0.320	Sorghum
World Food Programme (WFP)	Zimbabwe	0.750	Maize flour
Secours catholique	Senegal	0.261	Sorghum, millet, rice
Oxfam (UK)	Uganda	0.457	Soya oil

Emergency aid

Philippines

2.2.44. Following the major damage caused by Hurricane Ruby and in response to a direct appeal from the Philippine Government, the Commission approved on 8 November emergency aid of ECU 500 000 for the Philippines. The aid, to be implemented by the Danish and Philippine Red Cross Societies, is for the local purchase of foodstuffs, blankets and other basic necessities and to cover various expenses.

Central America

2.2.45. Following the disastrous effects of Hurricane Joan in Panama, Costa Rica and Nicaragua, and in response to the appeal for international aid from the governments of these countries, the Commission approved on 11 November three emergency aid operations costing ECU 140 000, 100 000 and 676 000 respectively, in addition to the aid already approved in October.² These funds are intended to

¹ OJ L 220, 11.8.1988; Bull. EC 7/8-1988, point 2.2.67.

² Bull. EC 10-1988, point 2.2.56.

finance programmes for immediate assistance being carried out by local and international humanitarian organizations.

China

2.2.46. Following the earthquake in the province of Yunnan and its tragic results, on 21 November the Commission approved emergency aid of ECU 500 000 for China. The funds are intended to finance, via the Chinese Government, a programme of immediate assistance including the purchase and distribution of basic necessities.

Afghanistan

2.2.47. On 30 November the Commission approved emergency aid of ECU 7 000 000 as part of an overall aid package of ECU 23.6 million for Afghan returnees and other victims of the conflict. This decision covers the financing of several operations, involving medical aid and infrastructure, being carried out by various organizations.

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2.2.48. On 17 November Parliament adopted a resolution on the damage caused by Hurricane Joan in Costa Rica and Nicaragua.¹ Expressing its solidarity with the victims of the disaster, Parliament welcomed the rapid response of the Commission (→ point 2.2.45) and called upon it to draw up a special emergency plan. Noting with satisfaction the preventive measures taken by the Nicaraguan authorities, Parliament requested that the report of the group of experts who were sent to Nicaragua should be made available to it as soon as possible.

Aid to promote self-sufficiency of refugee groups

2.2.49. The Commission approved financial support for four projects to aid refugees from Guatemala and Nicaragua. They are for repatriation and assistance for Guatemalan refugees returning from Mexico (ECU 1 250 000), a health programme for Guat-

emalan returnees and displaced persons in Ixcán (ECU 300 000), the organization of a conference on refugees in Central America (ECU 600 000) and repatriation and assistance for Nicaraguan refugees returning from Honduras and Costa Rica.

Special programme to aid certain highly indebted low-income countries in sub-Saharan Africa

2.2.50. At its meeting on 23 November the Council (Development Cooperation) held an exchange of views and information on the implementation by the Community and its Member States of the special programme² to help certain poor and heavily indebted countries in sub-Saharan Africa, and on the wider programme undertaken and coordinated by the World Bank.

At the close of the discussion the President noted that the Council attached great importance to the special programme, which was being implemented in a satisfactory manner. He also noted the importance of coordinating the various activities given that the Community contribution formed part of the wider action coordinated by the World Bank. In this connection emphasis was put in particular on the need for effective coordination of operations between the Community and the other international institutions which played a leading role in the dialogue on structural adjustment. The President also referred to the usefulness of regular exchanges of information between Member States and the Commission on action and measures taken by each of them to help the countries concerned, and of the strengthening of intra-Community coordination before the World Bank's six-monthly meetings or the *ad hoc* meetings it organized on individual countries. Finally, he stressed that experience gained with the implementation of this programme would be particu-

¹ OJ C 326, 19.12.1988.

² OJ C 348, 31.12.1987; Bull. EC 9-1987, points 1.4.1 to 1.4.4; Bull. EC 11-1987, point 2.2.36.

larly valuable in the discussions concerning support for structural adjustment during the current negotiations for the next ACP-EEC Convention.

Positive measures for victims of apartheid

2.2.51. At the beginning of November the Commission approved a new ECU 8.45 million contribution to finance 24 projects to help victims of apartheid. This decision is one of a series, totalling ECU 41 million for 178 projects, taken following the ministerial-level political cooperation meeting held in Luxembourg on 10 September 1985.¹

ACP protocols

Sugar

2.2.52. On 15 November the Council, acting on a recommendation from the Com-

mission,² authorized the latter to negotiate agreements on the guaranteed prices applicable during the 1988-89 delivery period to cane sugar from the ACP States referred to in Protocol 7 to the third ACP-EEC Convention,³ and from India.

Financial and technical cooperation

ACP States

2.2.53. In November the Commission allocated resources from the fifth and sixth EDFs totalling ECU 318 540 000 to finance projects, programmes and emergency aid operations administered by it (see Table 5).

¹ Bull. EC 9-1985, point 2.5.1.

² Bull. EC 10-1988, point 2.2.63.

³ OJ L 86, 31.1.1986; Bull. EC 11-1984, point 1.1.1 *et seq.*; Bull. EC 12-1984, point 1.5.1 *et seq.*; Bull. EC 4-1986, point 2.2.31.

Table 5 — *Financing of operations under the fifth and sixth EDFs*

Sector/country	Project/programme	Amount	
		Grants	Loans
<i>(million ECU)</i>			
<i>Economic infrastructure</i>			
Burkina Faso	Ouagadougou-Kaya railway	1.70	
<i>Rural production</i>			
Papua New Guinea	Improvement of access to rural areas	3.30	8.50
Solomon Islands	Fisheries	0.50	
Nigeria	Combating desertification and environmental protection at Sokoto	5.00	25.60
Zaire	Mainly agricultural integrated projects	25.00	
<i>Industrialization</i>			
Guyana	Mining industries (bauxite)		31.50
Guinea	Mining industries (alumina)		35.00
Ghana	Sectoral import programme	20.50	

(million ECU)

Sector/country	Project/programme	Amount	
		Grants	Loans
<i>Social development</i>			
Angola	Rehabilitation of hospital in Luanda	19.50	
Madagascar	Health	5.50	
Burkina Faso	Electrification of Ziniare	0.52	
Caribbean	Vocational training and provision of instructors	6.20	
Nigeria	Training and research	30.00	
<i>Trade promotion</i>			
All ACP States	Fairs and exhibitions	4.32	
<i>Other</i>			
Tanzania	Multi-sectoral programmes	24.50	
Guinea-Bissau	Multi-sectoral programmes	6.00	
Guinea	Multi-sectoral programmes	12.50	
<i>Aid</i>			
Sudan	Reconstruction after floods	15.00	
Sudan	Rehabilitation of railway line	19.00	
Jamaica	Reconstruction after Hurricane Gilbert	14.90	2.90
<i>Emergency aid</i>			
Mozambique	Financing an airlift	0.45	
Various African countries	Locust control	0.65	
	Total	215.04	103.50

Cooperation via non-governmental organizations

2.2.54. In the period from 1 January to 30 November, the Commission committed a total of ECU 62 million for the co-financing in developing countries of 418 projects presented by 162 NGOs.

The Commission also contributed a total of ECU 6 701 216 towards 98 projects aimed at increasing European public awareness of development issues.

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Visits

2.2.55. Mr Anthioumane N'Daye, Mali's Minister for Planning, had a meeting on 9 November with Mr Natali. His visit gave an opportunity to review the progress of the sixth EDF in Mali and to decide on measures to speed up implementation of the programmes.

2.2.56. On 18 November Mr Natali and Mr Cheysson had talks with Mrs Grondhal,

Norwegian Minister for Development. Their discussions covered many areas, including the situation in Central America and in southern Africa (in particular aid to Namibia after its independence) structural adjustment policies and measures to relieve debt. Both sides noted a broad convergence of views and it was decided to continue these consultations on an annual basis.

2.2.57. On 24 November Mr G. Posser da Costa, Sao Tome and Principe's Minister for Cooperation, visited the Commission. The discussions concerned the round table of donors to Sao Tome and Principe which will take place in Geneva on 30 and 31 January and in which the Commission will take an active part, and cooperation between Sao Tome and Principe and the Community under the third Lomé Convention.

International organizations and conferences

General Agreement on Tariffs and Trade

44th session of the Contracting Parties

2.2.58. The 44th session of the Contracting Parties was held in Geneva on 7 and 8 November¹ and was influenced by the forthcoming mid-term review in Montreal of the Uruguay Round negotiations. The various Parties had very different views of the progress of the negotiations. The developing countries, for which traditional subjects, and particularly agriculture, tropical products and textiles, are of prime interest, were concerned by the disparity in the results achieved in the various negotiating groups. The subjects brought up most frequently during the general debate were the interdependence of trade, financial and monetary aspects, the need to strengthen the disputes settlement pro-

cedures, the question of special and differentiated treatment for developing countries, the completion of the Community's internal market in 1992 and its impact on international trade, and the new United States trade legislation.²

In the examination of the report from the GATT Council, which had dealt with a growing number of trade disputes since the previous session, the Community gave its reactions to the implementation of five panel reports which concerned it directly and which involved disputes with Canada (provincial liquor boards³), Japan (taxation on spirits⁴ and semiconductors⁵) and the United States (customs user fee² and tax on imports of oil products⁶).

Conference on Security and Cooperation in Europe

2.2.59. Intensive consultations took place in the groupings of delegations on the drafts for the concluding document presented in October by the coordinators in the different fields of CSCE negotiations.⁷ The Twelve adopted the view that these drafts represented overall a basis for conclusion. However, on a limited number of specific issues, in particular in Baskets I (security and human rights) and III (the Mediterranean and cooperation in human contacts), the Western delegations still had reservations.

The US delegation indicated that Washington would not be opposed to a meeting on humanitarian issues, as proposed by the Soviet Union at the beginning of the Vienna meeting,⁸ provided that the Soviet

¹ Previous session: Bull. EC 12-1987, point 2.2.71.

² Bull. EC 7/8-1988, points 2.2.20 and 3.6.1 *et seq.*

³ Bull. EC 2-1988, point 2.2.56.

⁴ Bull. EC 11-1987, point 2.2.10.

⁵ Bull. EC 5-1988, point 2.2.55.

⁶ Bull. EC 2-1988, point 2.2.56; Bull. EC 5-1988, point 2.2.55.

⁷ Previous meeting: Bull. EC 10-1988, point 2.2.77.

⁸ Bull. EC 11-1986, point 2.2.56.

authorities met certain conditions on human rights.

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2.2.60. The 92nd session of the FAO Council was held in Rome from 15 to 25 November (→ point 2.2.30).

Diplomatic relations

2.2.61. The following ambassador, whose appointment took effect on 23 November 1988, presented his letters of credence to the President of the Council and the President of the Commission:

HE Mr Rachid Sfar, Representative of the Republic of Tunisia to the EEC and Head of Mission to the ECSC and Euratom.

3. Financing Community activities

Budgets

General budget

Draft budget for 1989

2.3.1. On 22 November, after meeting a Parliament delegation, the Council established letter of amendment No 1/89 to the draft budget in the form presented by the Commission on 25 October.¹

It then went on to give a second reading to the draft general budget for 1989² and stated its position on all the proposed modifications and amendments which Parliament had voted at the first reading.³ Table 6 below shows the total amount of appropriations entered in the draft budget after this second reading and breaks them down by sector of activity.

Having decided to keep the growth of 'non-privileged' non-compulsory expenditure (fourth and fifth sections of the financial perspective)⁴ within the maximum rate of increase (5.8%), the Council had to make some cuts in sectors such as the environment, food aid and transport. However, it was mindful of Parliament's political priorities and went some way towards accommodating them.

Own resources

2.3.2. At its meeting on 7 November the Council (Economic and Financial Affairs) examined the points still outstanding in connection with the proposal for a Regulation on the definitive uniform arrangements for the collection of own resources accruing from VAT⁵ on which Parliament had given its opinion on 26 October.⁶

2.3.3. On 17 November⁷ the Court of Auditors adopted an opinion on the proposal for a Council Regulation⁸ implementing the Decision of 24 June 1988 on the system of the Communities' own resources.⁹

The Court welcomes the Commission in presenting a single, coordinated text. It nevertheless proposes a number of amendments in order to ensure genuinely strict and Community-orientated management of the new system of own resources.

¹ Bull. EC 10-1988, point 2.3.1.

² Bull. EC 7/8-1988, point 2.3.6.

³ Bull. EC 10-1988, point 2.3.2.

⁴ OJ L 185, 15.7.1988; Bull. EC 6-1988, point 2.3.8.

⁵ OJ C 128, 17.5.1988; Bull. EC 3-1988, point 2.3.5.

⁶ OJ C 309, 5.12.1988; Bull. EC 10-1988, point 2.3.5.

⁷ OJ C 313, 8.12.1988.

⁸ OJ C 255, 1.10.1988; Bull. EC 9-1988, point 2.3.2.

⁹ OJ L 185, 15.7.1988; Bull. EC 6-1988, point 2.3.5.

Table 6 — 1989 budget procedure — Expenditure by area

(million ECU)

Area	Preliminary draft 1989 ¹		Council first reading		Parliament first reading		Council second reading	
	Commitments	Payments	Commitments	Payments	Commitments	Payments	Commitments	Payments
1. EAGGF Guarantee Section (Titles 1 and 2)	26 817	26 817	28 107	28 107	27 017	27 017	26 741	26 741
2. Repayments — old stocks (Chapter 81)	1 449	1 449	1 449	1 449	1 449	1 449	1 449	1 449
3. Monetary reserve (Chapter 102)	1 000	1 000	1 000	1 000	1 000	1 000	1 000	1 000
4. Set-aside and income support (Chapter 39)	100	100	100	100	100	100	100	100
5. Structural Funds:								
— EAGGF Guidance Section (Chapter 30)	1 413	1 384	1 413	1 369	1 413	1 384	1 413	1 369
— ERDF (Chapter 50)	4 495	3 920	4 495	3 920	4 495	3 920	4 495	3 920
— ESF (Chapter 60)	3 387	2 970	3 387	2 950	3 387	2 950	3 387	2 950
6. Pedip (Article 553)	100	80	103.5	80	103.5	80	103.5	80
7. IMPs (Chapter 55, except Article 553)	264	262	263.7	249.767	263.7	261.767	263.7	261.767
8. Agriculture (Chapter 38)	86	83	83.05	80.661	86	82.999	84.85	82.361
9. Miscellaneous regional (Chapter 54)	20.2	26.1	17	23.524	22.7	28.6	17	23.524
10. Miscellaneous social (Chapters 63, 64, 69)	219.64	228.74	207.466	215.349	248.361	257.461	217.416	226.516
11. Transport (Chapter 58)	67.35	37.35	44.4	22.4	72.35	42.35	65.65	35.65
12. Environment (Chapter 66)	43.285	38.685	24.85	25.319	45.986	39.01	32.5	28.605
13. Information and culture (Chapter 67)	38.33	36.33	31.63	29.997	36.98	34.98	34.33	32.33
14. Fisheries (Title 4)	361.1	395.6	360.7	378.88	360.8	392.3	360.8	387.304
15. Energy (Chapters 70, 71)	137.83	125.83	134.78	120.168	136.98	121.5	135.48	120.468
16. Research (Chapter 73)	1 449.982	1 200.55	1 401.332	1 182.469	1 453.882	1 196.504	1 400.932	1 182.424
17. Innovation, internal market (Chapters 75 to 79)	185.865	152.837	151.699	121.651	174.093	140.592	160.571	129.585
18. Development (Title 9)	1 303.207	1 084.907	1 110.017	950.572	1 232.107	1 025.896	1 143.027	963.014
19. Administration (Part A)	1 425.613	1 425.613	1 371.022	1 371.022	1 416.392	1 416.392	1 396.751	1 396.751
20. Other institutions	736.165	736.165	731.66	731.66	733.639	733.639	732.683	732.683
21. Repayments to Member States (Title 8, except Chapter 81)	1 471.211	1 471.211	1 527.046	1 527.046	1 502.58	1 502.58	1 457.702	1 457.683
22. Reserve (Chapter 101)	5	5	p.r.a.	p.m.	p.m.	p.m.	p.m.	p.m.
Total	46 575.779	45 029.919	47 514.853	46 005.486	46 751.049	45 176.571	46 191.893	44 669.685

¹ Including letter of amendment No 1.

Budgetary discharge

1987

2.3.4. In accordance with Article 84 of the Financial Regulation of 21 December 1977,¹ the Court of Auditors on 17 November adopted its annual report on the implementation of the general budget of the Communities for 1987 and operations under the European Development Funds.²

This report, accompanied by the institutions' replies to the observations made by the Court, was sent to the discharge authorities and the other institutions by 30 November.

Financial operations**ECSC****Loans raised**

2.3.5. During November the Commission made a number of private placings in marks for the equivalent of ECU 122.5 million and two public issues, LIT 120 billion at 10.875% for five years issued at par and LFR 400 million at 7% for five years with an issue price of 100.5%.

Loans paid out

2.3.6. Acting under Articles 54 and 56 of the ECSC Treaty, the Commission made

the following loans in November, totalling ECU 17.33 million.

Industrial loans

2.3.7. Industrial loans (Article 54) totalling ECU 15.5 million were granted to the Federal Republic of Germany, and France.

Workers' housing

2.3.8. Housing loans totalling ECU 1.83 million were granted for steelworkers and mineworkers in Germany, Spain and the United Kingdom.

EEC-Balance of payments**Loans raised**

2.3.9. In November the Commission made a public issue of ECU 350 million in three tranches—ECU 100 million for two years at 7 3/8% with an issue price of 101.125%, ECU 100 million for three years at 7 3/8% with an issue price of 101.25% and ECU 150 million for four years at 7 1/2% with an issue price of 101.625%. This issue is intended to refinance an issue made on less-favourable terms in 1986³ to finance the loan granted to Greece.⁴

¹ OJ L 356, 31.12.1977.

² OJ C 316, 12.12.1988.

³ Bull. EC 1-1986, point 2.3.4; Bull. EC 2-1986, point 2.3.6.

⁴ OJ L 341, 9.12.1985; Bull. EC 11-1985, point 1.3.2.

4. Political and institutional matters

European political cooperation

2.4.1. On 1 November the Twelve issued the following statement on the occasion of Clodomiro Almeyda's release:

'The Twelve welcome the release, following a decision by the Supreme Court, of former Foreign Minister of Chile Clodomiro Almeyda.

On this occasion, they wish to express the hope that this and other recent positive developments will be followed by all necessary measures, including the initiation of a dialogue between the political parties and the Chilean Government, which would permit the full restoration of civil liberties and respect of human rights, a prerequisite for an early and orderly return to democracy.'

2.4.2. On 3 November the Twelve issued the following statement on press censorship in South Africa:

'The Twelve have on many occasions expressed to the South African Government their concern at the extensive restrictive measures that continue to be imposed on the media in South Africa, to which they are firmly opposed. The recent ban on the circulation of the *Weekly Mail*, despite the Twelve's representations on 26 October, can only aggravate the existing tensions and polarization. The Twelve reiterate their belief in the freedom of the press being a constructive agent rather than an impediment to the peaceful process of reform in South Africa.'

2.4.3. The Twelve adopted the following statement on Korea at the Political Committee meeting of 9 November:

'The Twelve welcome the renewal of contacts between North and South. They are encouraged by the fact that new proposals which aim at reducing tensions on the Korean peninsula have not been put forward by both sides in a conciliatory tone. They welcome in particular those put forward by President Roh at the UN on 18 October and hope that both sides will show flexibility and imagination in seeking a peaceful solution to the problems of the Korean Peninsula.'

2.4.4. The Twelve adopted three joint statements on 21 November during the 72nd ministerial meeting: one of the decisions of the Palestinian National Council of the 15 November, the second on Lebanon on the

occasion of the National Day (22 November) and the third on Afghanistan.

Declaration by the Twelve on the decisions of the Palestinian National Council (Brussels, 21 November 1988)

'The Twelve attach particular importance to the decisions adopted by the Palestinian National Council in Algiers, which reflect the will of the Palestinian people to assert their national identity and which include positive steps towards the peaceful settlement of the Arab-Israeli conflict.

They welcome in this respect the acceptance by the PNC of Security Council Resolutions 242 and 338 as a basis for an International Conference, which implies acceptance of the right of existence and of security for all States of the region, including Israel. Respect for this principle goes together with that of justice for the peoples of the region, in particular the right of self-determination of the Palestinian people with all that this implies. For the Twelve it constitutes a necessary condition for the establishment of just, lasting and comprehensive peace in the Near East, as they have repeatedly asserted since the Declaration of Venice. The Twelve also express their satisfaction that the PNC has explicitly condemned terrorism.

The Twelve appeal to all parties concerned, while abstaining from any act of violence and any action which could further aggravate the tense situation in the Near East, to take this opportunity and contribute to the peace process in a positive way with a view to a just, global and lasting solution to the Arab-Israeli conflict. This solution can only be achieved through an International Peace Conference, under the auspices of the United Nations, which represents the suitable framework for the necessary negotiations between the parties directly concerned.

The Twelve are deeply concerned by the deterioration of the situation in the Occupied Territories and the increasing feeling of disappointment and desperation among the population of these territories which might become worse if there is no prospect of a negotiated solution. They reiterate their commitment to participate actively in all efforts contributing to a negotiated solution.'

Statement by the Twelve on Lebanon (Brussels, 21 November 1988)

'On the occasion of the National Day of the Republic of Lebanon, the Twelve send their best

wishes to the people of Lebanon. They hope that this friendly country can soon overcome the acute crisis through which it is going at present.

In this connection the Twelve reaffirm their support for all efforts aimed at the re-establishment and the protection of the full sovereignty, territorial integrity, independence and unity of Lebanon. They also stress the importance they attach to the full realization of the constitutional process and, in particular, to the election of a President of the Republic who, as a symbol of the unity of the country, could contribute to national reconciliation.'

Statement by the Twelve on Afghanistan (Brussels, 21 November 1988)

'The Twelve continue to follow events in Afghanistan closely. Reaffirming the views expressed in their statement of 14 April 1988, they support the efforts of the Secretary-General of the United Nations to achieve a comprehensive solution of the crisis and consider that the Geneva agreements must be faithfully implemented by all parties concerned.

The Twelve are deeply concerned at the recent intensification of Soviet bombing attacks in Afghanistan and at the deployment and use of Scud missiles there.

The Twelve have noted with concern recent Soviet public statements implying that the withdrawal of Soviet troops from Afghanistan has been suspended. The Twelve continue to call for the prompt withdrawal of all Soviet forces from Afghanistan. They noted that Soviet authorities have reiterated their commitment to conclude before 15 February 1989 the full withdrawal of their forces. This is essential to give the Afghan people an opportunity to determine their own future. The Twelve continue to believe that the key to peace in Afghanistan will be the establishment of a truly representative Government by a genuine act of self determination in which the resistance will have an important part to play.

They call on all parties, including the resistance, to exercise moderation and realism in the search for a comprehensive settlement.'

2.4.5. On 25 November the Twelve issued the following statement on the Sharpeville Six:

'The Twelve welcome the decision of President Botha to commute the death sentences inflicted on the Sharpeville Six. The Twelve hope that this decision will be followed by further action con-

ducive to the relaxation of tensions and peaceful change in South Africa.'

2.4.6. On 29 November the Twelve issued the following statement on Central America.

'The Twelve are following closely the ongoing efforts to reactivate the peace process in Central America after months of stagnation. They consider the forthcoming meeting of the Central American Foreign Ministers as a promising sign of political will to continue the task of achieving peace, democracy and stability in the region.

The Twelve have lent their support to the Esquipulas process from its beginning and have urged the Central American countries to proceed without any further delay with the implementation of the Esquipulas II Agreement. In this spirit, they will continue their dialogue with Central America. As they declared in Hamburg, on 1 March 1988, the Twelve remain prepared, to the best of their ability and if so requested by all Central American States, to support the task of verification, monitoring and follow-up of the Esquipulas peace process.'

2.4.7. On 30 November the Twelve issued the following declaration concerning the refusal by the United States to grant a visa to Mr Arafat to enter the USA and visit the UN Headquarters:

'The Twelve have taken notice with concern of the refusal by the US Government to grant an entry visa to Mr Y. Arafat, Chairman of the PLO, in order to visit the UN Headquarters and address the General Assembly on the question of Palestine.

The Twelve believe that in accordance with the Headquarters agreement and the opinion of the Legal Committee of the United Nations Mr Arafat should be allowed to address the UN Assembly in New York.

The Twelve are also firmly of the opinion that at this crucial stage of the situation regarding the Middle East it would be important not to hinder the role of the UN as a forum before which a leader of a party to the dispute would express his views on the matter.

Moreover, the Twelve feel it is necessary to maintain and encourage the momentum created by the recent decisions of the National Palestinian Council.

The Twelve call upon the US Government to review the legal arguments and reconsider its decision.'

2.4.8. On 16 November¹ Parliament adopted a resolution on the prospects for security policy cooperation in the context of European political cooperation (EPC) following the entry into force of the Single European Act. It called upon the Foreign Ministers meeting in European political cooperation to give due consideration to its views when implementing the Single Act's provisions on security policy, to work towards the formulation of a common strategy in this field, to champion agreements on disarmament, to conclude the negotiations on a mandate from the Conference on Security and Cooperation in Europe to enter into negotiations on conventional stability and, finally, to formulate Community policy based on *détente*, cooperation and a balance of interests with the Eastern European countries, while keeping the Western alliance's defence efforts intact.

Human rights and basic freedoms

2.4.9. Parliament adopted the following resolutions at its November part-session:¹

the treatment of political prisoners in Turkey: Parliament called for the release of all political prisoners and for the humane treatment of all prisoners; it called on its delegation for relations with the Turkish Grand National Assembly to raise these matters with them urgently;

the arrest and committal for trial of foreign observers at the trial of members of the Dev-Yol in Turkey: hearing of the arrest of 16 Greeks, eight Germans and four Members of Parliament belonging to the 'Greens' during a break in the proceedings in the military tribunal building in Ankara, Parliament called on the Turkish authorities to drop all charges against the Greeks who had been detained and to allow them to leave Turkey and called on its delegation to raise the question of the detainees and the human rights situation in Turkey during the first meeting of the Joint Parliamentary Committee;

the massacre of the Kurds: Parliament insisted on the fact that humanity has an inescapable moral and political obligation to avert the threat to existence of the Kurds of Iraq against whom the Iraqi authorities were conducting a campaign of extermination through chemical weapons. It considered it essential that the Member States and the other members of the United Nations should seek ways of taking concerted action to end these appalling practices and urged the Community to support a conference of signatories to the Geneva Protocol of 1925 on the prohibition of chemical weapons. Parliament also called on the Community and the Member States to provide all possible aid to the refugees in Turkey and demanded a public inquiry by an international group of medical experts on the nature of the injuries suffered;

Algeria: Parliament expressed its sympathy with regard to the victims of the recent repression in Algeria and hoped that the reforms announced by the Algerian Government would advance the progress of the regime towards democratic pluralism. It asked the government to declare an amnesty and release those arrested during the demonstrations and hoped that Euro-Algerian cooperation would facilitate Algeria's progress towards democracy;

the brutal murder by whipping of a black South African, Eni Sambo, carried out by a white farmer, Jacobus Vorster; Parliament noted this murder with utter disgust and condemned the decision which allowed Vorster to be set free with a suspended sentence provided that he pay Mr Sambo's widow 30 pounds a month for five years; it insisted that this travesty of justice undoes the work of freedom-loving people of all races in South Africa in encouraging change;

suppression of the *Weekly Mail*: Parliament, noting with concern the suppression by the South African Government of the *Weekly Mail* for a month, called on the Government to lift the ban and urged the Council and the Commission to make

¹ OJ C 326, 19.12.1988.

known to the South African Government the concern of the Community and its Member States at this further attack on a freedom which is fundamental in Western societies; the fate of political prisoners in Nicaragua: Parliament called on the Nicaraguan Government to release immediately the 39 political prisoners arrested on 10 July following a peaceful demonstration and reportedly held in extremely bad conditions and to continue its efforts to implement the Esquipulas Agreements and to complete the process of national dialogue.

2.4.10. The Commission requested the Economic and Social Committee to discuss and reach general conclusions concerning the content of a Community charter of basic social rights (→ point 2.4.41).

2.4.11. At its November session the Economic and Social Committee gave its opinion on the proposal for a Council resolution on the fight against racism and xenophobia (→ point 2.1.132).

European policy — Relations between the institutions

European policy

Preparation for the Rhodes European Council

2.4.12. On 17 November Parliament adopted three resolutions concerning the forthcoming European Council meeting in Rhodes.¹ In the first of these, it called on the European Council to strive for concrete progress towards completion of the internal market and the elimination of frontier controls within the Community by 1 January 1993, stressing the need for early decisions on certain key aspects. Parliament pointed to the political, legal and moral commitment which ratification of the Single Act represented and, while welcoming the fact that its entry into force had speeded up decision-making, reiterated its concerns

regarding monetary union, the social dimension of the internal market and environmental policy. In the area of external relations, Parliament was anxious that the development of the Community should not result in the erection of barriers against non-member countries and it called on the European Council to take action towards resolving the severest regional conflicts and further developing fruitful East-West relations. In the other two resolutions Parliament called on those attending the summit to do their utmost to achieve a breakthrough in terms of political agreement in those areas where least progress had been made towards the single market and to take action to ensure that the legislative timetable could be adhered to, especially within the Council.

2.4.13. Also with an eye to the Rhodes European Council, the Economic and Social Committee, meeting on 23 and 24 November, adopted a resolution on the Community's action programme for 1989-92 by 190 votes to 23, with 9 abstentions, following a debate which ended with an address by Mr Delors. The Committee noted that there was still ground to be made up — especially in the areas of unemployment, disparities between the regions and competitiveness — despite the substantial progress made building the Community since 1985. It stressed that completion of the single European market ought to promote a model of life and development that would guarantee European social justice and the opportunity to improve their working conditions, the quality of their lives and their living standards within a framework of liberty and security. With this end in view, the Committee urged the Member States to set aside national egoism and put in place coordinated national and Community policies aimed at a number of goals: creating new jobs through economic growth and vocational training; establishing a frontier-free area, in particular through substantial progress on monetary matters, taxation and social affairs; boosting research and devel-

¹ OJ C 326, 19.12.1988.

opment; integrating young people into working life; and institutional change.

Implementing the Single Act

2.4.14. On 18 November the Commission sent the Council a progress report on completing the internal market, as required by Article 8b of the EEC Treaty (→ point 1.1.1 *et seq.*).

2.4.15. On 16 November Parliament adopted a resolution on the prospects for security policy cooperation in the context of European Political Cooperation following the entry into force of the Single European Act (→ point 2.4.8).

Institutions and organs of the Communities

Parliament

*Strasbourg: 14 to 18 November*¹

Highlights

2.4.16. With as main events the formal commemoration of the centenary of the birth of Jean Monnet, when Presidents Plumb, Pangalos and Delors addressed the House, and a speech by Mr Sartzetakis, President of Greece, Parliament's November part-session was also the scene of strenuous legislative activity relating to health and safety at work (→ point 2.1.134), reform of the structural Funds (→ point 2.1.159), transport (→ point 2.1.251, 2.1.258, 2.1.259, 2.1.261) and research (→ point 2.1.55, 2.1.60, 2.1.76, 2.1.127 and 2.1.141). The House held major debates on the forthcoming European Council in Rhodes (→ point 2.4.12) and the social dimension of the internal market (→ point 2.1.117). It also passed a resolution on the Commission's annual report on the economic situation in the Community and the fixing of economic policy

guidelines for 1989 (→ point 2.1.1). External relations too were much in the limelight, particularly the multilateral trade negotiations within the Uruguay Round of GATT (→ point 2.2.3), human rights in Turkey and South Africa (→ point 2.4.9) and security policy in the context of European Political Cooperation (→ point 2.4.8).

Opinions, decisions and resolutions

2.4.17. Parliament adopted resolutions giving its opinion (first reading) on the following Commission proposals:

Directive on machinery (→ point 2.1.15);

Decision adopting a specific research and technological development programme in the fields of industrial manufacturing technologies and advanced materials applications (Brite/Euram) (→ point 2.1.55);

Decision adopting a specific research and technological development programme in the field of energy — non-nuclear energy and rational use of energy — 1989-92 (Joule) (→ point 2.1.60);

Decision adopting a specific programme for the dissemination and utilization of results from scientific and technological research (1988-92) (→ point 2.1.76);

four Directives on improving health and safety at work (→ point 2.1.134);

two Regulations laying down provisions for implementing reform of the structural Funds as regards coordination of the activities of the different structural Funds between themselves and with the operation of the EIB and the other existing financial instruments, and with the ERDF (→ point 2.1.158).

¹ The texts of the resolutions adopted by Parliament appear in OJ C 326, 19.12.1988, and the report of the proceedings is published in OJ Annex 2-377. The political groups and countries of origin of members speaking in the debates are shown in brackets after their names. The key to the abbreviations can be found in Bull. EC 1-1988, page 51 (footnote 2).

2.4.18. Parliament adopted decisions (second reading) on the Council's common position on the following Commission proposals:

Directive on construction products (→ point 2.1.14);

Directive concerning certain components and characteristics of wheeled agricultural or forestry tractors (→ point 2.1.20);

Directive relating to the transparency of measures regulating the pricing of medicinal products for human use and their inclusion within the scope of national health insurance systems (→ point 2.1.33);

Regulation on the abolition of exit formalities at internal Community frontiers (→ point 2.1.80);

Regulation on goods brought into Community customs territory (→ point 2.1.81);

an amendment to Regulation (EEC) No 2144/87 of 13 July 1987 relating to customs debt (→ point 2.1.82).

2.4.19. Parliament gave opinions on the following Commission proposals:

Decision on an action programme for European Tourism Year (1990) (→ point 2.1.8);

an amendment to Regulation (EEC) No 815/84 of 26 March 1984 on exceptional financial support in favour of Greece in the social field (→ point 2.1.122);

two Decisions, one adopting the second phase of the programme of cooperation between universities and enterprises regarding training in the field of technology (Comett II) and the second on opening the programme to the EFTA countries and to cooperation with international organizations (→ point 2.1.127);

two Regulations laying down provisions for implementing reform of the structural Funds, as regards the EAGGF Guidance Section and the European Social Fund respectively (→ point 2.1.159);

three Regulations concerning veterinary checks (→ point 2.1.220);

Regulation applying the full amount of the premium for maintaining suckler cows in Spain;

an amendment to Directive 77/93/EEC of 21 December 1976 on protective measures against the introduction into Member States of organisms harmful to plants or plant products;

an amendment to Regulation (EEC) No 1360/78 of 19 June 1978 on producer groups and associations thereof;

an amendment to Regulation (EEC) No 2262/84 of 17 July 1984 laying down special measures in respect of olive oil;

Regulation laying down special measures for hempseed;

Regulation on implementing an action programme in the field of transport infrastructure with a view to the completion of an integrated transport market in 1992 (→ point 2.1.251);

an amendment to two Regulations on road transport concerning the harmonization of certain social legislation and recording equipment, and a Directive on checking procedures for implementation of the above Regulation (→ points 2.1.257 and 2.1.258);

Regulation on structural improvements in inland waterway transport (→ point 2.1.259);

an amendment to the Regulation on the granting of aid for transport by rail, road and inland waterways (→ point 2.1.261);

laying down of the Community scheme of generalized tariff preferences for 1989 (→ point 2.2.33).

2.4.20. Resolutions were passed on the following subjects:

the Commission's annual report on the economic situation in the Community and the fixing of economic policy guidelines for 1989 (→ point 2.1.1);

establishment of the social area (→ point 2.1.117);

the Media programme and European Cinema and Television Year (→ point 2.1.141);

Community regional policy and the role of the regions (→ point 2.1.147);

natural disasters striking Savona, Greece, the Spanish coast and Cork (→ point 2.1.156);

the German Government's plan to introduce a road toll for lorries (→ point 2.1.253);

European port policy (→ point 2.1.260); relations with certain non-member countries in the transport sector (→ point 2.1.263);

the stage reached in the multilateral trade negotiations within the Uruguay Round of GATT (→ point 2.2.3);

economic and commercial relations between the European Community and the Andean Pact (→ point 2.2.25);

the damage caused by Hurricane Joan in Costa Rica and Nicaragua (→ point 2.2.48);

the prospects for security policy cooperation in the context of European political cooperation (→ point 2.4.8);

the treatment of political prisoners in Turkey (→ point 2.4.9);

the arrest and committal for trial of foreign observers at the trial of members of the Dev-Yol in Turkey (→ point 2.4.9);

the massacre of the Kurds (→ point 2.4.9); brutal repression in Algeria (→ point 2.4.9); murder in South Africa (→ point 2.4.9);

the suppression of the *Weekly Mail* (→ point 2.4.9);

the fate of political prisoners in Nicaragua (→ point 2.4.9);

the Rhodes European Council (→ point 2.4.12).

Council

2.4.21. 1270th meeting — Civil protection

(Council and Representatives of the Governments of the Member States meeting within the Council)

(Brussels, 4 November)

President: Mr Tsochatzopoulos, Minister for the Interior of the Hellenic Republic

Commission: Mr Ripa di Meana

Main items discussed

New developments in Community cooperation on civil protection: adoption of a resolution (→ point 2.1.6).

2.4.22. 1271st meeting — Economic and Financial Affairs (Brussels, 7 November)

President: Mr Roumeliotis, Minister for Economic Affairs of the Hellenic Republic

Commission: Lord Cockfield, Mr Christophersen, Mr Schmidhuber and Mr Matutes

Main items discussed

Aid for the reconstruction of the region of Kalamata: aid decision

Financing of major infrastructures of European interest: policy debate

Definitive uniform arrangements for the collection of own resources accruing from VAT: detailed examination (→ point 2.3.2)

Economic situation in the Community: exchange of views.

Other items discussed

Taking-up and pursuit of banking activities

Own funds of credit institutions

Prospectus to be published when transferable securities are offered to the public.

2.4.23. 1272nd meeting — Energy (Brussels, 8 November)

President: Mr Peponis, Minister for Industry, Energy and Technology of the Hellenic Republic

Commission: Mr Mosar

Main items discussed

Cooperation between public utilities and private electricity generators: adoption of recommendation (→ point 2.1.271)

Progress towards the Community energy objectives for 1995: adoption of conclusions (→ point 2.1.265)

Internal energy market: adoption of conclusions (→ point 2.1.265)

Oil market and the refining industry in the Community: detailed discussion.

Other items discussed

Commission communications: Information on 1987 report on aid to the coal industry and the Community programme for the efficient use of electricity.

2.4.24. 1273rd meeting — Agriculture (Brussels, 14 and 15 November)

President: Mr Pottakis, Minister for Agriculture of the Hellenic Republic

Commission: Mr Andriessen

Main items discussed

Multilateral negotiations under GATT, agriculture part: recommendation to the Council (General Affairs)

Voluntary restraint agreements with certain non-member countries concerning sheepmeat and goatmeat: adoption of negotiating directives (→ point 2.1.208)

Agricultural income support: resumption of deliberations (→ point 2.1.184)

Adjustment of the system of milk quotas and related measures (SLOM): continuation of discussions (→ point 2.1.200)

Reform in the beef/veal sector: preliminary exchange of views (→ point 2.1.205)

Reform in the sheepmeat and goatmeat sector: first examination (point 2.1.207)

New Zealand butter: discussion (→ point 2.1.201)

Acceleration of agricultural development in certain regions of Greece: first examination (→ point 2.1.216)

Other items discussed

Disposal of alcohol

Reform of the structural Funds: information and discussion.

2.4.25. 1274th meeting — Research (Brussels, 17 November)

President: Mr Peponis, Minister for Industry, Energy and Technology of the Hellenic Republic

Commission: Mr Narjes

Main items discussed

Specific R&D programmes: common positions

Access to large-scale facilities

First Eclair programme (1989-93)

Stimulation of economic science — SPES (1989-92) (→ points 2.1.58, 2.1.63 and 2.1.64)

The Community and space: preliminary policy debate (→ point 2.1.48)

Cohesion in the research and technology sectors: exchange of views.

Other items discussed

State of science and technology in Europe: information.

2.4.26. 1275th meeting — Internal Market (Brussels, 18 November)

President: Mrs Papandreou, Deputy Minister for Trade of the Hellenic Republic

Commission: Lord Cockfield and Mr Sutherland

Main items discussed

Identification of the lot to which a foodstuff belongs: agreement on a proposal for a Directive (→ point 2.1.31)

Diet foods: common position (→ point 2.1.28)

Lateral protection of goods vehicles: agreement on a common position (→ point 2.1.17)

Foodstuffs: agreement on substance of common position (→ point 2.1.26)

Trade-mark law: detailed discussion (→ point 2.1.34)

European company: detailed discussion (→ point 2.1.114)

Merger control: detailed discussion

Broadcasting: detailed discussion (→ point 2.1.13)

Completion of internal market: information

Machinery: information (→ point 2.1.16).

Other items discussed

Suspension of autonomous CCT duties: adoption of Regulation

Official inspection of foodstuffs: information.

2.4.27. 1276th meeting — General affairs (Brussels, 21 and 22 November)

President: Mr Pangalos, Deputy Minister for Foreign Affairs of the Hellenic Republic

Commission: Mr Delors, Mr De Clercq, Mr Varfis and Mr Cheysson

Main items discussed

Reform of the structural Funds — implementing Regulations

Coordinating Regulation: common position

ERDF Regulation: common position

Social Fund Regulation: joint guidelines

EAGGF Guidance Regulation: joint guidelines (→ points 2.1.158 and 2.1.159)

USA: hormones: approval of notification to GATT agreement on principle of Community countermeasures (→ point 2.2.11)

Mid-term review of the Uruguay Round: conclusions (→ point 2.2.1)

1989 generalized preferences scheme: agreement on main components (→ point 2.2.33)

Situation in the textile industry: detailed discussion (→ point 2.1.44).

Other items discussed

Relations with Cyprus: adoption of Community position

Financial Protocols with Cyprus and Malta: detailed discussion

Rhodes European Council.

2.4.28. 1277th meeting — Budget (Brussels, 22 November)

President: Mr Papantoniou, State Secretary, Ministry of Economic Affairs of the Hellenic Republic

Commission: Mr Christophersen

Main items discussed

Resumption of 1989 budget procedure: adoption at second reading (→ point 2.3.1).

2.4.29. 1278th meeting — Education (Council and Ministers for Education meeting within the Council) (Brussels, 23 November)

President: Mr Papandreou, Minister for Education and Religious Affairs of the Hellenic Republic

Commission: Mr Marín

Main items discussed

Health education: adoption of a resolution (→ point 2.1.124)

Comett: wide-ranging discussion (→ point 2.1.126)

Erasmus: exchange of views (→ point 2.1.125).

Other items discussed

Innovation in secondary education: detailed discussion

Education of migrant workers' children: information

Medium-term programme in the field of education: information

Mobility of teachers: information.

2.4.30. 1279th meeting — Development Cooperation
(Brussels, 23 November)

President: Mr Pangalos, Deputy Minister for Foreign Affairs of the Hellenic Republic

Commission: Mr Natali

Main items discussed

Food security policy in sub-Saharan Africa: adoption of a resolution (→ point 2.2.40)

Special programme to help certain countries in sub-Saharan Africa: exchange of views (→ point 2.2.50).

Other items discussed

Financial and technical assistance to Asian and Latin American developing countries: policy discussion

ACP-EEC Convention: information

Combating AIDS in developing countries: information

Aid not tied to projects and other forms of aid: information.

2.4.31. 1280th meeting — Environment
(Brussels, 24 and 25 November)

President: Mr Kedikoglou, Minister for the Environment, Regional Planning and Public Works of the Hellenic Republic

Commission: Mr Clinton Davis

Main items discussed

Major-accident hazards: formal adoption of Directive (→ point 2.1.172)

Large combustion plants: formal adoption of Directive (→ point 2.1.165)

Transfrontier movement of hazardous waste to non-member countries: adoption of resolution (→ point 2.1.177)

Pollution caused by the titanium dioxide industry: agreement as to principle of a proposal for a Directive (→ point 2.1.163)

Air pollution by gases from cars with small-capacity engines: common position on a Directive (→ point 2.1.167)

Genetically modified organisms and micro-organisms: initial detailed discussion (→ point 2.1.174)

Municipal waste incineration: detailed exchange of views (→ point 2.1.170)

Greenhouse effect: information (→ point 2.1.168).

Other items discussed

Environment: draft statement for the European Council

Environment and job creation: new detailed examination

Protection of natural habitats and of wild fauna and flora: detailed discussion

Ozone: exchange of views

Bruntland report: information.

2.4.32. 1281st meeting — Fisheries
(Brussels, 28 November)

President: Mr Pottakis, Minister for Agriculture of the Hellenic Republic

Commission: Mr Cardoso e Cunha

Main items discussed

Prices for 1989: agreement on price Regulations (→ point 2.1.246)

TACs for 1989: initial exchange of views.

Other items discussed

Consequences of the Act of Accession of Spain and Portugal: initial exchange of views

Relations with the Soviet Union: exchange of views

North Sea pollution: information.

Commission ¹

2.4.33. Measures taken

Electrical equipment for use in potentially explosive atmospheres: Directive amending Directive 79/196/EEC (adaptation to technical progress) (→ point 2.1.22)

Franchising and know-how agreements: Two Regulations granting exemption from the ban on agreements (→ points 2.1.87 and 2.1.89)

Automatic dismantling of MCAs: Regulation (→ point 2.1.186)

Clearance of EAGGF Guidance Section accounts (financial year 1986): Decisions (→ point 2.1.228)

Electronic payment systems: recommendation (→ point 2.1.183).

2.4.34. Measures proposed

Proposals to be adopted under the cooperation procedure

Roll-over protection structures for agricultural tractors: proposals to amend three Directives (→ point 2.1.21)

STEP programme: proposal for a Decision (→ point 2.1.54)

Epoch programme: proposal for a Decision (→ point 2.1.54)

Arrangements for movement within the Community of goods sent from one Member State for temporary use in one or more other Member States: proposal for a Regulation (→ point 2.1.83).

2.4.35. Other proposals and recommendations

High-definition TV: proposal for a Decision (→ point 1.2.1 *et seq.*)

NCI V: proposal for a Decision (→ point 2.1.4)

Driving licences: proposal for a Directive (→ point 2.1.7)

Foods and food ingredients treated with ionizing radiation: proposal for a Directive (→ point 2.1.27)

Teleman programme: proposal for a Decision (→ point 2.1.59)

Programme of options specific to the remote and insular nature of the French Overseas Departments: proposal for a Joint Decision of the Council and the Commission (→ point 2.1.157)

Chromium in soil used for agricultural purposes: proposal for a Directive (→ point 2.1.175)

Noise emission from civil subsonic jets: proposal for a Directive (→ point 2.1.171)

Use of cereals in animal feedingstuffs: proposal for a Regulation (→ point 2.1.187)

Special arrangements for small cereals producers: proposal for a Regulation (→ point 2.1.188)

Conservation and management of fishery resources: proposal for a Decision (→ point 2.1.233)

Maximum permitted blood alcohol concentration: proposal for a Directive (→ point 2.1.255).

¹ Selected items.

2.4.36. Communications and reports

Progress towards completing the internal market: report (→ point 1.1.1 *et seq.*)

State of science and technology in Europe : report (→ point 2.1.47)

ISDN: communication (→ point 2.1.68)

First results of the Erasmus programme: report (→ point 2.1.125)

ESF: clearing of outstanding commitments — situation as at 31 October 1988: report (→ point 2.1.120)

ESF: report on activities in 1987 (→ point 2.1.120)

Specific action to combat poverty: report (→ point 2.1.130)

Greenhouse effect: communication (→ point 2.1.168)

Medspa: report (→ point 2.1.178)

Charging of transport infrastructure costs: communication (→ point 2.1.254)

Maximum permitted levels of radioactive contamination of foodstuffs and feeding-stuffs: communication (→ point 2.1.273)

ECSC steel imports in 1989: communication (→ point 2.2.10).

Court of Justice¹**2.4.37. New cases**

Case	Subject	Basis
Free movement of goods		
291/88 Torfaen Borough Council v Texas Homecare Ltd	Interpretation of Articles 30 and 36 of the EEC Treaty with regard to Sunday trading	Article 177 EEC
302/88 Hennen Olie v 1. Stichting Interim Centraal Orgaan Voorraadvorming Aardolieprodukten and 2. Kingdom of the Netherlands	1. Is a described rule of national law on the stockpiling of petroleum products incompatible with Article 34 of the EEC Treaty, properly construed? 2. Does it matter for the purposes of the answer to be given to question 1 whether a described difference between traders as regards their competitive position is entirely or partially offset by rules which concern the reimbursement of a described contribution to cover the compulsory maintenance of stocks ('VVA') and which have not been adopted by the Member State itself?	Article 177 EEC
306/88 Rochdale Borough Council v John Anders	Interpretation of Articles 30 and 36 of the EEC Treaty with regard to Sunday trading	Article 177 EEC
Customs union		
153/88 to 157/88 Ministère Public v Fauque and Others	Interpretation of Community regulations, in particular Council Regulation No 2894/79 opening, allocating and providing for the administration of Community tariff prefer-	Article 177 EEC

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
	<p>ences for textile products originating in developing countries and territories, Council Regulation No 3589/82 on common rules for imports of certain textile products originating in third countries, and Council Regulation No 3762/83 amending Regulation No 3589/82, to establish whether, for the determination of the import quota, account should be taken of the weight of the textile material or the total weight including tent poles and tent pegs</p>	
<p>Taxation</p>		
<p>320/88 Staatssecretaris van Financiën v Shipping and Forwarding Enterprise Safe (Safe Rekencentrum BV)¹</p>	<p>Interpretation of the words 'supply of goods' in Article 5 of the Sixth VAT Directive (Council Directive 77/388/EEC) with regard to the distinction in Dutch law between commercial transfer and legal transfer of ownership</p>	<p>Article 177 EEC</p>
<p>Competition</p>		
<p>296/88 Kruse v Provinzial Brandkasse Versicherungsanstalt Schleswig-Holstein</p>	<p>Application of Articles 85(1) and (2) of the EEC Treaty and of Articles 4 and 5 of Council Regulation No 17 to an 'old agreement', with particular reference to the effect on trade between Member States of restrictions on the market in fire insurance</p>	<p>Article 177 EEC</p>
<p>327/88 Tetra Pak Rausing v Commission²</p>	<p>Annulment of Commission Decision 88/501/EEC relating to a proceeding under Articles 85 and 86 of the EEC Treaty (IV/31.043 — Tetra Pak I (BTG licence))</p>	<p>Article 173 EEC</p>
<p>338/88 Solomon & Peres Ltd v Commission</p>	<p>Failure to act on a complaint (Article 3 of Council Regulation No 17 and Article 6 of Commission Regulation No 99/63/EEC)</p>	<p>Articles 175 and 215 EEC</p>
<p>Social policy</p>		
<p>322/88 Grimaldi v Fonds des maladies professionnelles³</p>	<p>Direct effect of the Commission recommendation of 20 July 1962 to the Member States on the adoption of a European list of occupational diseases, which has not been implemented in a national legal system</p>	<p>Article 177 EEC</p>
<p>Social security</p>		
<p>293/88 Winter-Lutzins v Bestuur van de Sociale Verzekeringsbank</p>	<p>Must Article 10(1) of Council Regulation No 1408/71 be interpreted as precluding national legislation from preventing a person from acquiring the right to the benefit of the transitional provisions laid down in national legis-</p>	<p>Article 177 EEC</p>

Case	Subject	Basis
<p>Agriculture</p> <p>267 to 285/88 Wuidart and Others v Laiterie Coopérative eupenoise and Others</p>	<p>lation merely because he is not resident in the territory of the State in which the institution responsible for payment of benefit is situated, in particular when Annex VI to the Regulation lays down a specific rule enabling periods before 1 January 1957 to be considered as periods of insurance in the case of persons satisfying the prescribed conditions?</p> <p>1. Does the fact that Member States are allowed to choose between two formulas A and B give rise to discrimination between producers?</p> <p>2. Does Article 1(1) of Council Regulation No 857/84 adopting general rules for the application of the levy referred to in Article 5c of Regulation No 804/68 in the milk and milk products sector infringe the principle of non-discrimination in so far as it fixes separate rates of levy depending on which of the two formulas is chosen?</p> <p>3. Do Articles 38, 39 and 40 of the Treaty prohibit any 'renationalization' of agricultural policy?</p> <p>4. Can a Member State consider itself one 'region' for purposes of Article 1(2) of Regulation No 857/84?</p>	<p>Article 177 EEC</p>
<p>301/88 R. v Intervention Board for Agricultural Produce, <i>ex parte</i> the Fish Producers' Organization and the Grimsby Fish Producers' Organization</p>	<p>Are the provisions of the Treaty, Council Regulation No 3796/81, Council Regulation No 2202/82, and Commission Regulation No 3137/82 to be interpreted as requiring a Member State to pay to a producers' organization any financial compensation in respect of fish withdrawn at the Community withdrawal price, such fish having been properly graded and marketed in accordance with Council Regulation No 103/76, if that producers' organization has failed to a significant extent to comply with the Community marketing standards laid down by that Regulation in respect of other fish of the withdrawn species put up for sale but not withdrawn during the same period?</p>	<p>Article 177 EEC</p>
<p>Convention on Jurisdiction and the Enforcement of Judgments in Civil and Commercial Cases</p> <p>305/88 Isabelle Lancray v Peters & Sickert</p>	<p>1. Is recognition of a judgment to be refused in accordance with Article 27(2) of the pre-accession version of the Convention where the defendant did not enter an appearance and,</p>	

Case	Subject	Basis
	<p>although he was served with the document which instituted the proceedings in sufficient time to enable him to conduct his defence, the service was not duly effected?</p> <p>2. In the event that a judgment where the defendant did not enter an appearance is not recognized because, although the defendant was served with the document which instituted the proceedings in sufficient time to enable him to conduct his defence, the service was not duly effected, does Article 27(2) of the pre-accession version of the Convention preclude recognition of the judgment even where the laws of the State in which recognition is sought permit the defect of service to be cured?</p>	
<p>Miscellaneous (residence permits)</p>		
<p>297/88 Dzodzi v Kingdom of Belgium</p>	<p>Right to remain in Belgium of a non-Community national who married a Belgian national resident in Belgium, now deceased: Commission Regulation No 1251/70 on the right of workers to remain in the territory of a Member State after having been employed in that State</p>	<p>Article 177 EEC</p>
<p>Institutional questions</p>		
<p>286/88 Impresa Costruzione Angelo Falciola v Comune di Pavia and Consorzio Cooperative Costruzioni Bologna</p>	<p>1. Rule and powers of a national court applying a Directive which has been implemented by the Member State</p> <p>2. Is a national law making judges liable for serious negligence incompatible with Community law?</p>	<p>Article 177 EEC</p>
<p>Administrative questions</p>		
<p>330/88 Grifoni v Euratom³</p>	<p>Cancellation of a contract as a result of the failure of Euratom to meet its obligations; payment of the sum of LIT 450 597 910 for work done and not paid for</p>	<p>Article 181 EEC</p>
<p>341/88 Commission v Commune of Ischia</p>	<p>Payment of the sum of LIT 64 920 000, with interest, by way of reimbursement of an instalment paid under a contract between the parties concluded on 19 December 1984 and since cancelled</p>	<p>Article 181 EEC</p>
<p>Infringements</p>		
<p>325/88 Commission v Germany¹</p>	<p>Failure to comply with Council Directive 85/467/EEC amending for the sixth time (PCBs/PCTs) Directive 76/769/EEC on restrictions on the marketing and use of certain dangerous substances and preparations</p>	<p>Article 169 EEC</p>

Case	Subject	Basis
329/88 Commission v Greece ²	Failure to comply with Council Directive 84/450/EEC relating to misleading advertising	Article 169 EEC
335/88 Commission v Greece	Seeking a declaration that by requiring a radio-activity certificate for certain foodstuffs Greece has failed to fulfil its obligations	Article 169 EEC
347/88 Commission v Greece	Seeking a declaration that by passing Act No 1571/85 and implementing measures providing for the partial continuation of exclusive rights to import and market petroleum products in Greece, with measures relating to procedures for importation, exportation and marketing and a maximum retail price scheme which have a restrictive effect on the importation and exportation of these products to and from the Member States, Greece has failed to fulfil its obligations under the EEC Treaty	Article 169 EEC

Disputes between the Community and its staff

v Commission:

317/88 Marcato

321/88⁴ and 321/88R Sparr

334/88 Strack

v Council:

318/88 Beltrante and Others

319/88 Mavrakos⁵

328/88 Piemonte³

v Parliament:

336/88 V.d.B.

339/88 Bataille and Others — Annulment of the decision of the Secretary-General of the European Parliament rejecting the applicants' candidatures for Internal Competition No B/164 and refusing to allow them to take part in that competition; annulment of the decisions of the Secretary-General rejecting the applicants' complaints

¹ OJ C 311, 6.12.1988.

² OJ C 323, 16.12.1988.

³ OJ C 320, 13.12.1988.

⁴ OJ C 307, 2.12.1988.

⁵ OJ C 321, 14.12.1988.

2.4.38. Judgments

Date and Case	Held
<p>Taxation</p> <p>23.11.1988: 230/87 Naturally Yours Cosmetics v Commissioners of Customs and Excise</p>	<p>Article 11.A.1 (a) of the Sixth VAT Directive (Council Directive 77/388/EEC) must be interpreted as meaning that where a supplier ('the Wholesaler') supplies goods ('the Inducement') to another ('the Retailer') for a monetary consideration (namely a sum of money) which is less than that at which he supplies identical goods to the Retailer for resale to the public on an undertaking by the Retailer to apply the Inducement in procuring another person to arrange, or in rewarding another for arranging, a gathering at which further goods of the Wholesaler can be sold by the Retailer to the public for their mutual benefit, on the understanding that if no such gathering is held the Inducement must be returned to the supplier or paid for at its wholesale price, the taxable amount is the sum of the monetary consideration and of the value of the service provided by the Retailer which consists in applying the Inducement in procuring the services of another person or in rewarding that person for those services; the value of that service must be regarded as being equal to the difference between the price actually paid for that product and its normal wholesale price</p>
<p>Fisheries</p>	
<p>23.11.1988: 170/87 Spain v Commission</p>	<p>Removed from the Court Register (Seeking the annulment of Commission Regulation No 712/87 determining the maximum amount of the compensation for tuna supplied to the canning industry for the period 1 March to 31 May 1986)</p>
<p>23.11.1988: 31/88 Spain v Commission</p>	<p>Removed from the Court Register (Seeking the annulment of Commission Regulation No 3307/87 determining the maximum amount of the compensation for tuna supplied to the canning industry for the period 1 June to 31 August 1986)</p>
<p>23.11.1988: 122/88 Spain v Commission</p>	<p>Removed from the Court Register (Seeking the annulment of Commission Regulation No 228/88 determining the maximum amount of the compensation for tuna supplied to the canning industry for the period 1 September to 31 December 1986)</p>

Date and Case	Held
Infringements	
15.11.1988: 229/87 Commission v Greece ¹	By levying a charge for checking prices of goods imported from other Member States of the Community, except when the value of the goods imported is less than DR 200 000 or when the importation is carried out by the State, Greece has failed to fulfil its obligations under Article 12 <i>et seq.</i> of the EEC Treaty and Article 29 of the Act of Accession of Greece to the European Communities
23.11.1988: 325/86 Commission v Greece	Removed from the Court Register (Seeking a declaration that by laying down fixed profit margins for trade in certain products within the Community so as to discriminate between domestic products and similar imported goods Greece has failed to fulfil its obligations under Article 30 of the EEC Treaty)

Disputes between the Community and its staff

v Commission:

8.11.1988: 264/88 and 264/88R Valle Fernandez — The applications are dismissed as inadmissible

¹ OJ C 320, 13.12.1988.

Court of Auditors

2.4.39. At its meeting of 17 November the Court of Auditors adopted its annual report on the implementation of the general budget of the Communities for 1987 and operations under the European Development Funds¹ (→ point 2.3.4).

2.4.40. The Court of Auditors adopted an opinion on the proposal for a Council Regulation implementing the Decision of 24 June 1988 on the system of the Communities' own resources (→ point 2.3.3).

sels on 23 and 24 November. Its Chairman, Mr Masprone, presided, and Mr Delors and Mr Schmidhuber were present. Three major debates were held on a European Community action programme for 1989-92, which was attended by Mr Delors, on the annual economic report,³ which was presented by Mr Schmidhuber, and on the Commission memorandum on the European company statute.⁴ In order to be able to respond to the Commission's request that it discuss and reach general conclusions concerning the content of a Community charter of basic social rights, the Committee set up an *ad hoc* working party of 24 members (→ point 2.1.116).

Economic and Social Committee

260th plenary session

2.4.41. The Economic and Social Committee held its 260th plenary session² in Brus-

¹ OJ C 316, 12.12.1988.

² Previous session: Bull. EC 10-1988, point 2.4.53 *et seq.*

³ Bull. EC 10-1988, points 1.1.1 to 1.1.5.

⁴ Supplement 3/88 — Bull. EC; Bull. EC 6-1988, point 2.1.127.

2.4.42. During the session, the Committee adopted a resolution on the European Community action programme for 1989-92 (→ point 2.4.13).

2.4.43. Following debates, the Committee also adopted opinions on:

- (i) the annual economic report (→ point 2.1.2);
- (ii) the action programme for European Tourism Year (→ point 2.1.9);
- (iii) the European company statute (→ point 2.1.115);
- (iv) social security for employed and self-employed persons (→ point 2.1.131);
- (v) the fight against racism and xenophobia (→ point 2.1.132);
- (vi) genetically modified organisms (→ point 2.1.173);
- (vii) transit through non-Community countries (→ point 2.1.264);
- (viii) energy policy and completion of the internal market.

2.4.44. The Committee adopted unanimous opinions on the following subjects without a debate:

- (i) a multiannual research and development programme in food science and technology (Flair) (→ point 2.1.58);
- (ii) a research and technological development programme in the field of non-nuclear energy and rational use of energy (Joule) (→ point 2.1.61);
- (iii) implementation of the main phase of the strategic programme for innovation and technology transfer (Sprint) (→ point 2.1.77);
- (iv) transition to the third phase of the Eurotra programme (→ point 2.1.79);
- (v) exceptional financial support for Greece in the social field (→ point 2.1.122);
- (vi) continuation of the programme of cooperation between universities and enterprises regarding training in the field of technology (Comett II) (→ point 2.1.128);

(vii) discharges of certain dangerous substances (→ point 2.1.164);

(viii) marketing of compound feeding-stuffs (→ point 2.1.222);

(ix) situation on the market for sardines (→ point 2.1.249);

(x) transport infrastructure action programme (→ point 2.1.152).

European Investment Bank ¹

Operations in November

2.4.45. Loans announced by the European Investment Bank in November for investments within the Community totalled ECU 1 080.2 million.² Of the total amount, ECU 78.5 million was provided from the resources of the new Community borrowing and lending instrument (NCI).³ France received ECU 332.6 million, the United Kingdom ECU 266.7 million, Italy ECU 222 million, Spain ECU 130 million, Federal Republic of Germany ECU 72.5 million, Denmark ECU 32 million, Portugal ECU 12.5 million and Greece ECU 11.9 million. Outside the Community the Bank lent ECU 100 million to projects in two Mediterranean countries (Yugoslavia and Tunisia), ECU 41.5 million in the ACP States, including ECU 21.8 million from risk capital, and ECU 3.1 million in one of the overseas countries and territories.

Community

France

2.4.46. The Bank granted FF 2.7 billion, mainly for industrial investment projects,

¹ Further details can be obtained from the European Investment Bank, 100 bd Konrad Adenauer, L-2950 Luxembourg (tel. 43791).

² The conversion rates at 30 September 1988 used by the EIB in statistics for the final quarter were ECU 1 = BFR 43.49, DKR 7.96, DM 2.07, DR 168.24, ESC 170.55, FF 7.06, HFL 2.34, IRL 0.77, LFR 43.49, LIT 1 545.91, PTA 137.09, UKL 0.65, USD 1.10.

³ OJ L 298, 20.10.1978.

including FF 2.5 billion in the form of global loans (lines of credit to banks or intermediaries for productive investment projects by small and medium-sized firms and small infrastructure projects). These global loans break down as follows: FF 1 billion to the Compagnie financière de Crédit Industriel et Commercial (CFCIC)—FF 600 million for investment in areas eligible for regional development aid by small and medium-sized firms in industry, tourism and related services and by local authorities in community facilities and infrastructure projects and FF 400 million from NCI resources only for small and medium-sized businesses for their investments (industry and related services) throughout France; FF 500 million to the Locafrance group (a leasing and holding company for firms specializing in the financing of professional equipment) to assist small and medium-scale investment in industry and related services throughout France and to assist tourism in areas eligible for regional aid from the French Government (this is the Bank's second loan to Locafrance, after the FF 190 million granted in April¹ for leasing plant and equipment to small and medium-sized business); FF 100 million to Immooffice (the property subsidiary of Axa, the third largest insurance group in France) for property investments by small firms in industry and related services throughout the country and to those engaged in tourism in areas eligible for regional aid (this operation is the extension of the first FF 100 million loan, also granted in April,¹ and has the same characteristics); FF 400 million to the Banque Fédérative du Crédit Mutuel (BFCM) for projects in Alsace, Lorraine and Franche-Comté, of which FF 200 million will be onlent for investment projects by small businesses in industry and related services and in tourism in areas eligible for regional aid and FF 200 million for community facilities of regional interest provided by local authorities or other public bodies; FF 500 million to the Crédit Local de France-CAECL, which will go to public authorities in Brittany, Auvergne, Limousin and Poitou-Charentes to finance public facilities for transport and communications, water supply and urban

redevelopment and infrastructure projects required for the development of tourism.

The Bank lent the other FF 200 million to bolster the industrial development of several companies in the Merlin Gerin SA group which are specialized in producing low-voltage power distribution equipment, a sector in which the group occupies a leading position worldwide.

United Kingdom

2.4.47. The Bank granted UKL 174.5 million for investment in the aircraft industry and in data processing: UKL 150 million to help finance British Aerospace's share of the development costs of the new Airbus A-320 aircraft, a project which should increase industrial cooperation between companies in different Member States of the Community and contribute to developing the competitiveness of the Community's aircraft industry (the A-320 is being produced by Airbus Industrie, the European consortium in which BAe has a 20% share, Aero-spaciale of France 37.9%, Deutsche Airbus of Germany 37.9%, and CASA of Spain 4.2%). BAe is responsible for the design, development and manufacture of the aircraft's wings); UKL 23 million to Monarch Airlines for the purchase of two Boeing 757-200s as the final stage of the airline's fleet modernization programme and to improve the quality of air transport services in the Community; UKL 1.5 million to extend the headquarters of the National Computing Centre in Manchester, which was set up in 1966 to promote effective use of information technology in trade and industry.

Italy

2.4.48. The Bank granted LIT 343 billion, including LIT 25 billion from NCI resources. Of this total, LIT 188 billion took the form of global loans for small and medium-sized businesses in industry and related services and for projects to save energy, introduce advanced technologies or

¹ Bull. EC 4-1988, point 2.4.71.

protect the environment. The global loans will be onlent by various financial institutions (Banca Nazionale del Lavoro, Federagrari, Istituto Regionale per il Finanziamento alle Industrie in Sicilia, Istituto Bancario San Paolo di Torino, Istituto per lo Sviluppo Economico dell'Italia Meridionale, Mediocredito Centrale and Mediocredito Lombardo, Efibanca). In addition to the global loans from the Bank's own resources, the last two banks also received global loans of LIT 25 million from NCI resources.

For infrastructure projects the Bank granted LIT 8.4 billion through the Fondo Investimenti e Occupazione (FIO) to the regional authorities of Piedmont for the improvement of the water supply in several places in the provinces of Novara and Alessandria.

The Bank also granted three individual loans totalling LIT 122 billion: LIT 75 billion to AGIP for various works and fittings to reduce the environmental impact of refineries in Sannazzaro (Pavia), Porto Marghera and Livorno and for the production of unleaded petrol in these refineries; a further LIT 30 billion to AGIP to tap a natural gas deposit off the Emilia-Romagna coast; and LIT 17 billion to Alitalia to buy new Airbus A-300 aircraft under a leasing agreement.

Spain

2.4.49. The Bank lent PTA 18 billion, including PTA 1.5 billion from NCI resources. It granted PTA 15 billion in the form of global loans to four banks: PTA 5 billion to the Banco de Crédito Industrial and PTA 3 billion to the Banco Bilbao Vizcaya for projects in industry and related services; PTA 2 billion to the Banco de Crédito Agrícola for projects involving the processing of agricultural products; PTA 5 billion to the Banco de Crédito Local de España for small and medium-sized infrastructure projects by local authorities in the less prosperous regions of the country. It allocated a further PTA 3 billion in the form of global loans to Banesto and Banesco, two other credit institutions, for investments by

small and medium-sized business in advanced technology or energy-saving; of this total PTA 1.5 billion came from the NCI and will finance investment in relatively prosperous regions while PTA 1.5 billion from EIB resources will be onlent in less-developed regions.

Germany

2.4.50. The Bank has advanced DM 150 million to Bayerische Motorenwerke (BMW), Munich, for the construction of a research and engineering centre which will house all BMW's research and development activities.

Denmark

2.4.51. For infrastructure investment, the Bank granted DKR 256 million to Naturgas Midt/Nord, a utility covering 65 districts in the four counties of Ringkøbing, Viborg, Aarhus and North Jutland, for the installation of a natural gas transmission system and local distribution network in central and northern Jutland. This project will contribute towards the achievement of the Community's energy objectives: by making it easier to use local gas, the future network will reduce the need for oil imports, in particular for heating; it will also have a favourable effect on the environment.

Portugal

2.4.52. The Bank has granted ESC 2.1 billion for the construction of a road bridge and for investment by small and medium-sized business throughout Portugal.

For infrastructure investment, ESC 1.12 billion will be made available to the Junta Autonoma de Estradas (JAE) for the continuation of work on building a bridge over the Guadiana between the south of Portugal and Andalucía (Spain), which will improve traffic between two Member States of the Community and stimulate economic activity and tourism in two less-favoured regions. These works are being jointly financed by the Regional Fund and have already received the following EIB loans:

ESC 0.5 billion in July 1987 for the Portuguese side¹ and PTA 2 billion in October 1987 for work on the Spanish side and for upgrading the 57 km Huelva-Seville highway.²

A further ESC 1 billion went to Euroleasing-Sociedade Portuguesa de Locação Financiera to finance, by leasing operations, small and medium-scale investment projects in industry, tourism and related services. This global loan for leasing operations is a new financing technique which extends the range of assistance given by the Bank to small and medium-sized business in Portugal. Up to now the Bank has granted global loans to specific banks for projects in agriculture, fisheries and agricultural processing and for small and medium-sized firms in industry, related services and tourism and lines of credit to the State to be drawn on by all public and private commercial banks in the country to finance small and medium-sized business in industry, services and tourism.

Greece

2.4.53. The Bank advanced DR 2 billion to the State (Ministry of the Environment, Regional Planning and Public Works) for the improvement and reinforcement of the road network on Crete, Euboea and Rhodes in order to make it easier to travel between the main centres on these islands and thus promote regional development. The works, involving the improvement of almost 200 km of narrow roads and the construction of some 70 km of new roads, form part of the Greek regional development programme. They are costed at over DR 15 billion. The project has already received a DR 3 billion loan from the Bank, in August 1986, and a subsidy from the Regional Fund.

Outside the Community

Mediterranean countries

2.4.54. In Yugoslavia the Bank granted a further loan of ECU 65 million for the con-

struction of the Trans-Yugoslav Highway, bringing total EIB support for this project so far to over ECU 360 million.³ This loan goes to the road authorities of the Republic of Slovenia and the Autonomous Province of Vojvodina, to bring a further three stretches totalling 42 km up to motorway standard.

2.4.55. In Tunisia the Bank granted ECU 35 million: a global loan of ECU 18 million, carrying a 3% interest subsidy financed from the Community budget, for the Banque Nationale de Développement Agricole (ENDA) to be onlent for small and medium-scale investment projects in agriculture and agricultural processing to reduce dependence on food imports; ECU 17 million to the Société Nationale des Chemins de Fer Tunisiens (SNCFT) to help renew and realign some 180 km of track on the Tunis-Algiers line, the coastal line between Tunis and Sfax and Gabes and various sections of the lines in the south (from Tozeur and Sehib to Graiba on the coast) which are of considerable importance for the phosphate industry. The global loan to the ENDA uses up all the resources provided under the Second Financial Protocol,⁴ while the loan to the SNCFT is the first under the Third Protocol which entered into force this year.⁵

ACP States

2.4.56. The Bank granted a loan of ECU 13 million from risk capital for rehabilitation of an oil pipeline linking the port of Dar-es-Salaam in Tanzania with the Ndola refinery in Zambia and related projects (pumping stations, oil depot). The investment of around ECU 38.5 million will be carried out by Tazama Pipelines Limited, a venture owned by the two States concerned, and is scheduled for completion in 1991. The project will allow up to 850 000 tonnes

¹ Bull. EC 7/8-1987, point 2.4.63.

² Bull. EC 10-1987, point 2.4.51.

³ Bull. EC 9-1988, point 2.4.54.

⁴ OJ L 337, 29.11.1987; OJ L 356, 17.12.1982; Bull. EC 10-1982, point 2.2.44.

⁵ OJ L 22, 27.1.1988; Bull. EC 3-1987, point 2.2.14.

of crude oil a year to be transported under more reliable conditions. Part of the works will be funded from bilateral Italian aid. Financing has also been sought from the African Development Bank.

2.4.57. In Botswana the Bank granted ECU 10 million to improve the water supply for Gaborone, the capital. The loan has been granted to the Water Utilities Corporation for the construction of a dam on the Metsemothlaba River in south-western Botswana with a storage capacity of 18 million cubic metres, a pumping station and 34 km of pipeline to transfer the water to the existing Gaborone Dam. This will go a long way towards satisfying the rapidly growing demand in the Gaborone area and improve the reliability of water supply required for the social and economic development. The project, scheduled for completion by October 1990, is being co-financed by the African Development Bank and the Commonwealth Development Corporation.

2.4.58. The Bank granted ECU 9.5 million from risk capital for the construction of a cotton ginning plant in Mali, near Koumantou, and the modernization of nine existing plants. The funds have been granted to the State; they will be onlent to *Compagnie Malienne pour le Développement du Textile (CMDT)*, a semi-public company set up in 1974 which operates 12 cotton ginneries in the country. Total investments, estimated at some ECU 22 million and scheduled for completion by the end of 1989, will help to boost productivity and improve the quality of the cotton fibre produced. They will bring CMDT's overall ginning capacity to around 300 000 tonnes of cotton per annum. Financing for the project is also coming from France's *Caisse Centrale de Coopération Economique (CCCE)*.

2.4.59. In Mozambique the Bank granted ECU 6 million from risk capital for the rehabilitation of the country's main cement works at Matola and related projects involving a quarry, a railway and technical

assistance. The project, to be completed by mid-1990, is costed at ECU 16 million. Additional funding has been requested from Italian, Norwegian and Swedish bilateral grant aid as well as from the OPEC Fund.

2.4.60. The Bank lent ECU 3 million for the construction of a flour mill in Mauritius. The project comprises the installation of machinery, silos with a total capacity of 20 000 tonnes, four packaging lines, office space, and facilities for offloading and conveying wheat to the mill. The funds are granted to the Development Bank of Mauritius (DBM) to onlend to '*Les Moulins de la Concorde*' (MCL), a company set up in 1987 for this operation. The investment will allow Mauritius to process wheat imported in bulk, which is more cost-efficient than importing flour in sacks, produce bran for stock-farming and diversify agricultural processing output. Total project costs are estimated at ECU 14.1 million.

Overseas countries and territories

2.4.61. The Bank lent ECU 3.1 million for the improvement and extension of the international telecommunications services of the Netherlands Antilles. The borrower is the Ministry of Transport and Communications of the Central Government, which will onlend to *Lansradio Telecommunication Administration*, the department responsible for all long-distance telephone services. The project elements financed by the EIB are new international digital telephone exchanges on Curaçao and St Maarten and new buildings to house the new international exchanges. The loan will help to support the development of international business and tourism with modernized and efficient telecommunications facilities. The funds have been advanced under Decision 86/283/EEC of 30 June 1986 to provide assistance to overseas countries and territories enjoying special ties with certain Member States.¹

¹ OJ L 175, 1.7.1986; Bull. EC 6-1986, point 2.2.43.

5. Statistics

General

Statistical programme

2.5.1. As promised in its communication in April concerning the redefinition of its statistical information policy,¹ on 30 November the Commission adopted, for transmittal to the Council, a communication on the statistical programme of the European Communities 1989-92,² together with a draft Council resolution on the implementation of a plan of priority actions.

The programme is based on the idea that better use of statistical information will enhance the efficiency of Community policies, improve budgetary discipline, in particular through the improved, more rapid evaluation of Community programmes, and help the integration process in the Community by means of standardized European procedures. It covers four main areas in which Community statistics will be developed from now until 1992 (national accounts, trade within the Community, common agricultural policy and the operations of the structural Funds). The estimated budget for the programme's implementation is ECU 215 million over five years, more than 75% of which will go to the Member States to enable them to carry out surveys and other tasks associated with the collection of information concerning the Community.

Legislation

Earnings of agricultural workers

2.5.2. On 8 November the Council, adopted, on the basis of a proposal from the Commission,³ Directive 88/562/EEC,⁴ amending Directive 82/606/EEC,⁵ relating to the organization by Member States of surveys on the earnings of permanent and seasonal workers employed in agriculture.⁶ Under the amended Directive, the Community's con-

tribution towards the costs of the survey is extended to cover 1988. Provision is made for the Council to review Directive 82/606/EEC at the beginning of 1990 on the basis of a report by the Commission on the experience gained in carrying out the surveys. This report will be accompanied by proposals concerning the arrangements to be implemented, if required, for the years following 1990.

Labour force survey

2.5.3. On 7 November the Council adopted Regulation (EEC) No 3473/88 on the organization of the annual Community labour force survey in 1989.⁶

This survey has become an important source of statistical information on the Community labour force. The results of the survey allow comparisons between the Member States and are used extensively as a source of statistical information on the labour market which serves to determine Community social and regional policies.

Cooperation

EFTA countries

2.5.4. The first meeting between the Directors-General of National Statistical Institutes of the EFTA countries and Eurostat was held in Stockholm on 3 and 4 November. The purpose of the meeting was to inform those present of the effects on Community statistics of the entry into force of the Single European Act.⁷ The representatives of the EFTA countries expressed their willingness to adapt their statistical systems as far as possible to the changes

¹ Bull. EC 4-1988, point 2.5.2.

² COM(88) 696 final.

³ Bull. EC 6-1988, point 2.5.1.

⁴ OJ L 309, 15.11.1988.

⁵ OJ L 247, 23.8.1982; Bull. EC 7/8-1982, point 2.1.127.

⁶ OJ L 305, 10.11.1988.

⁷ Supplement 2/86 — Bull. EC; Bull. EC 2-1986, point 1.1.1 *et seq.*

brought about by the completion of the large European market.

China

2.5.5. Since the beginning of November Chinese officials have been helping in Luxembourg to complete the first study on the divergences between Chinese and Community foreign trade statistics as part of the process of cooperation between China and Eurostat. Other projects resulting from this cooperation (delivery of data-processing equipment) are going well.

Data

Activity in the coal sector during the first half-year

2.5.6. The structural conversion measures and the widespread attempts at rationalization which were put in hand by the Community's coal industry during the first half of 1988 resulted in a further drop in production compared with the same period in 1987. The amount produced during the first six months of 1988 was 108.1 million tonnes — a drop of 5.1 million tonnes (− 4.5%) on the first half of the previous year. The largest reductions were in the United Kingdom (2.0 million tonnes (− 3.8%)), the Federal Republic of Germany (1.5 million tonnes (− 3.6%)) and France and Belgium (1 million tonnes each).

At the same time, the number of workers employed underground also fell by 14 700 during the period under review. The United Kingdom, the main country concerned, shed 11 000 jobs.

In mid-1988 coal stocks within the Community amounted to 31.2 million tonnes, an increase of 0.5 million tonnes (+ 1.7%)

compared with the same period last year. While France was the country with the greatest increase in stocks (0.9 million tonnes (+ 22.2%)), the United Kingdom ran down some of its stocks to offset the fall in coal outputs.

Provisional estimates of coal imports from non-member countries during the first half of 1988 point to an increase of 1.5 million tonnes for the Community as a whole; these imports now stand at 46.3 million tonnes, 3.3% up on the same period last year.

From the half-year production figures for coke it would appear that the situation on the steel market is unchanged. Community coke production is now 26.1 million tonnes, 1.1 million tonnes less (− 4.2%) than in the first half of 1987. After the first six months of 1988, Community coke stocks amounted to 10.1 million tonnes, a slight drop (2.6%) compared with the figures recorded at the end of 1987.

Publications

2.5.7. Financial innovation is a concept which plays an important role nowadays in national and international financial markets. It involves not only new financial instruments but also the combination of existing instruments. In order to obtain a better understanding of these concepts, Eurostat initiated a study in November on the establishment of a flexible data collection infrastructure in the field of financial accounts and banking statistics. Eurostat intends to submit the results of the study to the working party of experts on financial statistics at the end of 1989 and to make proposals for the harmonization of definitions within the context of financial innovation.

PART THREE
DOCUMENTATION

1. The ecu

Values in national currencies of one ecu

30 November 1988¹

Belgian franc and Luxembourg franc (convertible)	43.5454
Belgian franc and Luxembourg franc (financial)	43.8442
Danish krone	8.00569
German mark	2.07828
Greek drachma	172.951
Portuguese escudo	172.037
French franc	7.09970
Dutch guilder	2.34362
Irish pound	0.776884
Italian lira	1 536.48
Spanish peseta	135.600
Pound sterling	0.647754
United States dollar	1.19524
Swiss franc	1.74026
Swedish krona	7.20428
Norwegian krone	7.75409
Canadian dollar	1.41934
Austrian schilling	14.6177
Finnish mark	4.87776
Japanese yen	146.022
Australian dollar	1.36396
New Zealand dollar	1.82479

¹ OJ C 306, 1.12.1988.

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

November 1988	
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	2.38591 ⁶
	2.37360 ⁷
	2.36110 ⁵
Greek drachma	153.839 ⁴
	150.275 ¹
	156.699 ^{7, 8, 9, 10}
	143.096 ¹¹
	148.799 ¹²
138.759 ⁵	
Portuguese escudo	188.007 ¹³
French franc	7.47587 ^{3, 6}
	7.69553 ¹⁴
	7.54539 ¹
	7.45826 ²
	7.43671 ⁹
7.73579 ⁴	
Dutch guilder	2.66089 ^{6, 7}
	2.64704 ⁵
Irish pound	0.832119 ²
	0.831375 ³
	0.844177 ¹⁴
	0.843427 ⁴
0.817756 ¹	
Italian lira	1 629.00 ¹⁵
	1 674.00 ⁴
	1 554.00 ¹
	1 597.00 ^{7, 16}
	1 603.00 ⁹
1 613.00 ⁵	
Spanish peseta	151.806 ¹
	155.786 ²
	154.213 ³
	155.643 ⁴

November 1988	
National currency	Value in national currency of one ecu
Pound sterling	0.706696 ⁴
	0.710546 ¹⁴
	0.652575 ¹
	0.665557 ²
	0.656148 ³

- 1 For sheepmeat and goatmeat.
- 2 For other livestock products.
- 3 For crop products.
- 4 For pigmeat.
- 5 For other products.
- 6 For milk and milk products.
- 7 For cereals.
- 8 For sugar.
- 9 For wine.
- 10 For olive oil.
- 11 For eggs and poultrymeat.
- 12 For other crop products.
- 13 For all products.
- 14 For beef/veal.
- 15 For fruit and vegetables and tobacco.
- 16 For oilseeds.

2. Additional references in the Official Journal

3.2.1. This section lists the titles of legal instruments and notices of Community institutions or organs which have appeared in the Official Journal since the last Bulletin was published but relating to items appearing in earlier issues of the Bulletin; the references were not available when the Bulletin went to press.

The number of the Bulletin and the point to which this additional information refers is followed by the title shown on the cover of the Official Journal, the number of the issue and the date of publication.

Bull. EC 3-1988

Point 2.1.78

Commission Decision of 29 March 1988 on planned aid by the French Government for certain areas of Haute-Normandie, Franche-Comté and Sarthe, in the conversion centres of Dunkirk, Le Creusot, Fos, Caen and the area of Roubaix-Tourcoing
OJ L 310, 16.11.1988.

Bull. EC 5-1988

Point 2.1.189

Proposal for a Council Regulation (EEC) on structural improvements in inland waterway transport
OJ C 297, 22.11.1988.

Bull. EC 6-1988

Point 2.2.54

Commission proposals to the Council fixing the Community's scheme of generalized tariff preferences for 1989.
OJ C 302, 28.11.1988.

Bull. EC 7/8-1988

Point 2.1.1988

Proposal for a Council Directive on hazardous waste

Proposal for a Council Directive amending Directive 75/442/EEC on waste
OJ C 295, 19.11.1988.

Point 2.1.203

Proposal for a council regulation (EEC) establishing a financing facility for imports of food products by developing countries from the European Community
OJ C 299, 24.11.1988.

Bull. EC 9-1988

Point 1.2.1 et seq.

Community strategy and action programme for the forestry sector

Proposal for a Council Regulation (EEC) amending Regulation (EEC) No 797/85 on improving the efficiency of agricultural structures, as regards the afforestation of agricultural land

Proposal for a Council Regulation (EEC) laying down provisions for implementing Regulation (EEC) No ... as regards the scheme to develop and optimally utilize woodlands in rural areas in the Community

Proposal for a Council Regulation (EEC) concerning application of Article 7 of Council Regulation (EEC) No 355/77 to the cork sector

Draft Council Decision setting up a Standing Forestry Committee

Proposal for a Council Regulation (EEC) amending Regulation (EEC) No 3528/86 on the protection of the Community's forests against atmospheric pollution

Proposal for a Council Regulation (EEC) amending Regulation (EEC) No 3529/86 on protection of the Community's forests against fire

Proposal for a Council Regulation (EEC) establishing a European Forestry Information and Communication System (Efics)
OJ C 312, 7.12.1988.

Point 2.1.11.

Convention on jurisdiction and the enforcement of judgments in civil and commercial matters
OJ L 319, 25.11.1988.

Point 2.4.7

Fifth annual report to the European Parliament on Commission monitoring of the application of Community law — 1987
OJ C 310, 5.12.1988.

Points 2.4.28 to 2.4.44

Opinions adopted by the Economic and Social Committee during its session of 28 and 29 September 1988

OJ C 318, 12.12.1988.

Bull. EC 10-1988

Point 2.1.23

Forward programme for steel for the fourth quarter of 1988

OJ C 288, 12.11.1988.

3. Infringement procedures

Initiation of proceedings for failure to implement directives

Letters of formal notice

3.3.1. In November 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

Council Directive of 18 March 1986¹ amending the Council Directive of 15 January 1980 on the approximation of the laws of the Member States relating to the ranges of nominal quantities and nominal capacities permitted for certain prepackaged products² (Netherlands).

Council Directive of 25 June 1987 amending certain directives on the approximation of the laws of the Member States relating to industrial products with respect to the distinctive numbers and letters indicating the Member States³ (Belgium, Denmark, France, Germany, Italy).

Council Directive of 25 June 1987³ amending the Council Directive of 26 July 1971 on the approximation of the laws of the Member States relating to common provisions for both measuring instruments and methods of metrological control⁴ (Belgium, Denmark, Germany, Italy).

Customs union and indirect taxation

Council Directive of 28 March 1983⁵ determining the scope of Article 14(1)(d) of the Council Direc-

tive of 17 May 1977⁶ as regards exemption from value-added tax on the final importation of certain goods (Italy).

Council Directive of 28 March 1983 on tax exemptions applicable to permanent imports from a Member State of the personal property of individuals⁵ (Italy).

Thirteenth Council Directive of 7 November 1986 on the harmonization of the laws of the Member States relating to turnover taxes — Arrangements for the refund of value-added tax to taxable persons not established in Community territory⁷ (Italy).

Reasoned opinions

3.3.2. The Commission delivered reasoned opinions for failure to inform it of national measures to give effect to the following directives:

Environment and consumer protection

Council Directive of 12 June 1986⁸ amending the Council Directive of 6 December 1984 on the supervision and control within the European Community of the transfrontier shipment of hazardous waste⁹ (Italy).

¹ OJ L 80, 25.3.1986.

² OJ L 51, 25.2.1980.

³ OJ L 192, 11.7.1987.

⁴ OJ L 202, 6.9.1971.

⁵ OJ L 105, 23.4.1983.

⁶ OJ L 145, 13.6.1977.

⁷ OJ L 326, 21.11.1986.

⁸ OJ L 181, 4.7.1986.

⁹ OJ L 326, 13.12.1984.

Council Directive of 10 September 1984 relating to the approximation of the laws, regulations and administrative provisions of the Member States concerning misleading advertising¹ (Italy).

3.3.3. The Commission also delivered reasoned opinions for failure to incorporate correctly the following directives into national law:

Internal market

Council Directive of 26 July 1971 concerning the coordination of procedures for the award of public works contracts² (Greece).

Council Directive of 26 July 1972 concerning the details of publication of public works contracts and concessions in the Official Journal³ (Greece).

Council Directive of 2 August 1978⁴ amending the Directive of 26 July 1971 concerning the coordination of procedures for the award of public works contracts² (Greece).

Environment and consumer protection

Council Directive of 7 March 1985 on air quality standards for nitrogen dioxide⁵ (France).

Council Directive of 20 March 1985 on the approximation of the laws of the Member States concerning the lead content of petrol⁶ (Belgium).

¹ OJ L 250, 19.9.1984.

² OJ L 185, 16.8.1971.

³ OJ L 176, 13.8.1972.

⁴ OJ L 225, 3.8.1978.

⁵ OJ L 87, 27.3.1985.

⁶ OJ L 96, 3.4.1985.



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