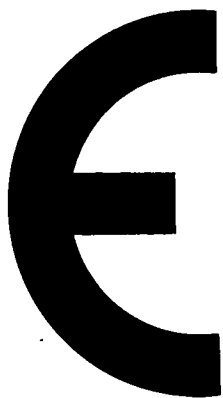


# Bulletin

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## OF THE EUROPEAN COMMUNITIES

Commission



No 1 1985

Volume 18

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

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The following reference system is used: the first digit indicates the part number, the second digit the chapter number and the subsequent digit or digits the point number. Citations should therefore read as follows: Bull. EC 1-1985, point 1.1.3 or 2.2.36.

*Supplements to the Bulletin are published in a separate series at irregular intervals. They contain official Commission material (e.g. communications to the Council, programmes, reports and proposals).*



# Bulletin

## OF THE EUROPEAN COMMUNITIES

ECSC — EEC — EAEC  
Commission of the European Communities  
Secretariat-General  
Brussels

Sent to press in April 1985

No 1  
1985  
Volume 18

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# contents

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## **PART ONE**      **SPECIAL FEATURES**

1. Statement to Parliament by Mr Delors, President of the Commission, on the thrust of Commission policy 7
2. Proposals for agricultural prices and related measures for 1985/86 11
3. Technical harmonization and standards: a new approach 14

## **PART TWO**      **ACTIVITIES IN DECEMBER 1984**

1. Building the Community 18
  - Internal market and industrial affairs 18
  - Customs union 20
  - Competition 20
  - Financial institutions and taxation 22
  - Employment, education and social policy 23
  - Culture 24
  - Regional policy 24
  - Environment and consumers 25
  - Agriculture 26
  - Fisheries 35
  - Transport 37
  - Energy 38
  - Research and development 39

2. Enlargement and external relations	42
— Enlargement and bilateral relations with applicant countries	42
— Commercial policy	43
— Relations with industrialized countries	45
— Relations with other countries and regions	46
• Mediterranean Countries	46
• Euro-Arab Dialogue	47
• Countries of the Gulf and the Arabian peninsula	47
• Asia	47
— Development	47
— Diplomatic relations	51
3. Financing Community activities	51
4. Political and institutional matters	52
— Political cooperation	52
— European policy and relations between the institutions	53
— Institutions and organs of the Communities	53
• Parliament	53
• Council	58
• Commission	59
• Court of Justice	60
• Economic and Social Committee	68
• European Investment Bank	69

## **PART THREE DOCUMENTATION**

1. ECU	82
2. Additional references in the Official Journal	83
3. Infringement procedures	84
4. Statement on Italy's term as Council President	84

## Supplements 1984

1/84 Unfair terms in contracts concluded with consumers

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PART ONE

**SPECIAL FEATURES**

## Bulletin information service

Readers can obtain information on developments since this issue went to press (date of adoption of instruments by the Council, of opinions given by Parliament or the Economic and Social Committee, of publication in the Official Journal, etc.) by telephoning the document services of the Information Offices at the following numbers:

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

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



# 1. Statement to Parliament by Mr Delors, President of the Commission, on the thrust of Commission policy

## Investiture of the Commission

1.1.1. In response to the wish expressed by Parliament in December,<sup>1</sup> the Commission, represented by its President, Mr Jacques Delors, presented the main guidelines for its activities over the next four years at the beginning of its new term of office.<sup>2</sup> It also wished to demonstrate its political responsibility to Parliament and inaugurate an era of fruitful dialogue. The Commission saw its presence before the representatives of the people of Europe as an extension of the solemn undertaking that each Member would be giving before the Court of Justice.

## Restoring Europe's credibility

1.1.2. Despite the tasks confronting the new Commission in both the short and the longer term, Jacques Delors refused to indulge in pessimism about the future of Europe. After paying homage to the unrelenting efforts of his predecessor, he first wished to give a message of hope: 'Disenchantment with Europe is receding. There is a new feeling abroad. ... Europe is—I hope—on the point of settling the family feuds which have literally paralysed it in recent years.'

The first task facing the Community was to restore Europe's credibility in the eyes of its own people and in the eyes of the world.

The Community had fought for its various interests, but had been on the defensive too often, at best limiting the damage. It needed to regain its strength of word and action, speak with one voice, find its imagination again and return to the attack.

1.1.3. Internally, it was high time to put an end to the image of a feudal Europe where barriers, customs posts, formalities and red tape proliferate. All frontiers within Europe had to be eliminated by 1992 under

the programme for consolidation of the internal market presented by the outgoing Commission in association with the Committee on a People's Europe. At the same time, industrial cooperation must be encouraged. Recent advances in new technologies (Esprit) and the introduction of common standards for telecommunications pointed the way.

Attainment of the internal market also depended on the progress made in other areas—financial, monetary and social—and progress there must be kept up. The European Monetary System, which by effectively stopping monetary dumping had helped increase intra-Community trade, would have to be strengthened. Rules would have to be harmonized to prevent Member States or firms from trying to gain an advantage over their competitors by resorting to social dumping. In Mr Delors's view, Europe's strength 'will fail to realize its full potential unless it is based on democracy and justice... Justice means more than a fair reward for initiative and risk-taking: it also means the kind of community that makes all its members welcome and is mindful of the need to provide equal opportunities for all. ... Like many of you, I believe that our economies are too inflexible. But the causes of this inflexibility are many. If we spend all our time looking for them in just one direction, we may well run aground, for Europe will not be achieved in a kind of inverted social progress. It is time that the labour market should be made more flexible—I would be all for this—but it is equally important to stimulate initiative and to fight against every unjustified advantage, without exception, deriving from entrenched positions.'

Mr Delors felt that 'collective bargaining must remain one of the cornerstones of

<sup>1</sup> OJ C 12, 14.1.1985.

<sup>2</sup> The full text of Mr Delors's statement and extracts from his reply to the ensuing debate are contained in Supplement 1/85—Bull. EC.

our economy, and efforts must be made to secure some harmonization at Community level. That is why I raised the idea a few moments ago of European collective agreements to provide the framework which is essential for the achievement of a large market.'

The Community's credibility also depended on its record on unemployment. 'The Community ... must act as the multiplier of national efforts. Economic convergence will be meaningless to people if we have not reversed the terrible rise of unemployment within the new two years. It depends on us. It depends on our strength and our ability to adapt our structures and stimulate an economic upturn at the same time.'

Finally, Europe's credibility would be gauged against its desire for consistency. Was it possible to advance on one front—the large internal market and industrial cooperation—and retreat on others, Mr Delors asked? Agricultural modernization must continue, but it was time to put a brake on the renationalization of agricultural policy (national expenditure on agriculture, excluding social security, already amounted to 50% of Community spending). 'The Community's job is to sustain those activities which are essential to meet needs and maintain human and natural balances.'

1.1.4. Externally, the Community had so far failed to persuade its two major partners, the United States and Japan, to act in concert to remedy the glaring ills of the world economy. It had been unable to demonstrate and influence. Agreement must be reached on a diagnosis and a cure. Jacques Delors felt that one solution could be the development of the ECU and the role of the European Monetary System, which had benefited all the Member States. Was Europe prepared, by supporting a reserve currency, to share the global burden of monetary management with the United States? If it were to do this, would it not be in a stronger position to ask Japan to take its share of the load and persuade the United States to introduce the internal discipline which would make for relative

stability on foreign exchanges and a more balanced distribution of savings and financial flows?

1.1.5. Turning from what was to be done to how to go about it, i.e. the institutional dynamic of the Community, Mr Delors felt that the questioning spirit now abroad was encouraging and promising. However, 'we must at all costs prevent the institutional quarrel becoming in the future what the mandate of 30 May 1980 was in the past ..., that institutional issues could lead to the adoption of diametrically opposed positions which each side could invoke as a pretext for doing nothing. You know the story: each Member State makes progress in one direction conditional on assurances or concessions on issues which it regards as essential. We have suffered too much from this type of diplomacy, this tit-for-tat approach, not to be extremely wary.'

Finally, Mr Delors drew a distinction between exploring all the possibilities offered by the existing framework of the Treaties (the Commission would not hesitate to withdraw proposals if their contents had been too watered down after consideration in the Council, and it would endeavour to make the institutional dialogue meaningful and effective) and looking to new horizons beyond the Treaties. 'In this area too the Commission intends to be a driving force and generator of proposals ... by helping to make the essential leap forward which will widen our horizons and reinforce our action.'

## The debate

1.1.6. With the exception of a number of Danish and Greek anti-marketeters, Parliament gave a very warm welcome to Mr Delors's statement. As Lionel Jospin (*Soc/F*) put it, many members of Parliament found that the speech had struck a happy medium—

'between the President's evident conviction and his respect for the variety of other people's convictions (those of governments, of members of the Commission and of members of Parliament); between

the overriding need to settle short-term difficulties (provided we do not get bogged down in the most immediate problems) and the desire to advance towards new prospects for Europe; between the Community's basic economic, social and cultural problems (which is doubtless essential but must not take up all our energy nor be substituted for action and progress on matters of substance); between what the Commission wanted to do and what it was realistically able to do'.

1.1.7. On behalf of the Socialist Group, Mr Rudi Arndt (D) expressed his satisfaction at hearing the Commission President state that the Commission fully intended to play the role assigned to it by the Treaties.

He called on his fellow members to respect the Commission's independence towards both the Council and Parliament, asserting they had no right to make the Commission Parliament's secretariat.

Mrs Simone Veil (F) voiced the hopes of the Liberal Group and its sympathy for the approach adopted in the speech and the role the Commission claimed for itself:

'The President had not indulged in either lyricism or demagogy but had explained, in simple terms, the priorities the Commission had set itself and the methods it intended to pursue to build a credible and strong Europe. He had been at pains to reflect on how to go about it rather than what has to be done. There was no denying his high view of the Commission's role. He had made it clear that the Commission was not to be the Council's secretariat but Europe's chief engineer.

This was to be welcomed because the gradual weakening of the Commission had been largely responsible for the stagnation of the Community. But the Commission still had to make it happen: the Council might be even more awkward than expected. Mr Delors knew the Council from experience, but when you change hats you discover things you never suspected.'

Mr Nicolas Estgen (L) expressed the European People's party's satisfaction that the Commission had come to introduce itself and its policies to Parliament.

'Mr Delors had given a meaningful message of courageous yet level-headed enthusiasm. He had not fallen into the trap of demagogy and vague promises: the Commission's position was four-

square within the existing Treaties, and Parliament should not expect otherwise since the Commission was basically the guardian and executor of the Treaties. The Commission had said it would make full use of the potential offered by the Treaties, and that was precisely what Parliament expected of it'.

Mr Estgen then asked Mr Delors four questions on how he intended to take account of Parliament's powers. Mr Delors replied that the Commission would send all its proposals to Parliament in due and proper form; that it would give every consideration to Parliament's amendments but was not prepared to give it a blank cheque (valid reasons would be given if necessary); that in the event of a dispute between Council and Parliament over the course to be taken the Commission would instigate fresh discussion, further debate in Parliament; and, finally, that any proposal that was too watered down would be withdrawn.

For the Communists, Mr Giovanni Cervetti (I) called for collaboration between Parliament and the Commission. The vote of investiture was intended to convey both encouragement and criticism and to reflect awareness of the vital importance of the European dimension.

Mr Alain Guermer (EDA/F), on the other hand, objected to the innovation represented by the investiture vote.

'The European Democratic Alliance took the view that investiture was a legal and constitutional act which Parliament was incapable of performing since the Treaties gave it no such power. There was no new Commission replacing an old one: the Commission was a permanent institution set up under the Treaties. The government-appointed members might be changed or even withdrawn (as had in fact happened recently), but this could in no way be likened to the appointment of a government.

The fact of the matter was that the Commission was deemed to enjoy Parliament's confidence as long as Parliament did not withdraw it by means of a formal act as provided by the Treaties'.

The EDA Group moved a resolution which failed to gain a majority.

1.1.8. The other speeches and explanations of vote dealt more with the measures to be taken and with political priorities. Most speakers insisted on the need for a Europe that meant something real to its citizens, a competitive Community where social justice reigned and which made itself heard on the world scene.

The Socialists, who wanted no part of a Europe which was nothing more than agricultural subsidies and free trade, emphasized four priorities: the fight against unemployment; human and civil rights; peace, security and disarmament; and combating world famine.

The EPP felt that it was essential to restore competitiveness—which went hand in hand with attainment of the internal market, development of the EMS and the role of the ECU. Efforts must also be made to enhance social justice provided that this did not harm business efficiency and competitiveness, especially in small and medium-sized firms.

Sir Henry Plumb (*ED/UK*) called on the Commission to play its essential role in ensuring observance of the milk quotas and working out a long-term farm and food policy. He pointed out the necessity to realize a genuine internal market and called for a strengthening of the EMS and the role of the ECU and hoped that the United Kingdom could soon join the EMS.

Some Communists and Ecologists called for a different type of Europe. The speakers from the Rainbow Group in particular interpreted the statement as an apologia for growth—for electronics, computers and robots instead of people—that would land us in a state of 'industrial feudalism'.

Finally, members such as Mr Marco Pannella (*NA/I*) and Mr Altiero Spinelli (*Com/I*) felt that the speech had not dealt sufficiently with European Union.

## The vote

1.1.9. After a three-hour debate involving 19 speakers, Parliament expressed its confi-

dence in the Commission by adopting (by a majority of 207 to 34 with 38 abstentions) a resolution tabled by the Socialists, the European People's Party, the European Right and the Italian Communists:

### 'The European Parliament,

Representing the people of the European Community,

Having regard to the resolution adopted by the European Parliament on 13 December 1984 concerning the investiture of the new Commission,

Taking note of the Commission's outline programme presented by the President of the Commission on 14 January 1985,

Awaiting the statement of the President of the Commission on its detailed programme and recalling the decision to debate this programme,

1. Expects the Commission to fulfil the responsibilities and obligations assigned to it by the Treaties, in order to re-establish itself as the guardian of the Treaties and as an independent institution working for the development of an ever closer union of the peoples of Europe;
2. Expects the Commission to fulfil the commitments entered into in the declaration made by its President on 14 January;
3. On this basis, expresses its confidence in the new Commission.'

Several members (especially those from the European Right Group) supported the resolution because it was a vote of investiture, without committing themselves as to the policies outlined in the Commission President's statement. On the other hand, many French EDA members abstained because they took exception to a vote of this kind.

The noes and the abstentions were not a homogeneous bloc: voting behaviour was based on a variety of reasons. There was a very fine line between voting against and abstaining. For instance, some British Labour members voted against while others abstained, and the same was true of the Greens. Broadly, the Labour members voted on anti-capitalist grounds. And it was on the same grounds that the French Communists took no part at all in the voting. The Ecologists voted to demonstrate their

commitment to a different type of society. The reason why the European Right and some of the EDA members abstained was that they thought the Commission statement too insubstantial. Two Italian Com-

munist (Mr Spinelli and Mr Ippolito), the Italian Liberals and certain other Liberals abstained in protest against the Commission's failure to enter more fully into the debate on European Union.

## 2. Proposals for agricultural prices and related measures for 1985/86

### Continuity in the development of the agricultural policy

1.2.1. On 30 January the Commission sent to the Council its proposals for agricultural prices and certain related measures for the 1985/86 marketing year.<sup>1</sup> The new Commission presented the proposals before the end of January to enable Parliament to prepare its opinion in good time and allow the Council to come to a decision before 1 April, as is required.

In the proposals, the Commission's purpose is to maintain continuity in the development of the agricultural policy following the reforms approved in 1984.<sup>2</sup> In the short term there is no alternative to the maintenance of a policy on prices more closely adapted to the real conditions prevailing on internal and external markets, but at the same time the Community's obligations to the farmers and their families must be met. Also, the guarantee thresholds must be maintained, in accordance with the guidelines already approved by the Council.

For most products, the Commission feels that prices should be kept unchanged or that only modest increases, up to 2%, should be conceded. However, for certain items, the Commission is proposing significant reductions, either because the guarantee threshold has been exceeded (e.g. cereals and rape) or because of the market situation

(in particular for citrus fruit and tomatoes and certain varieties of tobacco).

The Commission is also proposing that a further step be made towards the dismantlement of the MCAs following the agri-monetary agreements of 31 March 1984,<sup>3</sup> and this will allow for price adjustments and developments with regard to incomes in the relevant Member States. Thus the Commission proposes that through a reduction in the 'monetary gap', the negative MCAs should be discontinued in France and Greece. For the positive MCAs applied in Germany and the Netherlands, the Commission is proposing sufficient adaptation to enable the MCAs for milk and cereals to be aligned on the level for the other products.

When presenting its proposals, the Commission bore in mind that the market situation has not improved since the March 1984 agreement and that for several products it has actually deteriorated, that the average inflation rate is still falling (from 4.7% in 1984 to an estimated 4.1% for 1985) and that the differences in inflation rates between the various Member States are narrower than in previous years. It had also noted that farm incomes increased in 1984

<sup>1</sup> COM(85) 50 final.

<sup>2</sup> Bull. EC 3-1984, point 1.2.1 *et seq.*

<sup>3</sup> Bull. EC 3-1984, points 2.1.116 to 2.1.120.

by about 4% in real terms after declining in 1983—compared with the average of the three years 1979, 1980 and 1981, farm incomes showed an improvement of about 7% in 1984.

### **The Commission's proposals for the individual products<sup>1</sup>**

1.2.2. For cereals other than durum wheat, the Commission is proposing a reduction of 3.6%, this to include the 5% reduction entailed by the guarantee threshold overrun in 1984, and an adjustment of the carryover payments. The Commission does not intend to fix a reference price for bread-making wheat of minimum quality.

The prices and the aid for durum wheat will remain unchanged. For all cereals a single guarantee threshold is proposed of 126 million tonnes for 1985 (compared with 121.32 million tonnes for cereals other than durum wheat and 4.6 million tonnes for durum wheat in 1984): otherwise, the inconsistency between the prices fixed for durum wheat and for the other cereals could well further aggravate the disequilibrium on the market for durum, more of which is being sown although consumption is declining.

The Community's overall self-sufficiency rate for cereals was 130% for 1984/85, and is estimated at about 135% by 1990/91. In view of the trends, the Commission will carry out a thorough policy review of further measures to achieve better equilibrium in this area, it being clear that the prices policy, unless it were extremely restrictive, would no longer suffice by itself.

1.2.3. With regard to fruit and vegetables, the Commission is proposing a 6% reduction in the basic prices of citrus fruit, withdrawals of which have steadily mounted to excessive levels (25% of the orange harvest, 40% of the lemon harvest and 60% of the mandarin harvest in 1983/84), which suggests that the intervention system is no longer effective in the role it is supposed to have under the Community regulations, withdrawals having become a

major outlet for growers. This measure should help to restore equilibrium on the market, while providing an incentive to growers to take advantage of conversion schemes available.

The Commission is also proposing a 3% reduction in the basic prices for peaches and apricots, withdrawals of these products in 1983/84 having reached 14% and 12.5% respectively of total production.

For tomatoes, the Commission is proposing a 6% reduction in the basic prices for the fresh product. The aid to processed products for 1985/86 will not only be reduced, in accordance with the rules applying where the guarantee thresholds are overrun, but this reduced aid will be confined to the quantities fixed at the present time as guarantee thresholds, i.e. a total of 4.7 million tonnes: tomato production, especially of tomatoes for processing, is steadily increasing and the figure could well reach 7.4 million tonnes for 1984/85, a 33% increase over the preceding marketing year and an increase of 67% over 1982/83.

Lastly, the Commission is proposing that verification procedures concerning the application of Community arrangements should be tightened up, notably with regard to compliance with quality standards and market price reporting.

1.2.4. Following the implementation of the additional levy arrangements, and in view of income trends in this area, the Commission decided this year to propose an increase in the milk target price; but, given the market situation and the existence of the very heavy stocks, the increase is only 1.5%. At the same time the co-responsibility levy would be reduced from 3% to 2%, and the aid to small dairy farmers would be retained. However, the price increase can be granted only subject to full compliance with the additional levy scheme, and in particular subject to the retention of

<sup>1</sup> Tables giving details for the various products are to be found at point 2.1.36.

the reference quantities already approved by the Council.

To facilitate the disposal of butter, the Commission is proposing a further adjustment in the fat/protein ratio. The resulting reduction in the intervention price for butter, which will be offset by an increase in the intervention price for skimmed-milk powder, will enable the butter consumption aid to be discontinued without changes to the consumer prices in the four Member States concerned (Denmark, Ireland, Luxembourg and the United Kingdom).

1.2.5. The falling cost of animal feed and the adjustment proposed to cereals prices are two of the factors which led the Commission to propose that meat prices be kept unchanged: after the introduction of the milk production quotas, great prudence must be shown in the fixing of prices for other products to which productive resources may be switched from the dairy sector. For beef/veal, even a very small increase would be bound to aggravate the disequilibrium between supply and demand.

In accordance with the guidelines which it submitted in July 1983,<sup>1</sup> the Commission is proposing that the calf premium and the variable slaughter premium be discontinued, but that the premium for suckler cows be retained at the present level. With regard to sheepmeat, the Commission is repeating its proposals for a ceiling on the variable slaughter premium and the alignment of the marketing year on the calendar year.

For oilseeds, the Commission has proposed, for rape, a reduction of 3.6%, allowing for the guarantee threshold overrun (-5%). Indeed, in 1984 production exceeded the threshold fixed for 1990, so that a very cautious policy is indispensable. With regard to sunflower, production of which rose sharply (it has quadrupled since 1979), the Commission proposes a 1.5% reduction in the target price, which should cover the growers' interests, while keeping the expan-

sion of production within the guarantee threshold limits.

1.2.6. For other products, the price proposals, expressed in ECU, are as follows:

- *rice*: intervention price for paddy, 0;
- *sugar*: basic price for sugarbeet, 0; intervention price for white sugar, +1.3%;
- *olive oil*: intervention price, 0; the target price and production aid to be increased by 2% (increase in the aid allocated to finance action to control the *Dacus oleae*);
- *protein plants*: dried fodder, +1%; field beans (minimum price), -6.2%; lupins and peas (minimum price), 0;
- *textile fibres*: flax and hemp, +1%; cotton, +2%;
- *wine*: guide price, 0;
- *tobacco*: guide price and premiums, depending upon variety, from 0 to -5%.

The price adjustments should have no effect on the general level of consumer prices. The proposals taken as a whole would entail additional market support expenditure estimated at 138 million ECU for 1985, but there should then be a saving of 34 million in 1986. Revised foreseeable expenditure under EAGGF guarantee arrangements for 1985 should be 19 900 million ECU, compared with the 19 300 million ECU originally estimated, the main factor here being short-term changes in the economic situation.

Two tables — one showing the prices proposed for the several products, the other showing how the support prices proposed differ from those now paid (in ECU and national currency) — are to be found in the 'Agriculture' section at point 2.1.36.

### The long-term outlook for European agriculture

1.2.7. The Commission's policy is to develop the common agricultural policy so

<sup>1</sup> Supplement 4/83 — Bull. EC; Bull. EC 7/8-1983, points 1.1.1 to 1.1.20.

as to help European farmers rise to the challenges of the rest of this decade.

What are these challenges? Mainly because population growth is so slow, the demand for food is lagging behind the steady — and even accelerating — improvement in agricultural productivity, based on the use of modern equipment and techniques. Now that the Community is more than self-sufficient for most of the main items, it depends more and more on world markets for outlets. As demand is inelastic, aids to disposal on the Community's internal markets are expensive. New uses of agricultural products in the areas of biotechnology, industry or energy, though promising, are still only at the development stage. In the mean time, in a difficult economic situation, public funds to aid agriculture, whether at national or at Community level, are necessarily limited.

The Commission therefore intends to organize, during the first half of 1985, a discussion within the Community institutions, and with the farmer's organizations concerned, with a view to defining the outlook for European farming. All avenues must be explored, but the following are the main policy goals:

- the establishment of modern and efficient farming, which steadily improves

productivity in the interests both of farmers and consumers, but which, at the same time, respects the environment and protects one of the Community's greatest assets, its countryside and its wildlife;

- provision of a proper response to the problem of marketing: one aspect is the market in the Community, with the outlook for new practices with regard to biotechnology or energy, and the other is the external market, with the need to meet competition in world trade and the moral obligation to provide food aid;

- the ever-closer integration of agriculture into the general economy; this means that country-dwellers must be given assistance in their efforts to improve the economic and social situation, not only through policy with regard to agricultural structures, but also through other policies and instruments, e.g. the integrated Mediterranean programmes.

The Commission firmly believes that this approach will enable the Community to improve the context and the instruments whereby the common agricultural policy can in the medium and long term achieve its objectives, in compliance with the principles set out in the Treaty, in particular in Article 39.

### 3. Technical harmonization and standards: a new approach

1.3.1. On 30 January the Commission adopted a communication to the Council and Parliament setting out a new approach to standardization policy.<sup>1</sup>

#### **Eighteen years' work assessed**

1.3.2. Work on technical harmonization has had significant results in certain areas,

such as motor vehicles, metrology and electrical appliances. The Council has adopted 177 directives, and they have been adapted by 56 Commission directives. However, 18 years' experience in this field has shown

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<sup>1</sup> COM(85) 19 final.



that the delays and difficulties encountered derive largely from the system that has been used—harmonization by means of detailed technical specifications. It has to be acknowledged that:

- given the multiplicity of technical regulations and standards in all the Member States, the results in certain industrial fields are still almost negligible;
- technology is now developing too fast for there to be any hope that the harmonization procedures and the decision-making process in the Council will ever manage to bring us within reach of the ‘European continuum’—an objective which seems destined to become increasingly remote rather than nearer to attainment;
- the present method of harmonization all too often proves unequal to the task of producing a true internal market, whose benefits should be available to all sectors of the economy—industry, workers, users and consumers.

### The Commission’s new approach

1.3.3. The new formula proposed by the Commission is based on four fundamental principles;

- (i) harmonization of laws will be restricted to the adoption of the essential safety requirements (or other requirements in the public interest) to which all products must conform if they are to be allowed to circulate freely within the Community;
- (ii) the relevant industrial standardization bodies will be responsible for drawing up, with due regard to technological developments, the technical specifications that industry needs in order to produce and market products conforming to the essential requirements laid down by directive;
- (iii) these technical specifications will not be mandatory: they will remain voluntary standards;
- (iv) at the same time, however, the authorities in the Member States will be obliged to recognize that products manufactured in

accordance with harmonized standards (or, provisionally, with national standards) are presumed to conform to the ‘essential requirements’ laid down in the Directive; this means that any manufacturer will be free to produce goods which do not meet the standards, but the burden of proof that his products meet the essential requirements of the Directive will then fall upon him.

1.3.4. Where the Commission, advised by a standing committee of national experts, considers that a national standard is inadequate, it may refuse to extend its validity for the Community as a whole. If, however, a standard is approved by the Commission and published in the *Official Journal*, all Member States must accept goods which conform to it. Where a Member State disputes the conformity of a standard to the safety objectives set out in the Directive, it falls to that Member State to substantiate its contention. This reversal of the burden of proof means abandoning the rule of unanimity, which has been such a hindrance to the adoption of harmonization directives with extremely voluminous and detailed technical annexes.

Where European standards already exist, they will have absolute priority; in other cases, reference to standards which have undergone the Commission’s acceptance procedure will be sufficient. The standards (national, European or international) are drawn up by bodies comprising representatives of industry, government, consumers and trade unions. In contrast to Council procedure, they are approved by a majority, which considerably accelerates and facilitates their preparation. Finally, they are essentially voluntary and have the same status as the already existing European standards. A manufacturer who wishes to market a new product without referring to an approved standard will remain free to do so; but he will bear the burden of proving that his product meets the safety requirements set out in the Directive covering the relevant sector.


The adoption of directives which refer to standards must be accompanied by a speed-

ing-up of the work carried out by the European standards institutions (CEN and Cenelec) in the context of requests made and of standards programmes drawn up in accordance with the procedures laid down in the Council Directive of 28 March 1983.<sup>1</sup> The Commission will put in hand as soon as possible the work required for this new

approach by selecting priority areas, particularly those in which a real or potential capacity for standardization exists: mechanical engineering, building materials and electrical appliances.

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<sup>1</sup> OJ L 109, 26.4.1983.



PART TWO

ACTIVITIES  
IN JANUARY 1985

# 1. Building the Community

## Internal market and industrial affairs

### Strengthening the internal market

#### Standardization

2.1.1. On 30 January the Commission adopted, for transmission on the Council and Parliament, a communication setting out a new approach to technical harmonization and standardization.<sup>1</sup>

#### Free movement of goods

##### *Removal of technical and administrative barriers to trade*

#### Industrial products

2.1.2. On 31 January the Commission adapted to technical progress<sup>2</sup> the Council Directive of 19 November 1973 on the approximation of the laws of the Member States relating to material measures of length,<sup>3</sup> with particular reference to the procedures for carrying out statistical checks.

2.1.3. On 28 January the Commission sent the Council a proposal concerning the implementation of the 1976 Directive on pollution caused by certain dangerous substances discharged into the aquatic environment.<sup>4</sup>

#### Foodstuffs

2.1.4. In January Parliament endorsed<sup>5</sup> four Commission proposals concerning, respectively, the ranges of nominal quantities and nominal capacities permitted for certain prepackaged products<sup>6</sup> (amending the Council Directive of 15 January 1980<sup>7</sup>); emulsifiers, stabilizers, thickeners and gelling agents for use in foodstuffs<sup>8</sup> (amending the Council Directive of 18 June 1974<sup>9</sup>);

the introduction of Community methods of sampling and analysis for the monitoring of foodstuffs intended for human consumption;<sup>10</sup> and coffee extracts and chicory extracts<sup>11</sup> (amending the Council Directive of 27 June 1977<sup>12</sup>).

### Small business—Business Cooperation Centre— Distributive trades

#### Distributive trades

2.1.5. On 15 January the Committee on Commerce and Distribution adopted an opinion on barriers to trade on the Community's internal market.<sup>13</sup>

## Industry

### Steel<sup>14</sup>

#### Market situation

##### *Community and world steel production in 1984*

2.1.6. Initial figures for 1984 put crude steel production in the Community (excluding Greece) at 118.16 million tonnes, nearly 10% up on 1983 (Table 1).

<sup>1</sup> Point 1.3.1 *et seq.*

<sup>2</sup> OJ L 54, 23.2.1985.

<sup>3</sup> OJ L 335, 5.12.1973.

<sup>4</sup> Point 2.1.30.

<sup>5</sup> OJ C 46, 18.2.1985.

<sup>6</sup> OJ C 18, 25.1.1984; Bull. EC 1-1984, point 2.1.12.

<sup>7</sup> OJ L 51, 25.2.1980.

<sup>8</sup> OJ C 20, 27.1.1984; Bull. EC 1-1984, point 2.1.11.

<sup>9</sup> OJ L 189, 12.7.1974.

<sup>10</sup> OJ C 53, 24.2.1984; Bull. EC 2-1984, point 2.1.15.

<sup>11</sup> OJ C 90, 31.3.1984; Bull. EC 3-1984, point 2.1.16.

<sup>12</sup> OJ L 172, 12.7.1977.

<sup>13</sup> Doc. III/718/84, available from the Commission, Directorate-General III, Directorate C (Industrial Affairs III).

<sup>14</sup> International relations are dealt with in the 'Commercial policy' and 'Relations with industrialized countries' sections of the 'Enlargement and external relations' chapter.

Table 1 — *Crude steel production in the Community*

*1 000 tonnes*

	1982	1983	1984	% change 1984/85
Belgium	9 897	10 042	10 462	+ 4.2
Denmark	560	493	549	+ 11.4
Germany (FR)	35 880	35 728	39 387	+ 10.2
France	18 402	17 582	19 014	+ 8.1
Ireland	61	141	177	+ 25.5
Italy	24 009	21 811	24 006	+ 10.1
Luxembourg	3 510	3 294	3 989	+ 21.1
Netherlands	4 354	4 484	5 737	+ 27.9
United Kingdom	13 740	14 980	15 244	+ 1.8
Total	110 413	108 555	118 565	+ 9.2

At world level, the initial estimates published by the United Nations Economic Commission for Europe show that crude

steel production in 1984 was 46.8 million tonnes up on 1983 (a 7.1% increase) and had thus recovered to the 1974 level (Table 2).

Table 2 — *World crude steel production by major producing area*

*million tonnes*

	1983	1984	% change
Western Europe	143.9	156.8	+ 9.0
Eastern Europe	210.0	214.1	+ 2.0
North America	88.5	98.0	+ 10.7
Latin America	28.9	33.2	+ 14.9
Asia	171.9	186.5	+ 8.5
Africa	8.8	9.5	+ 8.0
Middle East	2.9	3.0	+ 3.4
Oceania	5.8	6.4	+ 10.5
Total	660.7	707.5	+ 7.1

Among the main producing countries, the Soviet Union remains in the lead, with a production of 155 million tonnes, followed by Japan (105.6 million tonnes), the United States (82.9 million tonnes), China (43.7 million tonnes) and the Federal Republic of Germany (39.4 million tonnes).

## Customs union

### Common Customs Tariff

#### Nomenclature

2.1.7. On 25 January the Commission adopted two Regulations for the purpose of ensuring uniform application of the CCT nomenclature:

(i) classifying pills and effervescent pills in subheading 21.07 G I d);<sup>1</sup>

(ii) classifying memory elements intended for use as automatic data-processing machine elements in subheading 84.55 C.<sup>1</sup>

The Committee on CCT Nomenclature endorsed a number of tariff measures—comprising explanatory notes and agreements on the classification of goods—concerning the following subheadings: 10.07 D I,<sup>2</sup> 60.05 A II and 61.03 C II.<sup>3</sup>

### Economic tariff matters

#### Tariff quotas

2.1.8. On 14 January the Council adopted a Regulation opening, allocating and providing for the administration of an annual Community tariff quota for frozen beef and veal, at a rate of duty of 20%, totalling 50 000 tonnes expressed as boned or boneless meat.<sup>4</sup> The quota is divided into two instalments, the first being allocated among the Member States while the second (500 tonnes) constitutes a reserve to meet the subsequent requirements of certain Member States. On the same date the Council also adopted a Regulation opening an annual

Community tariff quota for high-quality, fresh, chilled or frozen beef and veal (Hilton beef), at a rate of duty of 20%, totalling 29 800 tonnes expressed in product weight.<sup>4</sup> On 18 January the Commission adopted detailed rules for implementing this second Regulation.<sup>5</sup>

## Competition

### Restrictive practices, mergers and dominant positions: specific cases

#### Distribution

##### *Restrictions on competition in the spectacles trade*

2.1.9. At the Commission's request two important suppliers of spectacle frames in the Federal Republic of Germany, Menrad of Schwäbisch Gmünd and ADM Silhouette Dünnwald-Metzler GmbH & Co. of Fellbach, have adapted their distribution systems to the Community competition rules by lifting a number of restrictions they had imposed on their German retailers.

The Menrad distribution agreement required dealers to sell this brand of frames only to final consumers, and not to export directly or indirectly. The ADM Silhouette distribution agreement likewise provided that frames could be sold only to final consumers; dealers were also under a permanent obligation to obtain supplies of Silhouette frames exclusively from ADM.

According to the decisions of the Court of Justice and the consistent practice of the Commission, clauses limiting retailers' freedom to dispose of goods in accordance with their own business interests are restrictions

<sup>1</sup> OJ L 24, 29.1.1985.

<sup>2</sup> OJ C 5, 8.1.1985.

<sup>3</sup> OJ C 23, 25.1.1985.

<sup>4</sup> OJ L 14, 17.1.1985.

<sup>5</sup> OJ L 16, 19.1.1985.

on competition within the meaning of Article 85(1) of the EEC Treaty.

These restrictions on competition were also likely to have an appreciable effect on trade between Member States, since their primary aim was to prevent the flow of goods between the Federal Republic of Germany and the other Member States. Because the national markets were isolated from each other at the marketing stage, the firms concerned were in a position to charge different price in different Community countries. As they previously stood, these distribution systems were therefore incompatible with the principle of the unity of the market.

The Commission has now begun to investigate the spectacle trade as a whole, and has found certain agreements and practices that restrict competition. It will continue its investigations and consider what further steps should be taken in any cases where it finds agreements and practices in restraint of competition.

### Abuse of dominant positions

#### *Bundespost—international couriers*

2.1.10. Following intervention by the Commission, the German posts and telecommunications authority, the Bundespost, has agreed to accept competition from private courier companies on the express mail market. The Bundespost had hitherto regarded the extent of its mail-carrying monopoly as linked to the range of postal services offered by it at any one time. There were therefore fears that the activities of private courier companies would be curtailed as the Bundespost extended its own range of express delivery services ('Data-post'). This would have been particularly regrettable as the courier companies are extremely important for the growth and integration of the European economy. An extension of the Bundespost's postal monopoly would also have paralysed the extensive network of courier services that has grown up with other Member States, although the postal authorities in these

countries do not claim a monopoly for courier services.

After the Commission expressed concern about such moves, on the basis of Article 86 of the EEC Treaty, the Bundespost agreed to accept competition from private courier companies in the Federal Republic. It has recognized that courier services differ from the services provided by a postal authority in that consignments carried by a courier company are under constant supervision throughout the journey from the consignor to the consignee, are at all times individually identifiable and can be diverted *en route* to another destination or consignee. National postal authorities cannot provide such a service since they have to hand over consignments at the border to another postal authority, so that they cannot guarantee constant supervision, identifiability and possibility of diversion of the consignment. The Bundespost has also given assurances that it does not intend to penetrate the market by charging below cost for its own express delivery services.

The Commission has therefore been able to close its investigations into this case. It took the opportunity to point out that it regards the Member States' postal and telecommunications authorities as commercial undertakings, since they supply goods and services for payment, and that any extension by one or more of these undertakings of their dominant positions may constitute an abuse under Article 86 of the EEC Treaty.

### State aids

#### Regional aids

##### *Federal Republic of Germany*

2.1.11. On 30 January the Commission decided to initiate the procedure laid down in Article 93(2) of the EEC Treaty in respect of aid granted in the labour market regions of Kleve-Emmerich, Landsberg and Miesbach under the joint Federal Government/Länder regional programme (the *Gemein-*

*schaftsaufgabe*).<sup>1</sup> In 1983 it has accepted that these areas could be included in the programme pending a final decision to be taken by the end of 1984.<sup>2</sup> In the event it judged that regional disparities were not wide enough in the three areas to justify the grant of regional aid.

### Industry aids

#### *Synthetic fibres*

##### Federal Republic of Germany

2.1.12. In November 1984 the Commission was informed by the German Federal Government of assistance, amounting to DM 2,945 million granted in 1983 under the Investment Subsidies Act (*Investitionszulagengesetz*) and the joint Federal Government/Länder regional programme (*Gemeinschaftsaufgabe*) towards the establishment of a production facility for polyamide and polypropylene yarn in Bergkamen.

Polyamide yarn is a product covered by the synthetic fibres aids code,<sup>3</sup> and the Commission considered that it could not grant an exemption from the rule that such aids are to be avoided.

It also considered that the aid was liable to endanger the efforts undertaken by other Community synthetic fibre and yarn producers to adapt to the present market situation by considerably reducing capacities, and that it would affect trade between Member States to an extent contrary to the common interest.

On 30 January, therefore, the Commission initiated the Article 93(2) procedure and gave notice to the Federal Government, to the other Member States and to interested parties to submit their comments.

## Financial institutions and taxation

### Taxation

#### *Indirect taxes*

##### Capital duty

2.1.13. On 17 January Parliament delivered its opinion<sup>4</sup> on the proposal for

a Directive<sup>5</sup> amending the Council Directive of 17 July 1969 concerning indirect taxes on the raising of capital (capital duty).<sup>6</sup> It welcomed the proposal, which aims to abolish indirect taxes on the raising of capital and will help to bring about the free movement of capital in the Community, but considered that progress towards this goal was extremely slow and that, bearing in mind the stimulative effect which the abolition of capital duty would have, Member States should forgo this tax in the relatively near future.

2.1.14. On 30 January the Economic and Social Committee too gave its opinion<sup>7</sup> on the proposal to amend the capital duty Directive.<sup>5</sup>

### Turnover Tax

2.1.15. On 30 January the Economic and Social Committee delivered an opinion<sup>7</sup> on the proposal for a 16th VAT Directive to eliminate double taxation of goods acquired by individuals in one Member State and imported into another.<sup>8</sup>

### Tax-free allowances

2.1.16. On 17 January Parliament delivered its opinion<sup>4</sup> on the proposal for an eighth Directive increasing tax-free allowances in international travel.<sup>9</sup> It considered that the proposed gradual increases (to 85 ECU in 1988) in tax-free allowances for travellers coming from non-Community countries were too low and too bureaucratic in execution. It therefore requested that the allowances should be increased, as from 1 January 1985, to 150 ECU for travellers

<sup>1</sup> OJ C 316, 4.12.1981; Bull. EC 11-1981, point 2.1.37.

<sup>2</sup> Bull. EC 6-1983, point 2.1.65; Bull. EC 10-1983, point 2.1.48.

<sup>3</sup> Bull. EC 7/8-1983, point 2.1.46.

<sup>4</sup> OJ C 46, 18.2.1985.

<sup>5</sup> OJ C 267, 6.10.1984; Bull. EC 9-1984, point 2.1.38.

<sup>6</sup> OJ L 249, 3.10.1969.

<sup>7</sup> Point 2.4.34.

<sup>8</sup> OJ C 226, 28.8.1984; Bull. EC 7/8-1984, point 2.1.82.

<sup>9</sup> OJ C 102, 14.4.1984; Bull. EC 3-1984, point 2.1.59.



aged 15 or and to 50 ECU for travellers aged under 15.

### *Direct taxes*

2.1.17. On 17 January Parliament delivered its opinion<sup>1</sup> on the proposal for a Directive on the harmonization of the laws of the Member States relating to tax arrangements for the carryover of losses of undertakings.<sup>2</sup> It approved the very liberal approach of the Directive, which should allow companies to maximize reductions or refunds of tax, but asked the Commission to ensure that, when implemented, the system did not give rise to abuses or fraud. For this purpose, it requested that the consequences of the implementation of the Directive should be covered by the Council Directive of 19 December 1977 on mutual assistance by the Member States in the field of direct taxation.<sup>3</sup>

## Employment, education and social policy

### Employment

#### Employment and labour market

##### *Local employment initiatives*

2.1.18. The Commission, acting in accordance with the Council resolution of 7 June 1984 on the contribution of local employment initiatives to combating unemployment,<sup>4</sup> has launched the second programme of 20 local consultations. Eight meetings have been held so far, of which two were in Spain (Asturias and Galicia).

2.1.19. An information exchange network in this field (ELISE) was set up at the beginning of 1985.

##### Free movement of workers

2.1.20. The Technical Committee on the Free Movement of Workers met in Brussels

on 22 January to exchange information on trends in the Member States' immigration policies during the past year. The meeting also discussed draft tables on immigrant populations in the Member States, drawn up under the Regulation of 9 February 1976 on the compilation of statistics on foreign workers.<sup>5</sup>

## Education and vocational training

### Cooperation in education

2.1.21. On 15 and 24/25 January the Commission organized meetings of national liaison officials responsible for promoting correspondence between national education systems. This is done by means of short study visits, financed by the Commission, for administrators, inspectors, heads of schools and the heads of national Eurydice (Education information network in the European Community) units. The experience gained through these study visits and the exchange of information between political decision-makers through the Eurydice network have made a significant contribution to a greater mutual awareness of the different systems.

### New technologies

2.1.22. On 7 January the Commission sent to the Council a communication on new information technologies and the school systems in the Community (work programme for 1985-87).<sup>6</sup> This document deals with the implementation of the resolution and conclusions adopted by the Council and the Ministers for Education meeting within the Council on 19 September 1983<sup>7</sup> and 4 June 1984,<sup>8</sup> respectively. It contains a

<sup>1</sup> OJ C 46, 18.2.1985; the debate on the opinion is reported at point 2.4.9.

<sup>2</sup> OJ C 253, 20.9.1984; Bull. EC 9-1984, point 2.1.41.

<sup>3</sup> OJ L 336, 27.12.1977; Bull. EC 12-1977, point 2.1.69.

<sup>4</sup> OJ C 161, 21.6.1984; Bull. EC 6-1984, point 2.1.45.

<sup>5</sup> OJ L 39, 14.2.1976.

<sup>6</sup> COM(84) 722 final.

<sup>7</sup> OJ C 256, 24.9.1983; Bull. EC 9-1983, point 2.1.47.

<sup>8</sup> OJ C 184, 11.7.1984; Bull. EC 6-1984, point 2.1.47.

work programme for the period in question, divided into four major areas: the incorporation of new information technologies in teaching practices and school curricula; teacher training; software, courseware and hardware systems; and economic implications.

### **Living and working conditions and social protection**

2.1.23. The Disability Liaison Group, which met in Brussels at the Commission's invitation on 23 and 24 January, held detailed discussions on the progress and the future of the district projects for the social integration of disabled persons.

### **Social security for migrant workers**

2.1.24. On 24 January, to take account of legislative changes in the Member States, the Commission sent to the Council a proposal<sup>1</sup> to amend Council Regulation No 1408/71 on the application of social security schemes to employed persons, to self-employed persons and to members of their families moving within the Community<sup>2</sup> and Regulation No 574/72 laying down the implementing procedures,<sup>3</sup> which were consolidated on 2 June 1983.<sup>4</sup>

### **Paul Finet Foundation**

2.1.25. At its 61st meeting, held on 18 January, the Executive Committee of the Paul Finet Foundation examined 402 applications and granted 314 scholarships totalling BFR 4.9 million. Since it was set up the Foundation has awarded 14 155 grants amounting to BFR 144.7 million.

### **Health and safety**

#### **Health and safety (Euratom)**

2.1.26. On 18 January the Commission, acting under Article 37 of the Euratom Treaty, delivered a favourable opinion on the plan for the discharge of radioactive efflu-

ents by the French nuclear plant at Gravelines (Units 5 and 6).

### **Culture**

2.1.27. On 17 January Parliament adopted a resolution concerning the Communities' commitment to make an appropriate contribution to the organization of European Music Year in 1985 in the light of the rejection of the draft budget for 1985.<sup>5</sup>

The Commission has taken the practical steps required to ensure that the Communities' contribution is paid (in two instalments) during this financial year.

### **Regional policy**

#### **Integrated Mediterranean programmes**

2.1.28. On 28 January the Council, after a statement by Mr Delors, exchanged views on the integrated Mediterranean programmes. It noted that the Commission would be updating its proposal for a regulation.<sup>6</sup>

### **Financial instruments**

#### **Integrated operations**

#### **Preparatory studies**

2.1.29. A number of preparatory studies for integrated development operations partly financed by the Commission in 1984 have now been completed; the final reports have been approved or are with the Com-

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<sup>1</sup> COM(84) 756 final.

<sup>2</sup> OJ L 149, 5.7.1971.

<sup>3</sup> OJ L 74, 27.3.1972.

<sup>4</sup> OJ L 230, 22.8.1983; Bull. EC 6-1983, point 2.1.88.

<sup>5</sup> Point 2.4.11; OJ C 46, 18.2.1985.

<sup>6</sup> OJ C 280, 19.10.1984; Bull. EC 9-1984, point 2.1.58; OJ C 251, 19.9.1983; Bull. EC 3-1983, points 1.3.1 to 1.3.13 and 3.4.1 to 3.4.3; Bull. EC 10-1983, point 2.1.76.

mission. These studies include four in the United Kingdom (Humberside, Strathclyde, Merseyside and the Isles of Scilly) and one in the Netherlands (Groningen).

All the studies make detailed recommendations for strategic development programmes for the areas in question and put forward action-based proposals for consideration by the Commission and national and regional authorities.

## Environment and consumers

### Environment

#### *Prevention and reduction of pollution and nuisances*

##### Freshwater and marine pollution

2.1.30. On 28 January the Commission presented a proposal<sup>1</sup> to the Council on the implementation of the Council Directive of 4 May 1976 on pollution caused by certain dangerous substances discharged into the aquatic environment.<sup>2</sup>

The proposal comprises technical and administrative provisions applicable to all the substances included in List I in the Annex to the 1976 Directive, and two annexes, one setting out the technical rules applicable to the substances concerned and the other the specific provisions in respect of each individual substance (limit values for the emission standards relating to each substance, the corresponding quality objectives, and methods of analysis).

To begin with, these annexes will include specific measures relating to four substances only: carbon tetrachloride, chloroform, DDT and pentachlorophenol. The annexes will be supplemented and amended, subject to Commission proposals and Council decisions and in line with progress in the Commission's work on other substances, so that all substances considered dangerous for

the aquatic environment will eventually be covered.

The proposal also contains a specific provision relating to discharges by certain types of plant for which emission standards cannot initially be established.

### Air pollution

2.1.31. On 29 January the Commission sent the Council a fresh proposal on the disposal of waste oils aimed at removing discrepancies between the various methods of treating waste oil and reducing at source the emission of certain dangerous types of air pollution.<sup>3</sup>

To ensure better management of waste oil and effective protection of the environment, the Commission is proposing that the following changes be made to the 1975 Council Directive on the disposal of waste oils:<sup>4</sup>

- (i) synthetic oils, which are covered by other Community instruments, to be removed from the scope of the Directive;
- (ii) the burning of waste oil in installations with a thermal output of less than 1 MW to be prohibited;
- (iii) measures to promote the collection of waste oil to be stepped up;
- (iv) permits for burning waste oil to be subject to stringent conditions (including emission standards);
- (v) an annex defining emission limit values for certain pollutants resulting from the combustion of waste oil to be added.

### Chemicals

#### *Protection of the ozone layer*

2.1.32. On 22 October 1984 the Council supplemented<sup>5</sup> the negotiating directives given to the Commission on 19 January

<sup>1</sup> COM(84) 772 final.

<sup>2</sup> OJ L 129, 18.5.1976; Bull. EC 5-1976, point 2232.

<sup>3</sup> COM(84) 757 final.

<sup>4</sup> OJ L 194, 25.7.1975; Bull. EC 7/8-1975, point 2239.

<sup>5</sup> Bull. EC 10-1984, point 2.1.78.

1982 authorizing it to participate in negotiations on a draft global framework convention on the protection of the ozone layer with a view to the Community's becoming a contracting party.<sup>1</sup> The Community and the Member States have been involved in the drafting of a possible future ozone layer convention and the first protocol to the proposed convention. The only major question still outstanding is the clause which would permit the Community to become a contracting party.

As the negotiations could not be brought to a successful conclusion on the basis of the existing negotiating directives, the Commission presented a new text on 18 January at the Council's invitation.<sup>2</sup> The key merit of this new clause compared with those previously proposed is that it leaves any decision on how the convention and any future protocol to it should be treated to the Community itself. The new clause also makes it clear that an international organization may become a contracting party without any of its Member States if it is willing to accept all the obligations under the convention or protocol, irrespective of the views of the other parties to the convention about the legal capacity of the organization to enter into international agreements.

### *Major accident hazards*

2.1.33. A special meeting of the authorities responsible for implementing the Council Directive of 24 June 1982 on the major accident hazards of certain industrial activities (the 'Seveso' Directive)<sup>3</sup> was held in Brussels on 17 January to discuss the accident at Bhopal in India and the lessons that the Community should draw from it.

The participants examined those industrial activities in the Community that involve the production, use or storage of methylisocyanate and discussed the possible need to strengthen Community measures to prevent accidents associated with such activities.

The meeting concluded that the Seveso Directive generally sufficed to avert major

accidents and limit their consequences, but the need for effective implementation of the Directive in all Member States was also emphasized.

### *International cooperation*

2.1.34. Commission officials had an exchange of views in Brussels on 29 January with their Swedish opposite numbers as part of the cooperation on environmental matters initiated between Sweden and the Community in 1977.<sup>4</sup>

The discussions touched on a number of major issues currently exercising the attention of those responsible for environmental protection in Europe, such as motor vehicle exhaust gases—in the light of work done at Community level—and lead in petrol, regulations relating to new chemicals and agro-chemical substances, fresh water and marine pollution, and the management of dangerous wastes. The officials also examined some of the principal international activities relating to the environment, such as the draft convention on the protection of the ozone layer,<sup>5</sup> the draft protocol—on pollution caused by sulphur compounds—to the Geneva Convention on Long-range Transboundary Air Pollution, and the work of UNEP and OECD. During the meeting the Swedish representatives and their Commission counterparts adopted a declaration relating to closer cooperation on the control of chemicals. The Swedish authorities intend to base their own legislation on Community experience in this field.

## Agriculture

### Council

2.1.35. At its meeting on 14 and 15 January<sup>6</sup> the Council examined a number of

<sup>1</sup> Bull. EC 1-1982, point 2.1.40.

<sup>2</sup> COM(85) 8 final.

<sup>3</sup> OJ L 230, 5.8.1982; Bull. EC 6-1982, point 2.1.92.

<sup>4</sup> Bull. EC 12-1977, point 2.1.99.

<sup>5</sup> Point 2.1.32.

<sup>6</sup> Point 2.4.14.

questions concerning adjustment of the wine arrangements involving both the future system of compulsory distillation and structural measures.<sup>1</sup>

It also discussed a number of technical adjustments in the application of the superlevy system in the milk sector, proposed by the Commission as a result of difficulties currently being experienced in most Member States.<sup>2</sup>

The Council had a lengthy discussion on agricultural structures, but there was no significant change in the positions of Member States.

It did, however, adopt Regulations relating to the tariff quotas for beef imports at reduced duty for 1985 and the estimates concerning imports of beef intended for the processing industry and young male bovine animals intended for fattening.<sup>3</sup>

### Prices and related measures for 1985/86

2.1.36. On 30 January the Commission transmitted to the Council proposals for prices and certain related measures for 1985/86.<sup>4</sup> These involve price adjustments (expressed in ECU) varying between 6% down on the previous year for tomatoes and 2% up for olive oil and cotton (Table 3). The weighted average of these proposals results in a slight decrease of 0.3% (Table 2) in prices in ECU. The impact of the agri-monetary adjustments proposed is positive, since the increase in prices expressed in national currency is slightly above zero (+ 0.1%).

<sup>1</sup> Point 2.1.38.

<sup>2</sup> Point 2.1.37.

<sup>3</sup> Point 2.1.41

<sup>4</sup> Point 1.2.1 *et seq.*; COM(85)50 final.

Table 3 — Prices proposed for individual agricultural products

Product and type of price or amount (period of application)	1984/85		1985/86 proposals	
	Amount (ECU/t)	Increase (%)	Amount (ECU/t)	Increase (%)
1	2	3	4	5
Common wheat (1.8.1985-31.7.1986)				
• Target price	259.08	- 0.9	249.82	- 3.6
• Common single intervention price	182.73	- 1.0	176.20	- 3.6
• Reference price for bread wheat — average quality	213.14	- 1.0	205.52	- 3.6
Barley (1.8.1985-31.8.1986)				
• Target price	236.30	- 0.8	227.85	- 3.6
• Common single intervention price	182.73	- 1.0	176.20	- 3.6
Maize, sorghum (1.10.1985-30.9.1986)				
• Target price	236.30	- 0.8	227.85	- 3.6
• Common single intervention price	182.73	- 1.0	176.20	- 3.6
Rye (1.8.1985-31.7.1986)				
• Target price	238.37	0.1	227.85	- 4.4
• Intervention price	184.58	0.0	176.20	- 4.5
Durum wheat (1.7.1985-30.6.1986)				
• Target price	357.70	0.6	357.70	0.0
• Intervention price	312.08	0.0	312.08	0.0
• Aid <sup>a</sup>	101.31	1.5	101.31	0.0

Agriculture

Product and type of price or amount (period of application)	1984/85		1985/86 proposals	
	Amount (ECU/t)	Increase (%)	Amount (ECU/t)	Increase (%)
1	2	3	4	5
Rice (1.9.1985-31.8.1986)				
• Target price — husked rice	539.49	3.1	548.37	1.6
• Intervention price — paddy rice	314.19	2.5	314.19	0.0
Sugar (1.7.1985-30.6.1986)				
• Basic price for sugarbeet	40.89	0	40.89	0.0
• Intervention price for white sugar	534.70	0	541.80	1.3
Olive oil (1.11.1985-31.10.1986)				
• Production target price	3 162.3	- 1.0	3 225.6	2.0
• Intervention price	2 276.2	- 1.0	2 276.2	0.0
• Production aid <sup>b</sup>	695.6	- 1.0	709.5	2.0
Rapeseed (1.7.1985-30.6.1986)				
• Target price	472.6	- 2.0	455.7	- 3.6
• Intervention price	429.2	- 2.0	413.8	- 3.6
Sunflower seed (1.8.1985-31.7.1986)				
• Target price	582.2	- 1.0 <sup>1</sup>	573.5	- 1.5
• Intervention price	532.7	- 1.0 <sup>1</sup>	524.7	- 1.5
Soya beans (1.9.1985-31.8.1986)				
• Guide price	570.1	1.5	575.8	1.0
• Minimum price	501.7	1.5	506.7	1.0
Dried fodder				
• Fixed-rate aid (1.4.1985-31.3.1986)	8.41	- 1.0	8.49	1.0
• Guide price (1.4.1985-31.3.1986)	177.15	- 1.0	178.92	1.0
Peas and field beans (1.7.1985-30.6.1986)				
• Activating price	512.4	- 1.0	520.4	1.6
• Guide price	331.1	- 1.0	331.1	0.0
• Minimum price — peas	289.0	- 1.0	289.0	0.0
— field beans	289.0	- 1.0	271.0	- 6.2
Lupins (1.7.1985-30.6.1986)				
• Activating price	478.2	—	482.5	0.9
• Minimum price	317.9	—	317.9	0.0
Flax (1.8.1985-31.7.1986)				
• Guide price (seed)	548.6	0.5	554.1	1.0
• Fixed-rate aid (fibre) (per ha) <sup>c</sup>	351.57	- 1.0	355.09	1.0
Hemp (1.8.1985-31.7.1986)				
• Fixed-rate aid (per ha) <sup>d</sup>	319.29	- 1.0	322.48	1.0
Silkworms (1.4.1985-31.3.1986)				
• Aid per box of silkseed <sup>e</sup>	107.59	1.5	108.67	1.0
Cotton (1.9.1985-31.8.1986)				
• Guide price	941.4	1.5	960.2	2.0
• Minimum price	894.4	1.5	912.3	2.0

Product and type of price or amount (period of application)	1984/85		1985/86 proposals	
	Amount (ECU/t)	Increase (%)	Amount (ECU/t)	Increase (%)
1	2	3	4	5
Milk <sup>2</sup> (2.4.1985-31.3.1986)				
• Target price	274.3	0.0	278.4	1.5
Butter <sup>2</sup>				
• Intervention price	3 197.0	- 10.6	3 069.5	- 4.0
Skimmed-milk powder <sup>2</sup>				
• Intervention price	1 658.8	10.9	1 771.2	6.8
Grana padano chees 30-60 days <sup>2</sup>				
• Intervention price	3 817.5	5.7	3 906.5	2.3
Grana padano cheese 6 months <sup>2</sup>				
• Intervention price	4 727.5	7.6	4 821.4	2.0
Parmigiano-Reggiano 6 months <sup>2</sup>				
• Intervention price	5 216.1	8.6	5 310.0	1.8
Beef/veal (2.4.1985-1.4.1986)				
• Guide price for adult bovines	2 050.2	- 1.0	2 050.2	0.0
• Intervention price for adult bovines	1 845.2	- 1.0	1 845.2	0.0
Sheepmeat <sup>3</sup> (2.4.1985-5.1.1986)				
• Basic price (carcase weight)	4 280.4	- 1.0	4 280.4	0.0
Pigmeat (1.11.1985-31.10.1986)				
• Basic price (carcase weight)	2 033.9	- 1.0	2 033.3	9.0
Fruit and vegetables (1985-86)				
• Basic price <sup>f</sup>		- 1 to + 2		- 6 to + 1
Table wine (1.9.1985-31.8.1986)				
• Guide price Type RI	3.42	- 1.0	3.42	0.0
• Guide price Type RII	3.42	- 1.0	3.42	0.0
• Guide price Type RIII	53.30	- 1.0	53.30	0.0
• Guide price Type AI	3.17	- 1.0	3.17	0.0
• Guide price Type AII	71.02	- 1.0	71.02	0.0
• Guide price Type AIII	81.11	- 1.0	81.11	0.0
Raw tobacco 1985 harvest				
• Norm price*		- 3 to + 2		- 5 to 0
• Premiums*		- 3 to + 2		- 5 to 0
Seeds <sup>4</sup>				

<sup>1</sup> Having regard to the proposal that the standard quality be altered from an oil content of 40% to an oil content of 42%.

<sup>2</sup> The adjustments for milk and milk products take account of a revaluation of the components of milk.

<sup>3</sup> It is also proposed that the basic price be increased (by 2%) for the 1986 marketing year, with effect from 6 January 1986. This price would thus be set for 1986 at 4 366.0 ECU/t (carcase weight).

<sup>4</sup> It is proposed that the aids remain unchanged for 1986/87 and 1987/88.

#### Notes

Where appropriate, account has been taken of the triggering of the guarantee threshold. Prices for Greece are shown only where they differ from the common prices (CP).

<sup>a</sup> *Durum wheat*: For Greece the aid for durum wheat will be aligned on the common level of 101.31 ECU/ha for 1985/86, which represents a 13.4% increase for the regions which received national aid before accession and a 27.8% increase for other regions.

<sup>b</sup> *Olive oil*: For Greece the production aid is 550.4 ECU/t for 1984/85 and will be 709.5 ECU/t in 1985/86, an increase of 28.9%.

<sup>c</sup> *Flax*: For Greece the fixed-rate aid is 277.72 ECU/t for 1984/85 and will be 355.04 ECU/t in 1985/86, an increase of 27.8%.

<sup>d</sup> *Hemp*: For Greece the fixed-rate aid is 252.22 ECU/t for 1984/85 and will be 322.40 ECU/t in 1985/86, an increase of 27.8%.

<sup>e</sup> *Silkworms*: For Greece the aid is 95.80 ECU/box of silkworm for 1984/85 and will be 108.67 ECU/box in 1985/86, an increase of 13.4%.

<sup>f</sup> Products listed in Annex II to Council Regulation (EEC) No 1035/72 of 18 May 1972 (% increase and periods of application).

	1984/85	1985/86	Greece 1985/86	
Cauliflowers	2.0	1.0	CP	1.5.1985 to 30.4.1986
Tomatoes	-1.0	-6.0	0.5	11.6.1985 to 30.11.1985
Peaches	0.5	-3.0	2.5	1.6.1985 to 30.9.1985
Lemons	0.5	-6.0	CP	1.6.1985 to 31.5.1986
Pears	0.5	0.0	CP	1.7.1985 to 30.4.1986
Table grapes	2.0	0.0	CP	1.8.1985 to 31.10.1985
Apples	0.5	0.0	CP	1.8.1985 to 31.5.1986
Mandarins	0.5	-6.0	-2.3 CP	16.11.1985 to 28.2.1986
Sweet oranges	0.5	-6.0	0.5 CP	1.12.1985 to 31.5.1986
Apricots	-1.0	-3.0	CP	1.6.1985 to 31.7.1985
Aubergines	2.0	1.0	CP	1.7.1985 to 31.10.1985

\* Increases in 1985/86 in norm prices and premiums for tobacco varieties:

Variety	Norm price**	Premium
Forchheimer Havanna, Beneventano, Mavra, Tsebelia	- 5%	- 5%
Badischer Geudertheimer, Kentucky, Paraguay, Nijkerk, Missionero, Round-Tip, Xanti-Yaka, Perustitza, Erzegovina, Kaba Koulak (non-classic)	- 2%	- 2%
Badischer Burley, Virgin D, Bright, Burley I, Burley GR, Maryland, Virginia GR, Basmal Katerini, Kaba Koulak (classic), Zichnomyrodata, Myrodata Agrinion	0%	0%

\*\* The figures for Greek varieties are further increased by the incorporation of the fourth 25% of national aid.

Table 4 — *Consequences of the Commission proposals on agricultural support prices in ECU and national currency*

	Average % change in prices <sup>1</sup>	
	in ECU <sup>2</sup>	in national currency <sup>3</sup>
Belgium	0	0
Denmark	- 0.2	- 0.2
Germany (FR)	0	+ 0.4
Greece <sup>4</sup>	- 0.4	+ 2.7
France	- 0.6	+ 0.8
Ireland	+ 0.2	+ 0.2
Italy	- 0.6	- 0.6
Luxembourg	+ 0.5	+ 0.5
Netherlands	+ 0.4	- 0.1
United Kingdom	- 0.3	- 0.3
Community average	- 0.3	+ 0.1

<sup>1</sup> Percentage differences between the support prices proposed for 1985/86 and the support prices in force when the proposals were adopted. It should be pointed out that the support prices have not been altered since the last price decisions (as there have been no agri-monetary occurrences since then), except in the case of prices in the national currencies of the Federal Republic of Germany and the Netherlands, which decreased by 5.1% (5.2% for cereals and milk) and 0.8% (0.6% for milk and 0.7% for cereals) respectively with effect from 1 January 1985, this being the second stage in the dismantling of the positive MCAs decided when the 1984/85 prices were adopted. In Germany this fall has, however, been offset by national aids, with a financial contribution by the Community. The Netherlands has been authorized to take national measures similar to those in Germany.

<sup>2</sup> Common prices in ECU (intervention or equivalent price) weighted according to final agricultural production.

<sup>3</sup> Common prices in ECU converted into national currency at the green rate given in these proposals.

<sup>4</sup> Including alignment of Greek prices on common prices due to accession arrangements.

## Market organizations

### Milk

2.1.37. At the Council meeting on 14 and 15 January the Commission representative gave a report on the decisions taken by the Commission as regards the superlevy, which was to have been collected for the first time by 15 December 1984.<sup>1</sup>

Mr Frans Andriessen, the Member of the Commission with special responsibility for agriculture, gave details of the technical adjustments likely to facilitate the application of the scheme, particularly during the first year, which the Commission intended proposing.<sup>2</sup> These adjustments relate to:

(i) the possibility, in special situations, of taking 1980 as the reference year;

(ii) the possibility of transferring quantities forming part of the direct sales reserve to the deliveries reserve and vice versa;

(iii) the possibility of placing at the disposal of the outgoing tenant a part of the reference quantity for the holding when his lease expires, to enable him to continue dairy production elsewhere;

<sup>1</sup> Bull. EC 11-1984, point 2.1.95.

<sup>2</sup> OJ C 37, 9.2.1985; COM(85) 13 final.



(iv) the possibility, in certain areas where dairy farms are very small, for the groups to which purchasers belong to be recognized as purchasers;

(v) as regards Belgium, a 25 000 t reduction in the quantity of direct sales and a corresponding increase in quantities delivered;

(vi) the possibility, during the first year of application of the superlevy, of allocating reference quantities not used by producers or purchasers in certain regions to producers or purchasers in other regions.

## Wine

2.1.38. Last December, when the forward estimate was being drawn up,<sup>1</sup> it was noted that wine availabilities exceeded the normal utilization for the year by more than five months and that conditions therefore justified the triggering of compulsory distillation in accordance with Article 41 of Regulation No 337/79.<sup>2</sup>

Consequently, on 18 January the Commission adopted a Regulation laying down detailed implementing rules for compulsory distillation for the 1984/85 wine year and a Regulation opening the distillation operation concerned.<sup>3</sup> The total quantity to be distilled is set at 12 million hl, from which quantities already distilled under the preventive distillation arrangements must be deducted.<sup>4</sup>

Wine-producing member countries whose table wine production in 1984/85 does not exceed 60 000 hl are exempt from the compulsory distillation requirements.

With a view to calculating the obligation, the Regulation opening the distillation operation introduces two different scales applicable to the producers concerned according to whether, in certain administrative units of the Community, the production declarations are submitted direct by the producers who have themselves produced the grapes intended for wine-making or by producer groups or cooperatives. For the latter, the yield per hectare is determined

on a collective basis and amounts to the average of the various producers concerned.

The two scales provide for a moderate obligation for producers with a yield approaching the average yield for the Community, but the obligation increases progressively for producers with high yields.

The Regulation laying down detailed implementing rules makes provision for the exemption of producers who, when the quantity of wine already delivered for preventive distillation is taken into account, would be obliged to deliver for compulsory distillation less than 5 hl. Member States may also exempt small producers who are not members of a cooperative and who have obtained less than 50 hl of table wine during 1984/85.

The particular production structures and the administrative difficulties encountered in Greece justify the introduction in that Member State of a special compulsory distillation scheme, which nevertheless enables a quantity of wine similar to that resulting from the application of the general scheme to be distilled, i.e. between 120 000 and 150 000 hl.

In Greece compulsory distillation is restricted to those producers with a sufficient quantity of wine, and the Greek Government is authorized to fix the percentages of table wine production to be delivered for distillation by the producers concerned.

2.1.39. On 30 January the Economic and Social Committee delivered its opinion<sup>5</sup> on the proposals for amendments to the basic wine Regulation presented by the Commission to the Council in December.<sup>6</sup>

These proposals amend those put forward by the Commission in September,<sup>7</sup> on

<sup>1</sup> OJ C 17, 18.1.1985; Bull. EC 12-1984, point 2.1.149.

<sup>2</sup> OJ L 54, 5.3.1979.

<sup>3</sup> OJ L 16, 19.1.1985.

<sup>4</sup> OJ L 231, 29.8.1984.

<sup>5</sup> OJ C 23, 25.1.1985; point 2.4.30.

<sup>6</sup> Bull. EC 12-1984, point 2.1.142.

<sup>7</sup> OJ C 259, 27.9.1984; OJ C 278, 18.10.1984; Bull. EC 9-1984, points 2.1.80 to 2.1.82.

which the Economic and Social Committee also delivered its opinion in January,<sup>1</sup> after an initial general opinion in November.<sup>2</sup>

2.1.40. The Committee also delivered its opinion<sup>3</sup> on the Commission's proposal to extend until 15 March 1985 authorization for the practice of adding sucrose in aqueous solution.<sup>4</sup>

### Beef/veal

2.1.41. On 14 January the Council adopted two Regulations relating to GATT quotas for the importation into the Community in 1985 of frozen beef/veal (50 000 tonnes, 500 tonnes of which constitute the reserve) and high-quality beef (Hilton beef) (29 800 tonnes).<sup>5</sup>

Detailed rules for applying the latter Regulation were adopted by the Commission on 18 January.<sup>6</sup>

In addition the Council adopted estimates for 1985 concerning the importation of young male bovine animals intended for fattening (190 000 head) and beef/veal intended for the processing industry (50 000 tonnes).

### Olive oil

2.1.42. On 4 January the Commission adopted a Regulation<sup>7</sup> laying down detailed rules for the application of Council Regulation (EEC) No 2262/84 of 17 July 1984 laying down special measures in respect of olive oil.<sup>8</sup> They involve the establishment and operation of agencies for the purpose of carrying out inspection work and other duties specified in the Council Regulation, notably in connection with olive oil production aid scheme.

### Fruit and vegetables

2.1.43. On 17 January Parliament adopted a resolution condemning the destruction of fruit and vegetables in the Community.<sup>9</sup>

### Eggs

2.1.44. Following the amendment of the marketing standards for eggs in June 1984,<sup>10</sup> the Commission amended the provisions relating to the marking of packs where eggs are regraded and repacked.<sup>11</sup> Detailed rules on references to the farming method and the origin of the eggs are being prepared.

## Agricultural legislation

### Veterinary and animal husbandry legislation

2.1.45. On 29 January the Council adopted a Directive on the financing of health inspections and controls of fresh meat and poultrymeat.<sup>12</sup> This Directive combines the principles contained in two Commission proposals<sup>13</sup> endorsed by Parliament in April 1982<sup>14</sup> and January 1985<sup>15</sup> respectively.

2.1.46. On 18 January Parliament endorsed<sup>15</sup> the Commission proposals made last June relating to the amendment of the existing Directives as regards the medical examination of staff handling meat and meat products.<sup>16</sup>

It also endorsed the Commission proposal of last September on health problems affecting intra-Community trade in fresh meat.<sup>17</sup>

<sup>1</sup> OJ C 23, 25.1.1985; point 2.4.30.

<sup>2</sup> OJ C 25, 28.1.1985; Bull. EC 11-1984, point 2.4.28.

<sup>3</sup> Point 2.4.31.

<sup>4</sup> OJ C 23, 25.1.1985; Bull. EC 12-1984, point 2.1.143.

<sup>5</sup> Point 2.1.8; OJ L 14, 17.1.1985.

<sup>6</sup> OJ L 16, 19.1.1985.

<sup>7</sup> OJ L 4, 5.1.1985.

<sup>8</sup> OJ L 208, 3.8.1984; Bull. EC 7/8-1984, point 2.1.122.

<sup>9</sup> Point 2.4.11; OJ C 46, 18.2.1985.

<sup>10</sup> Bull. EC 7/8-1984, point 2.1.133.

<sup>11</sup> OJ L 5, 8.1.1985.

<sup>12</sup> OJ L 32, 5.2.1985.

<sup>13</sup> OJ C 97, 29.4.1981; Bull. EC 3-1981, point 2.1.119; OJ C 168, 28.6.1984; Bull. EC 6-1984, point 2.1.104.

<sup>14</sup> OJ C 87, 5.4.1982; Bull. EC 3-1982, point 2.1.88.

<sup>15</sup> OJ C 46, 18.2.1985.

<sup>16</sup> OJ C 179, 7.7.1984; Bull. EC 6-1984, point 2.1.107.

<sup>17</sup> OJ C 255, 22.9.1984; Bull. EC 9-1984, point 2.1.88.

2.1.47. On 30 January the Economic and Social Committee delivered its opinion<sup>1</sup> on the proposal made by the Commission last October on public health and animal health problems affecting the importation of meat products from non-member countries.<sup>2</sup>

The Committee also gave an opinion<sup>1</sup> on the Commission proposal of last October on the fixing of maximum levels for undesirable substances and products in feeding-stuffs and on the marketing of straight and compound feedingstuffs.<sup>3</sup>

## Competition

2.1.48. Under Articles 92 to 94 of the EEC Treaty, the Commission decided to make no comment on the introduction of proposed schemes notified by:

### Germany

*Rhineland-Palatinate*: financial aid for farmers whose livelihood is threatened following the 1984 rains;

*Hessen*: aid for agricultural holdings on which the grain harvests suffered damage in 1984.

### Denmark

Structural projects in agriculture;

Notification of various aids;

Bill to amend the Act providing State guarantees for loans and interest for certain farmers.

### Italy

*Molise*: measures to assist farmers in the purchase of agricultural equipment.

### Luxembourg

Government aid scheme involving compensation to farmers for losses due to natural disasters.

### Netherlands

Credit guarantee measures and premiums in the form of aids in the milk sector.

2.1.49. The Commission decided to terminate the Article 93(2) procedure in respect of the following aid scheme:

### Italy

*Campania*: Regional Act introducing urgent measures to assist the production of apricots.

## European Agricultural Guidance and Guarantee Fund

### Guidance Section

#### *Second 1984 instalment*

2.1.50. Under Council Regulation No 355/77 of 15 February 1977 on common measures to improve the conditions under which agricultural products are processed and marketed,<sup>4</sup> the Commission adopted on 20 December 1984 and 3 January 1985 a batch of decisions granting aid from the Guidance Section.

In all, 420 projects were granted aid totalling 134.4 million ECU; 117 of these projects located in Mediterranean regions of the Community received aid amounting to 30.3 million ECU, and 14 in the West of Ireland received aid amounting to 6.7 million ECU. In addition, 3 projects in Northern Ireland received aid totalling 0.7 million ECU under Council Regulation No 1943/81 of 30 June 1981.<sup>5</sup>

Guidance Section contributions towards projects located in the Mediterranean, the West of Ireland, Northern Ireland and all regions of Greece except Greater Athens amount to a maximum of 50% of the total expected investment.

The breakdown of appropriations is given in Table 5

<sup>1</sup> Point 2.4.34.

<sup>2</sup> OJ C 286, 25.10.1984; Bull. EC 10-1984, point 2.1.106.

<sup>3</sup> OJ C 258, 26.9.1984; Bull. EC 10-1984, point 2.1.109.

<sup>4</sup> OJ L 51, 23.2.1977.

<sup>5</sup> OJ L 197, 20.7.1981.

Table 5 — *Second 1984 instalment of aid from the EAGGF Guidance Section*

	Number of projects	Aid in national currency	Aid in ECU <sup>1</sup>
<i>(Regulation No 355/77)</i>			
Belgium	18	166 500 000	3 707 225
Denmark	17	17 328 563	2 155 138
Germany (FR)	51	24 750 000	11 079 328
Greece	27	2 982 991 935	32 756 050
France	36	79 039 778	11 548 499
Ireland	8	2 126 637	2 958 618
Italy	51	23 471 484 890	17 005 242
Luxembourg	1	22 165 000	493 517
Netherlands	14	5 453 572	2 163 867
United Kingdom	63	7 699 018	12 804 615
Total	286	—	96 672 099
<i>Mediterranean (Regulation No 1361/78)</i>			
France	89	63 648 547	9 299 687
Italy	28	28 929 068 766	20 959 296
Total	117	—	30 258 983
<i>West of Ireland (Regulation No 1820/80)</i>			
	14	4 836 039	6 727 990
<i>Northern Ireland (animal feed) (Regulation No 1943/81)</i>			
	3	447 190	743 744
Grand total	420	—	134 402 816

2.1.51. Under Council Regulation No 458/80 of 18 February 1980 on collective projects for the restructuring of vineyards,<sup>1</sup> the Commission adopted a second batch of decisions granting aid for 1984 on

20 November. In all, 55 projects received aid totalling 14.7 million ECU, broken down as follows:

<sup>1</sup> OJ L 57, 29.2.1980.

	Number of projects	Aid in national currency	Aid in ECU <sup>1</sup>
Germany (FR)	2	3 246 441	1 453 268
France	47	83 694 817	12 228 647
Italy	6	1 344 805 655	974 320
Total	55	—	14 656 235

<sup>1</sup> December 1984 rate.

2.1.52. Under Council Regulation No 1760/78 of 25 July 1978 on a common measure to improve infrastructure in certain rural areas,<sup>1</sup> the Commission adopted a

second batch of decisions granting aid for 1984 on 20 December, whereby 44 projects received aid totalling 4.8 million ECU. The breakdown by Member State is as follows:

	Number of projects	Aid in national currency	Aid in ECU <sup>1</sup>
France	24	11 932 855	174 351
Italy	20	6 348 313 657	4 599 394
Total	44	—	4 773 745

<sup>1</sup> December 1984 rate.

2.1.53. On 20 December the Commission, acting under Council Regulation No 1362/78 of 19 June 1978 on the programme for the acceleration and guidance of collective irrigation works in the Mezzogiorno,<sup>2</sup> adopted a decision relating to a special programme requiring aid totalling LIT 72 000 million (52.2 million ECU).<sup>3</sup> The programme involves irrigation works in seven regions of Mezzogiorno, i.e. Abruzzi, Lazio, Campania, Apulia, Basilicata, Calabria and Sardinia.

2.1.54. Under Council Regulation No 2968/83 of 19 October 1983 introducing a common measure for the acceleration of collective irrigation operations in Greece,<sup>4</sup> the Commission adopted a batch of decisions granting aid for 1984 on 20 November; 3 projects received aid totalling 14.1 million ECU.

## Fisheries

### Resources

#### *Internal aspects*

#### Community measures

##### *Prohibition measures*

2.1.55. On 31 January the Commission adopted a Regulation prohibiting vessels

flying the flag of the Netherlands from fishing for sole.<sup>5</sup>

#### National measures

##### *Protection of local stocks*

2.1.56. Acting under Article 19 of Regulation (EEC) No 171/83 of 25 January 1983,<sup>6</sup> the Commission approved the following national measure:

##### United Kingdom

Draft by-law introducing, for the period until 1 April 1986, various closed seasons for salmon and trout-fishing by methods other than rod and line in the estuary of the River Lune in North-West England.

##### *National measures that are stricter than Community rules*

2.1.57. The Commission took note of the following national measures, stating that it might at any time review their compatibility with Community law and the common fisheries policy:

<sup>1</sup> OJ L 204, 28.7.1978.

<sup>2</sup> OJ L 166, 23.6.1978.

<sup>3</sup> December 1984 rate.

<sup>4</sup> OJ L 293, 25.10.1983.

<sup>5</sup> OJ L 28, 1.2.1985.

<sup>6</sup> OJ L 24, 27.1.1983.

Ireland

(i) An order repealing a measure approved on 6 December 1982 (which regulated herring fishing in the Celtic Sea in 1982) for the purpose of enabling Irish vessels once more to fish freely for herring in the Celtic Sea. The Commission found the order to be compatible with Article 5(2) of Regulation (EEC) No 170/83 of 25 January 1983<sup>1</sup> but reminded the Irish authorities of their duty to ensure that herring fishing in ICES Divisions VII g to k respected the Irish quota as fixed by Regulation (EEC) No 320/84.<sup>2</sup>

(ii) A by-law prohibiting the use, in salmon or trout-fishing, of nets made wholly or partly from monofilaments. The Commission found this by-law to be compatible with Article 20(1) of Regulation (EEC) No 171/83<sup>1</sup> but made approval of the measure conditional on the Irish authorities giving an undertaking that it would apply only to Irish fishermen and would be amended accordingly.

Denmark

(i) An order regulating fishing in the North-East Atlantic with effect from 1 July 1984. The Commission found that the quantitative and technical measures laid down by the order as regards fishing for cod, haddock, saithe, mackerel, herring and sprats were compatible with the provisions of Article 5(2) of Regulation (EEC) No 170/83<sup>1</sup> and Article 20(1) of Regulation (EEC) No 171/83<sup>1</sup> but reminded the Danish authorities that they must manage their fisheries in accordance with Regulation (EEC) No 320/84.<sup>2</sup>

(ii) An order regulating fisheries in the Baltic Sea and the Belts with effect from 1 July 1984. The Commission found that the quantitative and technical measures laid down in the order as regards fishing for cod, herring and sprats were compatible with the provisions of Article 5(2) of Regulation (EEC) No 170/83<sup>1</sup> and Article 20(1) of Regulation (EEC) No 171/83<sup>1</sup> but

reminded the Danish authorities that they must manage their fisheries in accordance with Regulation (EEC) No 320/84.<sup>2</sup>

*Implementation of Community rules*

2.1.58. The Commission took note of the following national measure, stating that it might at any time review its compatibility with Community law and the common fisheries policy:

United Kingdom

Inshore Fishing (Scotland) Act 1984, which had been endorsed at the bill stage by the Commission on 25 January 1984 as a local measure pursuant to Article 19 of Regulation (EEC) No 171/83.<sup>1</sup> Since the measure as enacted was identical with the bill apart from a few minor changes, the Commission ruled that its earlier decision should stand.

As regards the new Section 2 of the Act, the Commission reminded the United Kingdom authorities of their obligations under Article 3 of its decision of January 1984.

*External aspects*

Bilateral relations

*Greenland*

2.1.59. From 28 to 30 January the Community and Greenland held talks in Brussels on the application of the Fisheries Agreement between the Community, on the one hand, and the Danish Government and the Greenland Local Government, on the other. This Agreement relates to the 1985 catch quotas for Community fishermen in Greenland waters; it came into force on 1 February, the date on which Greenland left the

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<sup>1</sup> OJ L 24, 27.1.1983.

<sup>2</sup> OJ L 37, 8.2.1984.

Community.<sup>1</sup> The talks confirmed, for all species except cod in West Greenland, the quotas set by the Agreement. These quotas were provisionally adopted by the Council last December, pending completion of the procedures for the ratification of the Treaty altering the status of Greenland.<sup>2</sup>

The TAC for the West Greenland cod stock, which had been giving cause for concern, was fixed at 25 000 tonnes for 1985; no quotas have been allocated to the Community for this year. It was agreed to review the situation in May. Community fishermen were, however, authorized to fish the remainder of their 1984 cod stocks in the area in question until 31 March 1985.

### *Gambia*

2.1.60. On 18 January the Commission asked for directives to negotiate a fisheries agreement between the Community and the Republic of the Gambia.<sup>3</sup>

### **Multilateral relations**

#### *Norway and Sweden*

2.1.61. On 16 and 17 January trilateral consultations were held in Oslo by the Community, Norway and Sweden, within the framework of their trilateral Fisheries Agreement. Fishery arrangements were agreed for the Skagerrak and Kattegat in 1985.

### *FAO*

2.1.62. The Commission represented the Community at the technical talks on the fish trade which were held at FAO headquarters in Rome from 28 to 31 January.

### **Structures**

#### **Implementation of structural directives**

2.1.63. On 15 January, acting under Council Regulation (EEC) No 2908/83 of 4

October 1983 on a common measure for restructuring, modernizing and developing the fishing industry and for developing aquaculture,<sup>4</sup> the Commission approved the multiannual guidance programme submitted by Belgium for its fishing fleet.

## **Transport**

### **Inland transport**

#### *Approximation of structures*

#### **Social conditions**

2.1.64. On 21 January the Commission sent the Council the 12th report<sup>5</sup> on the implementation of the 1969 Regulation on the harmonization of certain social legislation relating to road transport.<sup>6</sup> This report, compiled on the basis of information supplied to the Commission by the Member States, covers 1982.

#### **Reorganization of the railways**

2.1.65. The Economic and Social Committee delivered an opinion<sup>7</sup> on two Commission proposals concerning the financial situation of railway undertakings.<sup>8</sup>

#### *Operation of the market*

#### **Access to the market**

#### *Rhine navigation*

2.1.66. On 31 January the Commission sent the Council a proposal for a Regulation

<sup>1</sup> There is to be a special feature on Greenland's withdrawal from the Community in the next issue of the Bulletin.

<sup>2</sup> OJ L 1, 1.1.1985; OJ L 13, 16.1.1985.

<sup>3</sup> COM(84) 711 final.

<sup>4</sup> OJ L 290, 22.10.1983.

<sup>5</sup> COM(84) 773 final.

<sup>6</sup> OJ L 77, 29.3.1969; OJ L 73, 17.3.1979.

<sup>7</sup> Point 2.4.34.

<sup>8</sup> OJ C 36, 10.2.1984; Bull. EC 1-1984, point 2.1.100.

laying down the conditions for access to the arrangements under the Revised Convention for the Navigation of the Rhine relating to vessels belonging to the Rhine Navigation.<sup>1</sup>

The aim is to incorporate into Community law the provisions of Additional Protocol No 2 to the Convention. The purpose of the additional protocol is to restrict freedom of navigation on the Rhine to those vessels which have a 'genuine link' with one of the Contracting States (Belgium, France, Germany, the Netherlands, Switzerland and the United Kingdom) or with a Member State of the Community. Criteria for determining this 'genuine link' have been defined by the Central Commission for the Navigation of the Rhine (CCR), in cooperation with the Commission of the European Communities, and were the subject of a CCR resolution of 30 November 1984.<sup>2</sup>

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### International cooperation

2.1.67. On 29 January the Council decided<sup>3</sup> to conclude the Agreement on the international combined road/rail carriage of goods between the Community and Spain, which had been signed on 14 December.<sup>4</sup>

## Energy

### Formulating and implementing a Community energy policy

#### Structural development of the Member States' energy policies

2.1.68. On 15 January the Council formally adopted a resolution on the improvement of energy-saving programmes in the Member States<sup>5</sup> on which it had agreed in November.<sup>6</sup>

## Specific problems

### Solid fuels

#### *New arrangements for coking coal and coke for the iron and steel industry*

2.1.69. Having received the assent of the Council and a favourable opinion from the ECSC Consultative Committee, the Commission decided on 18 January<sup>7</sup> to update its Decision of 20 December 1973 (3544/73/ECSC)<sup>8</sup> implementing its Decision of 25 July 1973 (73/287/ECSC)<sup>9</sup> on coking coal and coal for the iron and steel industry in the Community.

This latest decision, which improves the method of applying the arrangements for coking coal and coke over the period 1984-86, gives operators in the coal and coke market the option of adapting their long-term contracts (an important element of the arrangements) to the new supply needs, retroactively from 1 January 1984 if necessary.

In addition, to promote technological progress, Community coal for direct injection into blast furnaces is treated in the same way as coking coal.

The measure was accompanied by a communication from the Commission to coal and steel undertakings and their associations which answered a number of current questions.

<sup>1</sup> OJ C 48, 20.2.1985; COM(85) 10 final.

<sup>2</sup> Bull. EC 11-1984, point 2.1.34.

<sup>3</sup> OJ L 34, 7.2.1985.

<sup>4</sup> Bull. EC 12-1984, point 2.1.209.

<sup>5</sup> OJ C 20, 22.1.1985.

<sup>6</sup> Bull. EC 11-1984, point 2.1.138.

<sup>7</sup> OJ L 16, 19.1.1985.

<sup>8</sup> OJ L 361, 29.12.1983; OJ L 275, 30.9.1978.

<sup>9</sup> OJ L 259, 15.9.1973; OJ L 106, 21.4.1982; Bull. EC 4-1982, point 2.1.94; OJ L 80, 23.4.1984; Bull. EC 3-1984, point 2.1.179.



## Research and development

### Development of the common policy

#### Follow-up to the Council agreement on research programmes

2.1.70. On 30 January, with the endorsement of the Scientific and Technical Committee and the Scientific and Technical Research Committee, the Commission divided the overall appropriation of 120 million ECU which was approved in principle by the Council on 19 December 1984<sup>1</sup> into 62 million ECU for the radioactive

waste programme (1985-89) and 58 million ECU for the radiation protection programme (1985-89).

#### Structures and procedures

2.1.71. The Council Decision of 29 June 1984 on the establishment of management and coordination advisory committees (CGCs) under the aegis of the Commission<sup>2</sup> entered into force on 1 January.

Of the 12 CGCs now provided for, some were set up in January and the rest will follow shortly. The 12 are:

Table 6 — *Management and coordination advisory committees established as at 1 January 1985*

Sector	Committees
Industry	1. Industrial technology 2. Scientific and technological standards 3. Biotechnology
Raw materials and other materials	4. Raw materials and other materials
Energy	5. Nuclear fission energy — Reactors and safety, control of fissile materials 6. Nuclear fission energy — Fuel cycle/processing and storage of waste 7. Non-nuclear energy
Development aid	8. Development-linked research
Health and safety	9. Medical and health research
Environment	11. Environment and climatology
Languages	12. Linguistic problems

### Coordination of national policies

2.1.72. On 25 January the Scientific and Technical Research Committee (CREST) adopted its programme for the first half of 1985. The main thrust of the work will be to compare national scientific and technical policies so as to make available, during the second half of the year, the new information required for a review of the framework programme.

### Scientific and technical objectives

#### Promoting industrial competitiveness

##### *Brite programme*

2.1.73. Following the Council's approval,<sup>1</sup> on 19 December 1984, of a 125

<sup>1</sup> Bull. EC 12-1984, points 1.7.1 and 1.7.2.

<sup>2</sup> OJ L 177, 4.7.1984; Bull. EC 6-1984, point 2.1.138.

million ECU contribution to the Brite<sup>1</sup> programme over the four years 1985-88, an advance notice was published in the *Official Journal*.<sup>2</sup> This notice explains how to obtain a useful information package on the programme and sets a final date for the submission of proposals some two and a half months after publication of the formal Council decision.

### *European Joint Optical Bistability Project (EJOB)*

2.1.74. In the context of the plan to stimulate European cooperation and scientific and technical interchange (1985-88), European scientists have established a leading position in the area of optical bistability, from the most fundamental theory to device demonstration.

On the recommendation of the Committee for the European Development of Science and Technology, the Commission has committed 1.8 million ECU to the EJOB group of eight research teams throughout Europe.

The operation selected is in the field of all-optical information processing, including research into the possibilities of an all-optical computer. The concept of 'optical bistability' is new in physics and achieves for light beams what transistor circuits do for electric currents.

The results of the first year's work are highly promising, and several unexpected discoveries have been made.

The central aim of the project is to create usable 'optical circuit elements'. In the first few months, infra-red wavelengths and narrow-gap semiconductors—and, more recently, visible light—were used to develop optical logic gates which switch with milliwatts of laser-beam power, giving sufficient output to switch further interconnected elements. Thus the world's first digital optical circuits were created. These constitute a fundamental building block for an optical computer.

The programme has made significant progress towards a fundamental understanding

of switching processes and in exploring the bistable properties and the suitability for digital optical computer applications of a wide range of new materials.

### *Biomolecular engineering*

2.1.75. To further its objectives, the Commission set up a working party within the biomolecular engineering research and training programme (1981-86)<sup>3</sup> with the task of jointly discussing the work done in each laboratory and of exchanging results, equipment and specialists, in order that the pooling of ideas and experience may give European research the impetus it needs to compete with the Americans and Japanese.

The working party, which comprises 45 contractors from eight Member States, recently gave a progress report at the Carlsberg laboratory complex in Copenhagen after a little over one year's work.<sup>4</sup>

### **Improving the management of raw materials**

2.1.76. The newly formed Advisory Committee for the Management and Coordination of Raw Materials and Other Materials<sup>5</sup> met for the first time in Brussels on 8 January. This provided an opportunity to make, for the benefit of the members, a (necessarily incomplete) assessment of the current raw materials research programme (1981-85),<sup>6</sup> recalling its objectives and summarizing the research topics and the principal results so far obtained in this field. A brief summary of these results is given below for the two subprogrammes on

<sup>1</sup> Basic Research in Industrial Technologies for Europe.

<sup>2</sup> OJ C 27, 29.1.1985.

<sup>3</sup> OJ L 375, 30.12.1981; OJ L 305, 8.2.1983.

<sup>4</sup> The proceedings of this symposium were published in January 1985 under the title *Genetic Engineering of Plants and Micro-organisms important for Agriculture* (E. Magnien & D. De Nettancourt (eds.), Martinus Nijhoff/Dr W. Junk, p. 197, 1985).

<sup>5</sup> Point 2.1.71.

<sup>6</sup> OJ L 174, 21.6.1982.

metals and mineral substances and on recycling of non-ferrous metals.<sup>1</sup>

### *Metals and mineral substances*

2.1.77. An appropriation of 25 million ECU (to include research into clay-based materials) has been allocated to 133 shared-cost contracts.

#### Exploration

2.1.77a. The results so far obtained concern:

(i) platinum-group elements: work is progressing satisfactorily; rich platinum deposits have been found in Scotland and mining companies have expressed an interest;

(ii) tungsten: 12 contracts have been signed, with the emphasis on litho-geochemical methods and the study of trace elements; progress has also been made with geophysical techniques (UV laser), and rich deposits have been discovered in Sicily;

(iii) tantalum: an important deposit has been found in Greenland by processing geochemical and remote-sensing data;

(iv) base metals: litho-geochemistry and remote sensing have been used to prospect for lead and zinc in Ireland.

#### Ore processing

2.1.78. The results concern:

(i) the development of new reagents for improving lead-zinc oxide concentrates by flotation and of advanced methods for the processing of lead-zinc sulphide complex minerals;

(ii) progress on the leaching of complex minerals (sulphides and oxides), in modelling and control as applied to process operations and in the treatment of tin oxides and residues by advanced chloride technology;

(iii) direct production of aluminium-silicon alloys from leucite.

#### Mining technology

2.1.79. The results in this area relate to the development of advanced systems for supporting underground structures and progress in the application of geostatistical methods to the planning of mining operations.

#### *Recycling of non-ferrous metals*

2.1.80. An appropriation of 6.5 million ECU has been allocated to 23 contracts. The results include:

(i) a process flowsheet for the separation of alloys with overlapping physical properties;

(ii) prospects of success in solving the jarosite stability problem (waste material from zinc electrolysis);

(iii) the possibility of economically recovering and recycling chromium compounds from a tannery; this experience has been used to develop an industrial plant in Italy serving a consortium of 60 tanning firms.

#### Improving the management of energy resources

##### *Nuclear fusion energy*

2.1.81. On 17 January Parliament endorsed<sup>2</sup>—but requested certain amendments to—the Commission's proposals for (i) a new research and training programme (1985-89) in the field of controlled thermonuclear fusion and (ii) the setting up of a tritium-handling laboratory.<sup>3</sup>

##### *Nuclear fission energy*

2.1.82. The Commission has launched a coordinated test programme to examine the corrosion properties of materials which

<sup>1</sup> Further information on other parts of the programme will be published in a forthcoming issue of the Bulletin.

<sup>2</sup> OJ C 46, 18.2.1985.

<sup>3</sup> OJ C 198, 27.7.1984; Bull. EC 5-1984, points 2.1.194 to 2.1.196.

may enter into the manufacture of containers designed for underground storage of radioactive waste. Three reference materials, namely titanium-palladium alloy (0.2%), Hastelloy C-4 and a carbon steel, have been supplied to six participating laboratories in Belgium, France, Germany and the United Kingdom, and to the Joint Research Centre at Ispra. The samples of the materials supplied by a number of companies are based on the same ingot, thus making the results more directly comparable. The materials have to be tested in the laboratories and *in situ*, in clay, granite and salt formations. Without prejudice to the results of future experiments it can be said that, of the three materials under study, the titanium-palladium alloy is at present exhibiting the best properties and lowest corrosion levels.

2.1.83. On 17 January Parliament approved, subject to certain amendments,<sup>1</sup>

the Commission's proposal for a new multi-annual shared-cost research programme (1985-89) in the field of radioactive waste.<sup>2</sup> Parliament welcomes this programme, which provides, for the first time, for a complete system of radioactive-waste management.

### *Non-nuclear energy*

2.1.84. On 7 January the Commission sent a communication to the Council notifying its intention to accede to the implementing agreement for a programme of research and development on energy conservation in buildings and community systems, prepared within the framework of the International Energy Agency.<sup>3</sup>

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<sup>1</sup> OJ C 46, 18.2.1985.

<sup>2</sup> OJ C 166, 26.6.1984; Bull. EC 4-1984, point 2.1.129.

<sup>3</sup> COM(84) 720 final.

## 2. Enlargement and external relations

### Enlargement and bilateral relations with applicant countries

2.2.1. On 17 January Parliament adopted a resolution requesting that it be consulted after the accession negotiations with Portugal and Spain are concluded, before the accession treaties are signed.<sup>4</sup>

#### Portugal

##### Accession negotiations

2.2.2. On 29 January the 25th ministerial meeting of the negotiations took place in

Brussels under the chairmanship of Mr Giulio Andreotti, the Italian Minister for Foreign Affairs; the Portuguese delegation was led by Mr Ernâni Rodrigues Lopes, the Foreign Minister.

The delegations considered agriculture and fisheries—areas which had been the subject of intensive preparatory discussions between the Commission and the Portuguese authorities.

The two sides agreed that appreciable progress had been made in both fields, and it was decided to make efforts to settle the remaining issues as far as possible at the next negotiating meeting in mid-February.

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<sup>4</sup> Point 2.4.11; OJ C 46, 18.2.1985.

## EEC-Portugal financial cooperation

2.2.3. Under the arrangements for pre-accession financial cooperation with Portugal,<sup>1</sup> the EIB made a 50 million ECU loan in January for building a railway bridge and a road link in the north of Portugal.

## Spain

### Accession negotiations

2.2.4. On 28 January the 27th ministerial meeting of the negotiations for Spain's accession to the Community was held in Brussels under the Chairmanship of Mr Giulio Andreotti, the Italian Minister for Foreign Affairs; the Spanish delegation was headed by Mr Fernando Morán, the Foreign Minister.

The Community made statements on some remaining points concerning the customs union.

The Spanish delegation made two statements, one on fisheries and the other on wine.

The chairman made a point of confirming the Community's wish to conclude the negotiations before the next European Council, which is due to be held on 22 and 23 March.

## Commercial policy

### Implementing the common commercial policy

#### *Commercial policy instruments*

#### Easing of restrictive measures

2.2.5. Under the Council Regulation of 14 November 1983 on import arrangements for

products originating in State-trading countries, not liberalized at Community level,<sup>2</sup> the Commission decided on the following measures:

#### (i) Opening of quotas:

*Italy-Poland:* unwrought aluminium, alloyed;<sup>3</sup>

*Italy-USSR:* unwrought aluminium, not alloyed;<sup>3</sup>

*Italy-Poland/Hungary/Czechoslovakia:* unwrought aluminium alloyed waste recast into ingots.<sup>3</sup>

#### (ii) Amendments of quotas:

*United Kingdom-USSR:* iron and steel products;<sup>4</sup>

*Benelux-Hungary/Poland:* textile products.<sup>5</sup>

#### (iii) Amendments of import arrangements:

*United Kingdom-USSR:* abolition of quantitative restrictions on the release for free circulation of electronic valves and tubes.<sup>6</sup>

## Trade protection

2.2.6. The trade protection measures taken in January are shown in Table 7.

<sup>1</sup> Bull. EC 10-1983, point 2.2.1.

<sup>2</sup> OJ L 346, 8.12.1983.

<sup>3</sup> OJ C 10, 12.1.1985.

<sup>4</sup> OJ C 16, 17.1.1985.

<sup>5</sup> OJ C 20, 22.1.1985.

<sup>6</sup> OJ C 14, 16.1.1985.

Table 7 — *Trade protection measures, January 1985*

Council	Commission
<p><i>Definitive anti-dumping duty</i> on imports of:</p> <p>pentaerythritol originating in Canada OJ L 13, 16.1.1985 (provisional duty: OJ L 254, 22.9.1984)</p> <p>oxalic acid originating in Brazil OJ L 26, 31.1.1985 (provisional duty: OJ L 239, 7.9.1984).</p> <p><i>Repeal of definitive anti-dumping duty</i> on imports of:</p> <p>upright pianos originating in the Soviet Union OJ L 26, 31.1.1985 (definitive duty: OJ L 238, 13.8.1982).</p>	<p><i>Anti-dumping proceedings</i></p> <p><i>Notice of reopening of anti-dumping proceeding</i> concerning imports of:</p> <p>fibre building board originating in Finland or Sweden OJ C 6, 9.1.1985 (acceptance of undertakings: OJ L 181, 25.6.1982).</p> <p><i>Notice of initiation of Community proceeding</i> for investigating the trend of imports of:</p> <p>tube and pipe fittings of malleable cast iron originating in non-member countries, the terms under which those articles are imported and the effects of the imports on Community production OJ C 6, 9.1.1985.</p> <p><i>Decision concerning an application for refund</i> of anti-dumping duties collected on certain imports of:</p> <p>cotton yarn originating in Turkey OJ L 11, 12.1.1985.</p> <p><i>Surveillance measures</i></p> <p><i>Community surveillance</i> of imports of:</p> <p>certain iron and steel products covered by the ECSC Treaty OJ L 7, 9.1.1985.<sup>1</sup></p>

<sup>1</sup> Point 2.2.9.

2.2.7. On 9 January the Commission presented to the Council and to Parliament its second annual report on the Community's anti-dumping and anti-subsidy activities.<sup>1</sup> The report deals mainly with anti-dumping and anti-subsidy activities carried out by the Community in 1983 on the basis of Community provisions<sup>2</sup> and the relevant GATT codes.<sup>3</sup> European industry is making increasing use of these provisions and codes to defend itself against unfair trading practices.

## Export credits

2.2.8. Under the arrangement on guidelines for officially supported export credits<sup>4</sup> the automatic adjustment mechanism for minimum interest rates was

implemented to bring the rates applicable from 15 January down by 135 points.

Rates had risen substantially in July 1984, mainly as a result of higher interest rates for the United States dollar. The current adjustment is the result of a fall in rates as reflected in the reference indicators (average of rates, applying the SDR weighting).

## Sectoral commercial policy measures

### *Iron and steel products*

2.2.9. On 4 January the Commission adopted a Decision on retrospective Com-

<sup>1</sup> COM(84) 721 final; Bull. EC 9-1983, point 2.2.2.

<sup>2</sup> OJ L 399, 31.12.1979; OJ L 201, 30.7.1984.

<sup>3</sup> OJ L 71, 17.3.1980.

<sup>4</sup> Bull. EC 10-1983, point 2.2.10.

munity surveillance of imports and exports of certain iron and steel products covered by the ECSC Treaty originating in certain non-member countries and two recommendations on Community surveillance of certain iron and steel products covered by the ECSC Treaty originating in Spain or in certain other non-member countries.<sup>1</sup>

## Steel: external measures

### 1985 arrangements

2.2.10. By 31 January the Commission had concluded voluntary restraint arrangements governing exports of iron and steel products to the Community in 1985 with 12 non-member countries—Austria, Sweden, Finland, South Korea, South Africa, Japan, Australia, Brazil (exports of cast iron), Czechoslovakia, Poland, Hungary and Bulgaria. Negotiations were continuing with Norway, Romania and Spain, while an arrangement with Brazil covering rolled iron and steel products (other than cast iron) was once more under discussion.

As in the past, the arrangement offered gives these countries guaranteed access to the Community market at a level related to traditional trade flows, though somewhat reduced from the 1980 level to take account of the fall in consumption of iron and steel products on the Community market. The reduction for 1985 is 10%, which offers improved scope for sales by the countries concerned by comparison with 1983 and 1984, when a reduction of 12.5% was applied.

### Textile products

#### Agreements and arrangements with non-member countries

##### MFA countries

2.2.11. Consultations between the Community and Bangladesh were held in Brussels from 15 to 17 January with a view to reaching agreement on the introduction of

quantitative limits on exports of shirts to France and the United Kingdom. It was agreed to suspend the talks to allow time for further consideration of the matter.

Consultations with the Philippines also took place in Brussels, on 24 January, and agreement was reached on the introduction of a new limitation on exports of corsetry to the UK.

### Mediterranean preferential countries

2.2.12. Discussions between the Community and Morocco concerning the extension for a further two years (1985-86) of the administrative cooperation arrangement for textiles were concluded when instruments were initialled in Rabat on 25 January.

## Relations with industrialized countries

### United States

#### Steel pipes and tubes

2.2.13. Following the special session of the GATT Council on 17 December, negotiations between the Commission and the United States were resumed<sup>2</sup> and led on 5 January 1985 to an agreement along the same general lines as was reached *ad referendum* on 17-18 November 1984.<sup>3</sup> The new arrangement limits exports for 1985 and 1986 to 7.6% of the American market (exempting products which the American industry is incapable of supplying), sets a subceiling of 10% for oil country tubular goods (OCTG) and provides what is at least a partly satisfactory solution for tubes unloaded but not cleared through customs during the embargo period (29 November-31 December 1984). The arrangement, in the form of an exchange of letters, was signed on 10 January, the implementing Regu-

<sup>1</sup> OJ L 7, 9.1.1985.

<sup>2</sup> Bull. EC 12-1984, point 2.2.14.

<sup>3</sup> Bull. EC 11-1984, point 2.2.19.

lations having been adopted by the Council the day before.<sup>1</sup>

2.2.14. The Commission subsequently (28 January) transmitted to the Council its proposed breakdown by Member State of the quantity of OCTG to be exported to the United States.<sup>2</sup>

### *Special steels*

2.2.15. The United States having decided to extend for a second year its restrictions on imports of certain special steels from the Community, the Commission proposed<sup>3</sup> to the Council on 29 January that the system of compensatory withdrawals adopted by the Council in February 1984<sup>4</sup> be renewed for a year beginning on 1 March 1985.

### *Wine*

2.2.16. The Commission tabled a formal request to the GATT Secretariat for a panel to be set up to examine certain provisions of the Trade and Tariff Act approved by the US Congress on 7 October 1984, in particular those relating to wine.<sup>5</sup>

The new American legislation extends the concept of injury through dumping or subsidy, in the case of the wine industry, to cover producers of grapes. This is in breach of GATT rules, which state clearly that the industry suffering injury, and therefore entitled to initiate proceedings, must be the producer of a product similar to the one being dumped or subsidized.

Two special meetings of the GATT Committee on Subsidies have already been held at the Commission's request—in December and January—under GATT dispute settlement procedures. They did not lead to a mutually acceptable solution.

Accordingly, the Commission has decided to move to the next stage of procedure by calling for a panel to examine the new legislation.

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2.2.17. Parliament adopted two resolu-

tions relating to the United States, one on measures under discussion to rectify the US foreign trade deficit and the other on the withdrawal of the US from the GATT agreements on dairy products.<sup>6</sup>

### **Canada**

2.2.18. The Council expressed deep concern at the restrictions on beef and veal imports introduced by Canada at the start of the year, which were seriously, and unjustifiedly, affecting Community exports. It gave its full support to the steps being taken by the Commission to reach a rapid and satisfactory solution and intended, if these failed, to invoke all the rights available to the Community under the General Agreement.

### **Austria**

2.2.19. The Austrian Minister for Foreign Affairs, Mr Leopold Gratz, visited the Commission on 30 January. He had talks with Mr De Clercq, the Member of the Commission with special responsibility for external relations and commercial policy.

Their discussions bore mainly on bilateral concerns, notably Austria's trade deficit with the Community and the possibilities for increased agricultural trade. They also looked into means of stepping up cooperation between the Community and the EFTA countries as decided in Luxembourg in April 1984.<sup>7</sup>

## **Relations with other countries and regions**

### **Mediterranean countries**

#### **Overall Mediterranean policy**

2.2.20. At its January session the Economic and Social Committee endorsed<sup>8</sup> the

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<sup>1</sup> OJ L 9, 10.1.1985.

<sup>2</sup> COM(85) 14 final.

<sup>3</sup> COM(85) 9 final.

<sup>4</sup> OJ L 40, 11.2.1984; Bull. EC 2-1984, point 2.2.18.

<sup>5</sup> Bull. EC 10-1984, point 2.2.17.

<sup>6</sup> Point 2.4.11; OJ C 46, 18.2.1985.

<sup>7</sup> Bull. EC 4-1984, point 1.2.1 *et seq.*

<sup>8</sup> Point 2.4.29.



Commission proposals concerning the implementation of a Mediterranean policy for the enlarged Community.<sup>1</sup>

## Euro-Arab Dialogue

2.2.21. At its meeting on 28 and 29 January the Council adopted the Decision giving authorization to the Commission and laying down negotiating directives for the participation of the Community in the Euro-Arab Convention for the reciprocal promotion and protection of investments.

## Countries of the Gulf and the Arabian Peninsula

### Yemen

2.2.22. On 29 January the Council decided<sup>2</sup> to conclude the Cooperation Agreement between the Community and the Yemen Arab Republic signed in October 1984.<sup>3</sup> The Agreement will therefore enter into force on 1 February 1985.

## Asia

### Pakistan

2.2.23. After three days of talks, negotiations between the Community and Pakistan were completed on 17 January with the initialling of an agreement which builds on the achievements of the 1976 Commercial Cooperation Agreement by adding two new areas of cooperation (in the economic and development fields) as well as strengthening trade cooperation.<sup>4</sup>

The two parties plan to encourage industrial cooperation and the extension of bilateral investment promotion schemes. The Community undertook to take all possible steps to increase its financing and technical support for Pakistan's development.

The text of the new agreement will now be submitted by the two parties for ratification.

## China

2.2.24. On 21 January Mr Zhang Yan-ning, Vice-Chairman of China's State Economic Commission and Vice-Chairman of the Chinese Business Management Association, visited the Commission. His first engagement was a working meeting with Commission staff to discuss the operation of the Business Management Centre in Beijing, which had been set up with the help of the Community.

## Development

### ACP-EEC Conventions

2.2.25. The Commission sent to the Council on 14 January a proposal for a Regulation on arrangements for imports into the Community of agricultural products originating in the African, Caribbean and Pacific States or in the overseas countries and territories.<sup>5</sup>

The third Lomé Convention, signed in December 1984, lays down special provisions for these products.<sup>6</sup> In view of the time required for ratification, it is envisaged that the relevant provisions in the new Convention should be implemented in advance when the present Convention expires on 28 February.

The Regulation proposed covers agricultural and food products which are subject to common rules within the Community and are exported to it by the ACP States and the OCT. Its purpose is to satisfy the Community's commitment to the ACP States and the OCT to adopt the requisite measures to provide for full or partial exemption from import duties for such products as beef and veal, fishery products, oils and fats, certain cereals, rice, products

<sup>1</sup> Bull. EC 3-1984, point 2.2.28.

<sup>2</sup> OJ L 26, 31.1.1985.

<sup>3</sup> Bull. EC 9-1984, point 2.2.23; Bull. EC 10-1984, point 2.2.27.

<sup>4</sup> OJ L 168, 28.6.1976; Bull. EC 10-1984, point 2.2.28.

<sup>5</sup> OJ C 36, 8.2.1985; COM(84) 768 final.

<sup>6</sup> Bull. EC 12-1984, point 1.5.1 *et seq.*

processed from cereals or rice, fresh and processed fruit and vegetables, certain items processed from agricultural products, raw tobacco and live plants.

## **Commodities and world agreements**

### **Committee on Commodities**

2.2.26. A special meeting of Unctad's Committee on Commodities was held in Geneva from 21 to 25 January with the aim of seeking agreement on the broad lines—to be determined in accordance with Unctad conference resolutions 124(V) and 156(VI)—for international cooperation in the processing, marketing and distribution (including transportation) of commodities.

Whereas the Group of 77 sought immediate discussion on measures to encourage activities of this type by the developing countries, Group B considered that the results of the meeting of the Permanent Subcommittee showed there to be an insufficient basis for the adoption, at this stage, of such general guidelines, which, moreover, should be examined only after agreement on universally recognized criteria.<sup>1</sup>

As a result of the Community's efforts, the Group B position was clarified with agreement on specific areas to be explored on the basis of the criteria in question: trade liberalization, development of human resources and technical assistance, investment promotion and transparency. This proposal, which matched that put forward by the Group of 77, was given a relatively warm response by the latter, it being accepted that the 'criteria' notion warranted further examination.

The two proposals were annexed to the report by the Committee on Commodities, which decided that the matter should be taken up again in committee at the next regular meeting in the autumn.

The Community, having made clear its position in a statement following that made by Group B, endeavoured to demonstrate that

a debate in the Unctad Board during March would not be worth while, given the modest progress so far achieved, but this was the procedural solution which finally prevailed.

### **Permanent Subcommittee on Commodities**

2.2.27. The results achieved by the meeting of the Permanent Subcommittee on Commodities, which was held from 14 to 18 January, were very limited, because the studies submitted by the Unctad Secretariat on the processing, marketing and distribution of various commodities had attracted a great deal of comment and criticism.

It was therefore agreed that the process of refining and examining the studies would be continued in order to pinpoint areas common to the various products.

In view of the divergence of positions concerning the real obstacles which exist, case by case, with regard to processing, marketing and distribution and, consequently, concerning the solutions to be sought within the context of international cooperation, it was not possible to reach common conclusions; however, in a summary prepared on his own initiative, the Chairman, Mr Sy (Senegal), listed the areas which were mentioned in the discussions: redeployment of production, substitution products, markets, market transparency, financial and technical assistance, training, investment, trade liberalization, commercial contracts, restrictive trade practices and transport.

The Community and its Member States stressed the differences of magnitude, case by case, of the problems common to several commodities and suggested an individual assessment of such problems and their solutions without prejudice to an overall final position.

### **Emergency aid**

#### **Emergency plan for Ethiopia and the Sahel countries**

2.2.28. Under the Dublin plan to combat famine in Africa, the Commission decided

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<sup>1</sup> Point 2.2.27.

to allocate 4 500 000 ECU via the ICRC for the stricken population in Ethiopia for the supply of wheat flour, legumes and seeds.<sup>1</sup>

In addition, the Commission decided to contribute 4 million ECU to UNHCR for its programmes to help Ethiopian refugees in Sudan, 3 million ECU of this sum to be drawn from the EDF under the Dublin plan and 1 million ECU as emergency aid.

2.2.29. At the Council meeting on 28 and 29 January Mr Natali urged that the food aid policy should continue uninterrupted despite the absence of the 1985 budget and of the implementing regulation which normally determines the quantities of each product. He appealed for efforts to reach a rapid solution, in particular so as to continue the measures taken after the Dublin European Council, at which it was agreed that food aid appropriations for 1985 must be made immediately available to avoid a hiatus following the 1984 appropriations, which had all been committed.

#### Emergency food aid

2.2.30. The Commission, in response to requests from international and non-governmental organizations, took decisions in January on a number of emergency food aid allocations to support their operations in various countries.

#### *World Food Programme*

Sudan: 9 221 tonnes of cereals; Uganda: 2 980 tonnes of cereals; Kenya: 197 tonnes of vegetable oil; Burundi: 198 tonnes of vegetable oil and 132 tonnes of sugar.

#### *International Committee of the Red Cross*

Ethiopia: 2 000 tonnes of cereals.

#### **Oxfam (UK)**

Ethiopia: 500 tonnes of butteroil; 100 tonnes of sugar and 100 tonnes of dried fish.

2.2.31. At its January part-session Parliament adopted a resolution on the manage-

ment and implementation of food aid under the system of 'provisional twelfths' and two resolutions on the delivery of food aid in the countries affected by famine, particularly Ethiopia.<sup>2</sup>

### **ACP Protocols**

#### **Sugar**

2.2.32. The Commission formally decided on 28 January<sup>3</sup> to reallocate the 25 500 tonnes of ACP sugar by which the agreed quantity for Trinidad and Tobago was reduced in 1984.<sup>4</sup> The Commission had taken a decision in principle in November and consulted the ACP States concerned.

#### **Financial and technical cooperation**

##### *ACP States and OCT*

2.2.33. In January the Commission decided to allocate 39 510 000 ECU from the fifth EDF for the financing of projects and programmes administered by it in the following sectors:

Rural production	14 760 000
Industrialization	9 950 000
Social development	7 300 000
Transport and communications	3 100 000
Tourism	3 200 000
Other	1 200 000
	39 510 000

##### *Non-associated developing countries*

2.2.34. On 18 January Parliament delivered an opinion<sup>2</sup> on the Commission proposal of last September concerning the 1985 guidelines for financial and technical

<sup>1</sup> Bull. EC 12-1984, point 2.2.42 *et seq.*

<sup>2</sup> Point 2.4.11; OJ C 46, 18.2.1985.

<sup>3</sup> OJ C 42, 14.2.1985.

<sup>4</sup> Bull. EC 11-1984, point 2.2.46.

aid to non-associated developing countries.<sup>1</sup> Despite its various criticisms and suggestions, Parliament endorsed the Commission proposal.

### Cooperation via non-governmental organizations

2.2.35. With regard to projects cofinanced in the developing countries for the period from 1 to 31 January 1985, the Commission committed 1.7 million ECU for 15 projects presented by 13 NGOs.

The Commission also contributed 153 000 ECU to three campaigns to make the European public more aware of development issues.

### Regional cooperation

#### Indian Ocean Commission

2.2.36. The Indian Ocean Commission, established in 1983 by Madagascar, Mauritius and Seychelles, met at ministerial level in Antananarivo, Madagascar, from 14 to 18 January; the decisions were formally taken to admit to membership the Comoros and France, the latter normally to be represented by participants from Réunion, a neighbour of the other four Indian Ocean countries.

Regional cooperation in the area, which had made slow headway, has thus been given a definite boost, following the cooperation and development talks held in October 1984 in St Denis, Réunion, between the same participants. The European Development Fund is playing an active role in financing projects (studies and execution) in spheres such as tourism, craft industry, trade and new forms of energy.

Other countries such as Australia are already taking an interest in the activities of the Indian Ocean Commission, which will next hold a meeting in Mauritius for experts in July followed by a ministerial meeting in December.

### Institutional relations

#### ACP-EEC

##### ACP-EEC Joint Committee

2.2.37. The Bujumbura meeting of 28 to 31 January, which was the last session of the Joint Committee before the merger of the Lomé Convention's two parliamentary bodies into a single Joint Assembly, represented the first major occasion for the Committee to comment on the outcome of the negotiations.<sup>2</sup> The general rapporteur, Ambassador Chasle of Mauritius, in judging the Convention to be a dynamic synthesis of existing achievements and new approaches, voiced the view of almost all the ACP and European members of the Committee. Notwithstanding the criticisms—or rather the regrets—expressed by a number of the participants over what they would like to have had in specific areas, the discussions turned towards the future: speedy ratification of Lomé III, forthcoming adoption of measures to handle the transition between Lomé II and III, programming preparation and guidelines on the way in which the members of the Committee would like to see the provisions of the new Convention applied.

Four major topics were discussed after the general report, namely the food situation in Africa and action taken by the Community, deforestation and desertification, the role of women in the development process and human rights.

Some disagreement arose concerning the motion by the ACP side and the United Kingdom Conservatives for a resolution on sugar. The motion, which had been introduced at the last minute, was substantially amended, on a separate vote, by the majority of the Community delegation, which considered that the ACP States were placing an incorrect interpretation on the

<sup>1</sup> OJ C 278, 18.10.1984; Bull. EC 9-1984, point 2.2.37.

<sup>2</sup> Bull. EC 11-1984, point 1.1.1 *et seq.*; Bull. EC 12-1984, point 1.5.1 *et seq.*

Lomé sugar protocol. The ACP States reacted by rejecting the whole of the amended resolution.

Besides the final declaration, produced on the basis of the discussions on the general report and the food situation in Africa, several resolutions were ultimately adopted—on measures to combat deforestation and desertification, the role of women in the development process in the context of the 1985 World Conference on the United Nations Decade for Women, human rights, the environmental dimension under Lomé III, southern Africa, land-locked countries, fisheries, the North-South Dialogue, the negotiations on cocoa, vegetable oils and fats in the manufacture of chocolate, secur-

ity and cooperation in the ACP States and Europe, and aid for refugees in the ACP States.

## Diplomatic relations

2.2.38. The President of the Council and the President of the Commission received the following ambassadors, who presented their letters of credence, to take effect on 29 January: HE Mr Angel Ernesto Riera Díaz, Head of Mission of the Republic of Panama to the European Communities, and HE Mr Simha Pratap Shah, Head of Mission of the Kingdom of Nepal to the EEC.

# 3. Financing Community activities

## Budgets

### General budget

#### Provisional budget

2.3.1. In connection with the provisional twelfths arrangements necessitated by its rejection of the draft budget for 1985,<sup>1</sup> Parliament adopted two resolutions at its January part-session—one on the authorization of additional twelfths and the other on the management and implementation of food aid.<sup>2</sup>

## Financial operations

### ECSC

#### Loans paid out

2.3.2. Acting under Articles 54 and 56 of the ECSC Treaty, the Commission made

the following loans in January, totalling 31.39 million ECU.

#### *Industrial loans*

2.3.3. Industrial loans (Article 54) paid out during the month amounted to 21.0 million ECU. They were used to finance the following projects:

#### Italy

*Officine Laminatoi Sebina, Pisogne:* loans to improve productivity and modernize anti-pollution equipment.

*Acciaierie e Ferriere Lombarde Falck, Milan:* restructuring and modernization.

#### *Subsidized housing*

2.3.4 Loans for subsidized housing totalled 320 000 ECU, divided equally between steelworkers and mineworkers.

<sup>1</sup> Bull. EC 12-1984, point 1.4.1 *et seq.*

<sup>2</sup> Point 2.4.11; OJ C 46, 18.2.1985.

### Conversion loans

2.3.5. Conversion loans (Article 56) totalling 10.07 million ECU were granted to the following companies:

#### Italy

*Società Europea Tibifici e Acciaierie SpA (SETA), Roncadelle (Brescia).*

#### United Kingdom

*National Westminster Bank, London:* supraregional loan for small businesses.

### EEC-NCI

#### Loans raised

2.3.6 In January the Commission made a public issue for FF 1 000 million (the

equivalent of 147.2 million ECU) at par for 12 years at 12.3% interest. This is the first time funds for this financial instrument have been raised on the French bond market.

#### Loans paid out

2.3.7. Only one loan contract was signed in January, under the second tranche of NCI III.<sup>1</sup> This is the first tranche of a third global loan from NCI resources to Banca Nazionale del Lavoro. The amount involved is 21.9 million ECU, to finance small and medium-scale industrial and allied service ventures in northern and central Italy.

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<sup>1</sup> OJ L 208, 3.8.1984.

## 4. Political and institutional matters

### European political cooperation

2.4.1. On 15 January the Ten issued the text of a message sent on the second anniversary of the founding of the Contadora Group to the meeting in Panama of the Foreign Ministers of the four Contadora countries. The message, in the spirit of the declaration adopted at the Stuttgart European Council on 17 June 1983 and of the San José Ministerial Conference on 28 September 1984, welcomed the Group's efforts, for which the Ten reaffirmed their support, and assured the countries concerned of the Ten's full backing for attempts to find a peaceful solution to conflicts in Latin America.

2.4.2. On 23 January the Ten issued the following statement on the Vietnamese offensive in Cambodia and incursions into Thailand:

'The Ten are following with very great concern the latest developments in the situation affecting the border area between Thailand and Cambodia. They condemn the serious violations of human rights and of the basic principles of the UN Charter that are occurring as a result of the increasingly intensive attacks made by Vietnamese troops on refugee camps in this area. The Ten also condemn the violations of Thailand's territorial sovereignty by Vietnamese troops during the course of their operations.

These developments could lead to an extension of the conflict, which might further aggravate the tensions existing in South-East Asia. This being so, the Ten once again urge the need for a comprehensive political settlement of the Cambodian crisis which remains unresolved after more than six years. Whilst reiterating the terms of the joint statement made at the fifth EEC-Asean ministerial meeting, held in Dublin on 15 and 16 November 1984, the Ten make a further appeal to the Vietnamese Government to call a halt to its military activities along the border between Thailand and Cambodia and to seek a political settlement of the

crisis in accordance with the UN resolution—adopted by the overwhelming majority of the members of the international community—calling for the withdrawal of all foreign troops from Cambodia and the restoration of the right of the Khmer people to self-determination.<sup>1</sup>

2.4.3. On 29 January the 10 Foreign Ministers, on the occasion of a Council meeting, adopted the following statement on Cyprus:

‘The Ministers for Foreign Affairs express their regret at the failure of the meeting in New York between President Kyprianou and the Turkish-Cypriot leader, Mr Denktash. They call upon the parties concerned to resume the negotiations with a view to achieving a just and viable solution to the Cyprus problem, through the good offices of the UN Secretary-General and on the basis of the UN resolutions. The Ministers for Foreign Affairs once again ask the two sides to refrain from taking any action that might jeopardize such a dialogue.’

2.4.4. At its January part-session Parliament adopted resolutions on terrorism, the attack on the Naples-Milan express of 23 December 1984, the use of the Prevention of Terrorism Act by the British authorities, South-East Asia and political trials in Ho Chi Minh City.<sup>1</sup>

## European policy and relations between the institutions

### Relations between the institutions

2.4.5. Following the debate on the policy for the next four years set out by the President of the Commission,<sup>2</sup> Parliament adopted a resolution expressing its confidence in the new Commission. The Commission’s programme for 1985, which is now being prepared, will be considered by Parliament in March.

### Action for failure to act on transport

2.4.6. The Advocate General dealing with Parliament’s action against the Council for failure to act in the field of transport policy<sup>3</sup> delivered his opinion in January. He took the view that the case was admissible

(which the Council disputed) and that the Council should have taken a decision on the 11 proposals on inland transport which the Commission had presented.<sup>4</sup> The Council’s power to act on sea and air transport was, however, discretionary so its failure to do so was not a breach of Community law, though this did not exclude a subsequent finding that the Council had failed to act in these fields.

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2.4.7. On 17 January Parliament adopted a resolution in which it expressed the hope that it would be consulted at the end of the accession negotiations with Spain and Portugal, before the treaties of accession were signed.<sup>5</sup>

## Institutions and organs of the Communities

### Parliament<sup>6</sup>

#### Strasbourg: 14 to 18 January

2.4.8. The highlight of Parliament’s January part-session was the statement by Mr Delors on the main thrust of the new Commission’s policy and the ensuing debate, which ended with an overwhelming majority voting in favour of a resolution expressing Parliament’s confidence in the Commission.<sup>2</sup>

<sup>1</sup> Point 2.4.12; OJ C 46, 18.2.1985.

<sup>2</sup> Point 1.1.1 *et seq.*

<sup>3</sup> Bull. EC 1-1983, points 2.1.97 and 2.4.4; Bull. EC 2-1983, point 2.4.5.

<sup>4</sup> In support of its action, Parliament had listed 11 proposals which had been before the Council for a number of years.

<sup>5</sup> Point 2.4.11; OJ C 46, 18.2.1985.

<sup>6</sup> The complete texts of the resolutions adopted by Parliament are reproduced in OJ C 46, 18.2.1985, and the report of the proceedings is contained in OJ Annex 2-320. The political groups and nationalities of members speaking in the debates are shown in brackets after their names; the key to the abbreviations can be found in Bull. EC 7/8-1984, points 1.2.5 and 2.4.8 (footnote 1).

As is now the custom for an incoming Council President, Mr Giulio Andreotti presented the programme for Italy's six-month term.<sup>1</sup>

Parliament also debated a number of technical questions, notably the tax arrangements for the carryover of losses of undertakings.<sup>2</sup>

### Company losses and taxation

2.4.9. The proposal presented by the Commission<sup>3</sup> is designed to relax the rules on the taxation of company profits as regards the carryover of losses. At present, such losses may, in most Member States but according to varying rules, be carried forward to subsequent years. The originality of the Commission's proposal, endorsed in the report by Mr Jean-Pierre Abelin (*EPP/F*)—presented by Mrs Yvonne van Rooy (*EPP/NL*)—lies in allowing losses to be carried back to earlier years, which amounts, in practice, to a tax refund to the firms concerned. The arrangements proposed by the Commission, which have their equivalent in Japan and the United States and—as far as the Community is concerned—in the Federal Republic of Germany and the United Kingdom, should have beneficial effects: they should align company tax burdens, increase their investment capacity and help improve the regulation of economic activity.

The Abelin report also considers that with the improvements it will make to company taxation, the loss-carryover mechanism meets the needs of businesses and arms them more effectively against the present economic difficulties. Going further than the Commission proposal — which says that losses may be carried back to the two preceding years — the report would authorize losses to be charged against the three preceding years, and 'in the order determined by the undertaking'. However, the report insists that care must be taken to ensure that the arrangement does not lead to abuse or fraud. Application of this directive does pose the problem of transfer pricing in transnational corporations, which the Com-

mission is asked to study further, given the possibility that companies may swell their losses artificially in a Member State where the rate of profits tax is higher, and lighten them just as arbitrarily in another Member State where the rate is more favourable. The Commission alludes to this risk in its explanatory memorandum, but the Abelin report contends that it should go further.

The debate on this highly technical question led for the most part to a restatement of economic arguments and views, either liberal or collectivist. Mr Alman Metten (*Soc/NL*), for example, felt that the proposal was unacceptable to the workers, as it was not about harmonization of laws but amounted to a blank cheque for companies. Mrs Jacqueline Hoffman (*Com/F*) went further, condemning as dangerous and undesirable a directive which compelled each Member State to apply an ultra-liberal scheme that would make company taxation meaningless. The plan was an open invitation to every kind of malpractice and fraud. She considered it unthinkable to allow businesses the option of offsetting their losses against profits, whether or not distributed, in preceding or subsequent years, and in any order they pleased. Announcing that her group would be voting against the report, Mrs Hoffmann said that the contemplated arrangements were tantamount to allowing employers to manage with no responsibility, at the risk of encouraging financial and speculative growth rather than job-creating investments. Mr Jean Besse (*Soc/F*) was less dogmatic. He endorsed the principle of carrying over losses, which he saw as a means of boosting investment capacity and competitiveness; but he took issue with the way it was to be applied, which he felt was far too free and easy, offering far more latitude than in the United States and Japan or in the most liberal Member States. He announced that his group would reject the proposal and the Abelin report.

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<sup>1</sup> Point 3.4.1.

<sup>2</sup> Point 2.4.9.

<sup>3</sup> OJ C 253, 20.9.1984; Bull. EC 9-1984, point 2.1.41.



At the other extreme, Mrs Nicole Fontaine (EPP/F) welcomed the proposal as harmonizing taxation and thus constituting a major stride towards European Union. The measure provided an opportunity to boost the competitiveness of European companies on world markets, would give a fillip to exports and make competition keen and fair. Regretting that the Council had not adopted the proposals aimed to facilitate mergers between European companies, which would also help to boost their competitive capacity, she fully endorsed the terms and proposals of the Abelin report. Mrs Jeanette Oppenheim (ED/DK) and, especially, Mr Claude Wolff (Lib/F) were equally enthusiastic. Mr Wolff believed that by allowing companies to reconstitute their capital and giving those in difficulty a new lease of life, this measure would obviate the need to resort to the financial market. What was more, the apparent decline in tax receipts would really be nothing more than a straightforward cash-management operation and not a reduction in taxation, since all it involved was a time-lag in the collection of tax. After suggesting that certain measures be taken in the event of companies disappearing, in order to avoid any fraud, he said that his group would vote in favour of the proposed text. European companies were facing two problems in trying to compete with foreign — mainly Japanese and American — rivals, said Mr Alain Juppé (EDA/F): the first was their inadequate profitability, which reduced their self-financing capacity; the second was the lack of a large market with harmonized tax regulations. He found that the Commission proposal would eliminate the distortions of competition—and the harm they do to innovation, investment and the creation of businesses—which have arisen because only three Member States apply the system of carrying back losses to earlier years. He also believed that it held many other advantages: it was a step towards harmonizing tax systems; it avoided the pitfalls of bureaucratic niceties by leaving companies a free choice of carrying losses back or forward with no maximum limit; finally, the implementing rules were liberal in spirit. For all those

reasons, the EDA Group found that the proposal was a step in the right direction.

For the Commission, Lord Cockfield welcomed the favourable reception Parliament had given to this proposal and applauded the efficient and rapid work that had gone to produce the report. He said that the Commission would take account of the comment that Member States could exclude the losses of foreign permanent establishments and subsidiaries from the harmonized rules on loss compensation.

At the end of the debate Parliament adopted the Abelin report, with an amendment by Mrs Marijke Van Hemeldonck (Soc/B) asking the Commission to initiate an investigation into the practice of offsetting profits and losses in an international context in the Member States so as to be able to harmonize national provisions designed to prevent fraud and abuse in this matter. It also decided to extend from two to three the number of years against which losses could be offset.

2.4.10. Parliament gave opinions on a number of Commission proposals, including:

- an amendment to include certain substances in the Council Directive of 18 June 1974 relating to emulsifiers, stabilizers, thickeners and gelling agents for use in foodstuffs;<sup>1</sup>
- an amendment to 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 products;<sup>1</sup>
- an amendment to the Council Directive of 27 June 1977 on the approximation of the laws of the Member States relating to coffee extracts and chicory extracts;<sup>1</sup>
- a directive concerning the introduction of Community methods for sampling and

<sup>1</sup> Point 2.1.4.

analysis for the monitoring of foodstuffs intended for human consumption;<sup>1</sup>

- a directive on the harmonization of the laws of the Member States relating to tax arrangements for the carryover of losses of undertakings;<sup>2</sup>
- an amendment to the Directive of 17 July 1969 concerning indirect taxes on the raising of capital;<sup>3</sup>
- an amendment to the Directive of 28 May 1969<sup>4</sup> increasing the tax exemptions for imports in international travel;<sup>5</sup>
- an amendment to the 1964 Directive on health problems affecting intra-Community trade in fresh meat;<sup>6</sup>
- a directive on the financing of health inspections and controls of fresh meat;<sup>7</sup>
- amendments to three directives amending directives on medical examinations for personnel handling meat and meat products;<sup>6</sup>
- a decision adopting a programme on the management and storage of radioactive waste (1985-89);<sup>8</sup>
- two decisions concerning a research and training programme (1985-89) in the field of thermonuclear fusion and the realization of a tritium-handling laboratory;<sup>9</sup>
- a decision determining the general guidelines for 1985 concerning financial and technical aid to non-associated developing countries.<sup>10</sup>

2.4.11. Parliament also passed resolutions concerning:

- a guarantee of the Community's commitment to make an appropriate contribution to the organization of European Music Year in 1985 in the light of the rejection of the draft budget for 1985: whereas there were virtually no funds available under the provisional twelfths arrangements, Parliament considered it essential that the contribution to be paid by the Community to the joint financing of certain music projects with the Council of Europe should be found at the beginning of the year; it therefore called on the Commission

to make available the appropriations earmarked in the first draft of the 1985 budget by means of transfers;

- criticism of the destruction of fruit and vegetables by the Community: after pointing out that production levels of fruit and vegetables were subject to severe fluctuations because of their dependence on weather conditions and that it was therefore impossible to ensure an adequate supply of European fruit and vegetables without also accepting the creation of surpluses, the House urged the Commission to improve the distribution of intervention fruit and vegetables to charitable organizations and called for more refrigerating plants and an expansion of transport capacity in the areas concerned;
- measures under discussion to rectify the US foreign trade deficit: as the United States Senate was intending to impose an import tax, Parliament — having remarked that the over-valuation of the dollar was very largely due to American economic policies which failed to take account of their effects on America's trading partners — urged the Commission and the Council to make it clear to the American authorities that they would meet any surcharge on imports into the US by an equivalent surcharge on Community imports of US goods; this stance was based on the decision by the GATT Council, which found an import surcharge imposed by the US in 1971 to be 'not compatible with GATT';
- the withdrawal of the United States from the GATT agreements on dairy products: recalling the efforts made by the Community to rationalize the world market in dairy products, Parliament stressed the need to maintain milk production in certain

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<sup>1</sup> Point 2.1.4.

<sup>2</sup> Points 2.1.17 and 2.4.9.

<sup>3</sup> Point 2.1.13.

<sup>4</sup> OJ L 133, 4.6.1969.

<sup>5</sup> Point 2.1.16.

<sup>6</sup> Point 2.1.46.

<sup>7</sup> Point 2.1.45.

<sup>8</sup> Point 2.1.83.

<sup>9</sup> Point 2.1.81.

<sup>10</sup> Point 2.2.34.

countries and regions which have no opportunities for conversion; condemning the unilateral breaking of international agreements by the United States, the House urged the Council and the Commission to initiate the necessary negotiations and, if need be, consider withdrawal of the advantages acquired by the Americans in respect of dairy products on their accession to GATT;

- delivery of food in countries affected by famine, particularly Ethiopia: in a first resolution concerning the situation in the Sahel, Parliament called on the Commission to carry out the investigations needed to implement a plan for the equipment and construction of infrastructures, enabling this aid to be delivered in the best possible conditions; the second resolution, concerning the famine in Ethiopia, expresses Parliament's concern about the methods of distribution of food aid and the rumours that it was being diverted;

- the management and implementation of food aid under the provisional twelfths system: noting that until the 1985 budget had been established, Community supplies of food aid could be properly executed under the 1984 implementing Regulation for food aid management, Parliament urged the Commission, in administering the provisional twelfths arrangements, to take account of the priorities clearly set out by Parliament at the first reading of the 1985 draft budget;<sup>1</sup>

- initial opinion (compulsory expenditure) and first authorization (non-compulsory expenditure) concerning additional provisional twelfths for 1985: concerned to ensure that the commitments entered into by the Community in the field of food aid were duly honoured and aware of the need to make provision for the smooth administrative operation of the Community institutions, Parliament authorized the Commission to charge the necessary amounts but reminded it that these decisions could not set a precedent in implementing the provisional twelfths arrangements;

- consultation of the European Parliament on the accession of Spain and Portugal: the

House advised the Council that if Parliament was to express its opinion effectively, a sufficient period of time, including at least one part-session, must elapse between the close of negotiations and the signing of the accession treaties; referring to its earlier resolutions<sup>2</sup> and to paragraph 2.3.7 of the Stuttgart Solemn Declaration,<sup>3</sup> Parliament held that it must be able to give an opinion on the provisions directly concerning itself (composition, election of members, the way it functions); it further felt that its opinion should cover any changes which may affect the Community decision-making process (weighting of votes for majority decisions in the Council); the Council was called upon to make provision now for the conciliation procedure to be used to discuss such changes, should this prove necessary, on the basis of Parliament's December 1983 resolution on this procedure;<sup>4</sup> as stated in its 1982 resolution,<sup>2</sup> after the accession treaties were finally signed the House would hold a debate on ratification, to be concluded by a decision;

- investiture of the new Commission: Parliament expected the Commission to honour the commitments entered into in the declaration by its President and to carry out the responsibilities and obligations assigned to it by the Treaties, and on that basis expressed its confidence in the new Commission.<sup>5</sup>

2.4.12. In the fields of political cooperation and of human rights Parliament passed resolutions on:

- terrorism: pointing to the new wave of terrorism and outrages, particularly in France, Belgium and Germany, Parliament condemned these crimes that were designed to destabilize the democracies of Europe by waging organized and deliberate attacks on the fabric of security; the Member States were urged to act quickly together to put an end to the irresponsible actions of these

<sup>1</sup> OJ C 337, 17.12.1984; Bull. EC 11-1984, point 2.4.13.

<sup>2</sup> OJ C 334, 20.12.1982; OJ C 274, 15.10.1984.

<sup>3</sup> Bull. EC 6-1983, point 1.6.1.

<sup>4</sup> OJ C 10, 16.1.1984; Bull. EC 12-1983, point 2.4.11.

<sup>5</sup> Point 1.1.1 *et seq.*

marginal groups, whether they were independent or controlled from outside;

- the attack on the Naples-Milan express of 23 December 1984: deeply disturbed by this outrage, which it condemned, Parliament expressed its concern at the possible existence of international subversive groups aiming to destabilize democracies in Europe and called on the governments of the Member States to step up their efforts to take coordinated and joint action to combat these criminal schemes;
- the use of the Prevention of Terrorism Act by the British authorities: restating the right of Community citizens to move freely between Member States and to enjoy full civil rights in all Member States, Parliament noted that since the Act was introduced in 1975, only 3% of the Irish people arrested were later charged and only 1.5% found guilty; the House called for an investigation of the recent assertions of harassment and infringement of human rights of Irish nationals resident in Great Britain under this Act;
- South-East Asia: aware of the sufferings of the 170 000 new Kampuchean refugees who had entered Thailand following the attacks by Vietnamese troops, Parliament condemned the occupation of Kampuchea

by Vietnam and that country's lack of respect for human rights; it called on the Council and the Commission to work together with the Asean countries to assist Thailand to help the refugees and the local population; the Foreign Ministers meeting in political cooperation were urged to intercede with the Vietnamese authorities for the withdrawal of their troops and the establishment of a democratic regime in Kampuchea;

- the political trials in Ho Chi Minh City: protesting strongly against the executions in that city, Parliament condemned this flagrant violation of human rights—particularly the right to a fair trial—and condemned the increase in repressive measures taken by the Vietnamese authorities against the population and members of the religious community; the House regretted the inability of the appropriate European authorities to ensure that two of these victims were acknowledged as French—and therefore European—citizens.

2.4.13. *Addendum to Bull. EC 6-1984.* — In Table 2 (Party strengths, by Member State, 1984 and 1979) the following should be added to the section relating to *Ireland* (on page 16), after 'Independents':

Political parties and groups	1984		1979	
	% of votes cast	Number of seats	% of votes cast	Number of seats
Sinn Féin	4.8	—	—	—
Workers' Party <sup>4a</sup>	4.3	—	3.3	—
Democratic Socialist Party	0.5	—	—	—
Green Alliance	0.5	—	—	—
Community Democrats of Ireland	—	—	0.3	—

and a new footnote 4a should be inserted between notes 4 and 5, to read: 'Sinn Féin Workers' Party in 1979'.

**Council**

2.4.14. The Council held two meetings in January. The table below lists the num-

ber, place and date of each meeting, the names of the Council President and Commission representatives and the main items of business. A more detailed account of specific items can be found in the sections of the Bulletin referred to in the footnotes.

Table 8 — Council meetings in January 1985

Number, place and date of meeting	Subject	President	Commission	Main items of business
983rd Brussels 14 and 15 January	Agriculture	Mr Pandolfi	Mr Andriessen	<i>Wine</i> <i>Beef and veal</i> <sup>1</sup> <i>Structures</i> <i>Milk products</i> <sup>1</sup> <i>Laying hens kept in battery cages</i>
984th Brussels 28 and 29 January	Foreign affairs	Mr Andreotti	Mr Delors Mr Andriessen Mr Christophersen Mr Natali Mr Cheysson	<i>Spanish/Portuguese accession</i> <sup>2</sup> <i>Integrated Mediterranean programmes</i> <sup>3</sup> <i>Own resources</i> <i>Canadian restrictions on beef and veal imports</i> <sup>4</sup> <i>Appointment of Commission Vice-Presidents</i> <sup>5</sup>

<sup>1</sup> Agriculture.

<sup>2</sup> Enlargement and bilateral relations with applicant countries.

<sup>3</sup> Regional policy.

<sup>4</sup> Relations with industrialized countries.

<sup>5</sup> Institutions and organs of the Communities.

## Commission

2.4.15. The Commission headed by Mr Gaston Thorn held its last meeting on 4 January, and the new Commission headed by Mr Jacques Delors took over on 7 January.<sup>1</sup>

On 24 January those Members of the Commission who had not served under Mr Thorn gave the solemn undertaking required by Article 10(3) of the Treaty establishing a Single Council and a Single Commission of the European Communities before the Court of Justice.

On 29 January the Representatives of the Governments of the Member States appointed Mr Andriessen, Mr Christophersen, Lord Cockfield, Mr Narjes and Mr Natali Vice-Presidents of the Commission until 5 January 1987.<sup>2</sup>

### Activities

2.4.16. On 14 January Mr Delors made a statement to Parliament on the thrust of the

new Commission's policy.<sup>3</sup> This will form the basis of the Commission's work programme for 1985, which is to be presented to Parliament at its March part-session.

### *Decisions, communications and proposals*

2.4.17. The Commission adopted its proposals on common agricultural prices and related measures for 1985/86.<sup>4</sup>

In a communication to the Council accompanied by an outline for a directive, the Commission set out a new approach to technical harmonization and standards.<sup>5</sup> The intention is to issue directives laying down safety requirements for each category

<sup>1</sup> Bull. EC 12-1984, point 1.1.1 *et seq.* The names of the chefs de cabinet and deputy chefs de cabinet to the Members of the Commission are listed in the new edition of the *Directory of the Commission*, shortly to be published by the Office for Official Publications, L-2985 Luxembourg.

<sup>2</sup> OJ L 32, 5.2.1985.

<sup>3</sup> Supplement 1/85 — Bull. EC; point 1.1.1 *et seq.*

<sup>4</sup> Point 1.2.1 *et seq.*

<sup>5</sup> Point 1.3.1 *et seq.*

of products but to refer to standards (preferably European standards) for the technical specifications.

*Discussion, policy debates and work in hand*

2.4.18. Mr Delors presented to the Council at its 28 and 29 January meeting the Commission's guidelines on integrated Mediterranean programmes, on the basis of which the Council asked the Commission to bring forward proposals in the next few weeks. As in the case of enlargement, the Commission will be taking steps that will enable the Council to expedite these items of business.

**Relations with workers' and employers' organizations**

2.4.19. On 31 January Mr Delors and several Members of the Commission met high-level delegations from the European Trade Union Confederation, the Union of Industries of the European Community and the European Centre of Public Enterprises. Discussion centred on the structural and cyclical aspects of the current economic and social situation. The constructive nature of the talks augurs well for dialogue between the two sides of industry, notably concerning modernization of firms and related issues, and perhaps on the organization and operation of the labour market too. The Commission will be ready to contribute as the occasion offers, but the initiative must rest with management and labour.

**Court of Justice**

*Analysis of judgments delivered between 1 October and 31 December 1984*

**Free movement of goods and customs union**

2.4.20. In *Kohl v Ringelhan*<sup>1</sup> the Court held that Article 30 of the EEC Treaty prevented the application of the legislation on

unfair competition in an importing Member State, which it was argued prohibited the use of a distinctive symbol lawfully used in the Member State of export. The ruling was grounded essentially on the finding that the legislation did not apply without distinction to domestic and imported products, as such a prohibition would be based on the possibility that the public might be misled as to the domestic or foreign origin of the goods; there were no other factors in the case which would demonstrate the existence of unfair competition. The Court also held that the words 'public policy' in Article 36 did not include considerations of consumer protection.

2.4.21. In *Fioravanti v Amministrazione delle Finanze dello Stato*,<sup>2</sup> the Court for the first time interpreted Article 36 of Regulation (EEC) No 543/69 of 18 March 1969 on Community transit.<sup>3</sup> It held that when as a result of an offence or irregularity committed in the course of a Community transit operation the duties or other charges which are chargeable are not collected, recovery is to be effected by the Member State where the offence or irregularity was committed, even if the offence or irregularity does not give rise to a customs debt.

**Competition**

2.4.22. In a decision adopted pursuant to Article 93(2) of the Treaty on 22 July 1982, the Commission took the view that aid in the form of grants and loans given by Belgium to a firm in the paper industry was compatible with the common market, because it was granted towards an investment programme intended to restructure the firm, but that an injection of capital by the public authorities, whose main effect was to rescue the firm from a difficult financial situation, constituted aid incompatible with Article 92. The Commission therefore asked the Belgian Government to take the

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<sup>1</sup> Case 177/83 *Theodor Kohl KG v Ringelhan & Rennet SA and Ringelhan Einrichtungs GmbH*.

<sup>2</sup> Case 99/83; judgment of 27.11.1984.

<sup>3</sup> OJ L 177, 29.3.1969.

measures necessary to ensure that the aid held incompatible did not continue to distort competition in the future.

Giving judgment on 14 November on an application by the firm concerned pursuant to Article 173<sup>1</sup> the Court accepted that the acquisition of a capital holding by the public authorities could constitute State aid incompatible with the common market. Whether they took the form of loans or of holdings, State aids were caught by the ban in Article 92 once the criteria it laid down were met. But the Court nevertheless annulled the Commission's decision because of contradictions it contained and because the Commission had not properly explained why the restructuring operation, which was both industrial and financial in scope, called for such a clear-cut distinction between the effect of the aid granted in the form of favourable loans and the effect of the acquisition of a holding.

### Agriculture and fisheries

2.4.23. In *Agricola Commerciale Olio and Others and Savma v Commission*,<sup>2</sup> the Court annulled two Commission regulations; the first repealed a previous regulation calling for tenders for the purchase of substantial quantities of olive oil, and the second offered the same olive oil to the same tenderers who had previously been awarded them by drawing lots, but at higher prices. The Court did not accept the economic argument put forward by the Commission in justification of its decision, which had followed an unforeseeable movement in price levels and was intended to avoid serious disturbance on the olive-oil market as a result of the concentration of large quantities, at prices which were in reality absurdly low, in the hands of a very small number of operators.

2.4.24. In *Biovilac v Commission*<sup>3</sup> the Court rejected an application by a Belgian firm manufacturing feedingstuffs for piglets and poultry, which was suffering damage as a result of the sale at very low prices of milk powder held in intervention stocks. The Court considered that these special

measures, which the Commission had taken to clear surpluses, were justified. While it accepted the principle that the Commission might be liable for compensation for lawful acts on its part, the Court concluded that in the case before it the loss suffered was a commercial risk inherent in the activities of an industrial and commercial undertaking, as the legislation governing the market in milk products contained provisions allowing special measures.

### ECSC

2.4.25. In separate actions<sup>4</sup> the Usinor company and its subsidiary Alpa challenged the lawfulness of the fundamental rules in the quota system<sup>5</sup> which deem a subsidiary and its parent company to form a single undertaking for purposes of the fixing and adaptation of quotas. The Court dismissed the applications, and found that the Commission had not exceeded the discretion conferred on it by Article 58 of the ECSC Treaty by deciding for practical reasons to allocate quotas to the firm which directs the activities of the group. The provision did not conflict with the definition of an undertaking given in Article 80 of the Treaty, as each individual undertaking retained its power to take legal proceedings in cases concerning it. The Court also held that it was legitimate for the Commission to distinguish between firms on the basis of size for purposes of the adaptation of quotas, as small businesses could have more difficulty in surviving the crisis than firms producing in several sectors.

<sup>1</sup> Case 323/82 *Inter Mills SA v Commission*.

<sup>2</sup> Joined Cases 232/81 and 264/81; judgment of 27.11.1984.

<sup>3</sup> Case 59/83; judgment of 6.12.1984.

<sup>4</sup> Case 103/83 *Usinor v Commission*; Case 151/83 *Alpa v Commission*; judgments of 11.10.1984.

<sup>5</sup> Articles 2(4) and 14 of Decision No 1696/82/ECSC (OJ L 191, 1.7.1982).

2.4.26. New cases

Case	Subject	Basis
<b>Customs union</b>		
290/84 — HZA Schweinfurt v Mainfrucht Obstverwertung GmbH	Interpretation of Regulation (EEC) No 1224/80 (on the valuation of goods for customs purposes) as to the inclusion of intra-Community freight costs in the transaction value of goods and as to the way in which those costs are to be shown	Article 177 EEC
<b>Approximation of laws</b>		
304/84 — Ministère public v 1. Cl. Muller, 2. Kampfmeyer France Sàrl	Is the effect of Directive 74/329/EEC on the approximation of the laws of the Member States relating to emulsifiers, stabilizers, thickeners and gelling agents for use in foodstuffs to prevent a Member State from prohibiting the use of a substance authorized by that directive?	Article 177 EEC
<b>Taxation</b>		
295/84 — SA Rousseau Wilmot, in receivership v Organic	Interpretation of Article 33 of the sixth VAT Directive (77/388/EEC) with respect to national legislation introducing a solidarity levy on undertakings	Article 177 EEC
<b>Competition</b>		
311/84 — SA Centre Belge d'Étude de Marché-Télé-Marketing SA v 1. Compagnie Luxembourgeoise des Télévisions SA 2. Informations Publicités Benelux SA (IPB)	Interpretation of the concept of a 'dominant position' and the question of the abuse of such a position where an undertaking which enjoys a legal monopoly in respect of television broadcasting reserves for itself or for a subsidiary an ancillary marketing activity	Article 177 EEC
5/85 — 1. Akzo Chemie BV, 2. Akzo Chemie UK Ltd v Commission	Annulment of the Commission decision of 6 November 1984 requiring applicants to submit to Commission investigations and to provide the necessary explanations to enable the Commission to establish all the facts relating to a complaint	Article 173 EEC
<b>Social security</b>		
284/84 — L.A. Spruyt v Bestuur van de Sociale Verzekeringsbank	Applicability of Article 1(f) and of Annex VI, Part I, point 2(a), of Regulation (EEC) No 1408/71 to a married woman (not an employed person within the meaning of Article 1 (a))	Article 177 EEC
296/84 — A. Sinatra v Fonds National de Retraite des Ouvriers Mineurs	Interpretation of Articles 12, 45 and 46 of Regulation (EEC) No 1408/71 with respect to the aggregation of benefits in the light of Belgian social security legislation	Article 177 EEC



Case	Subject	Basis
300/84 — A.J.M. van Roosmalen v Bestuur van de Bedrijfsvereniging voor de Gezondheid, Geestelijke en Maatschappelijke Belangen	Interpretation of Articles 52 and 53 EEC and Regulations (EEC) No 1408/71 and No 1309/81 with respect to Dutch legislation governing voluntary social security contributions, which stipulates that one of the conditions of entitlement to benefits arising from incapacity for work is that the person concerned must have resided for 52 weeks in the Netherlands	Article 177 EEC
302/84 — A.A ten Holder v Bestuur van de Nieuwe Algemene Bedrijfsvereniging	Interpretation of Article 13(2) (a) of Regulation (EEC) No 1408/71 as to whether a migrant worker can be covered simultaneously by the law of one Member State relating to sickness benefits and by that of another Member State relating to invalidity benefits	Article 177 EEC
<b>Agriculture</b>		
299/84 — K.H. Neumann v Bundesanstalt für landwirtschaftliche Marktordnung	Interpretation of Regulation (EEC) No 850/81 amending Regulation (EEC) No 878/77 and of Regulation (EEC) No 713/81 as to the confiscation of security lodged where, following a change in exchange rates, a buyer has opted to withdraw goods not at the old rate but at the new rate	Article 177 EEC
15/85 — Consorzio Cooperative d'Abruzzo v Commission	Annulment of the Commission Decision of 31 October 1984 amending the Decision of 22 November 1978 concerning aid from the EAGGF Guidance Section for the construction of a regional centre for the processing of grape must and for the bottling of wine in Frisa (Chieti)	Article 173 EEC
<b>Administrative questions</b>		
12/85 — J.J. Breth and Others v 1. Commission, 2. Council	Annulment of the Commission decisions notified to the applicants by the Director of the JET Joint Undertaking and compensation for losses suffered by them owing to the illegal recruitment procedures applied to them	Article 152 EAEC
13/85 — K.N. Adams and Others v 1. Commission, 2. Council	Claim for compensation for losses incurred by the applicants owing to the illegal recruitment procedures applied to them; annulment of the Commission decisions notified to the applicants by the Director of the JET Joint Undertaking and action against the Commission for failing to grant them the status of temporary staff of the European Communities	Articles 146, 148 and 188 EAEC, Article 215 EEC
<b>Commercial policy</b>		
312/84 — Continentale Produkten Gesellschaft Ehrhardt-Renken v Commission	Annulment of the Commission decision of 29 October 1984 concerning a claim for the refund of anti-dumping duties levied on certain imports of cotton yarn from Turkey, which partially rejected the claim in question	Article 173 EEC

Case	Subject	Basis
<b>Infringements</b>		
2/85 — Commission v France <sup>1</sup>	Preference given to certain occupational groups and national organizations in the award of public contracts	Article 169 EEC
3/85 — Commission v France <sup>2</sup>	Levy of a tax on imported seeds and plants	Article 169 EEC
4/85 — Commission v Greece	Article 30 EEC and Directive 71/307/EEC on the approximation of the laws of the Member States relating to textile names	Article 169 EEC
11/85 — Commission v Belgium <sup>3</sup>	Failure to transpose adequately into national law Directive 78/687/EEC concerning dentists	Article 169 EEC
14/85 — Commission v France <sup>3</sup>	Implementation of Article 3(4) of Directive 74/561/EEC (access to the occupation of road haulage operator) and of Article 2(4) of Directive 74/562/EEC (access to the occupation of road passenger transport operator)	Article 169 EEC
16/85 — Commission v Ireland <sup>4</sup>	Council Directive 78/660/EEC based on Article 54(3)(g) EEC on the annual accounts of certain types of companies	Article 169 EEC
17/85 — Commission v Italy	Council Directive 78/660/EEC based on Article 54(3)(g) EEC on the annual accounts of certain types of companies	Article 169 EEC
18/85 — Commission v FR of Germany	Council Directive 78/660/EEC based on Article 54(3)(g) EEC on the annual accounts of certain types of companies	Article 169 EEC

**Disputes between the Community and its staff**

8/85<sup>1</sup> — *Bevere v Commission*: Breach of the principle of non-discrimination in respect of the incorrect calculation of the number of years of pensionable service in connection with the transfer of pension rights.  
 19/85<sup>5</sup> — *Annick Gregoire-Foulon v Parliament*: Infringement of the regulations concerning disciplinary measures (disguised disciplinary measure).

<sup>1</sup> OJ C 32, 2.2.1985.  
<sup>2</sup> OJ C 35, 7.2.1985.  
<sup>3</sup> OJ C 40, 12.2.1985.  
<sup>4</sup> OJ C 49, 21.2.1985.  
<sup>5</sup> OJ C 50, 22.2.1985.

**2.4.27. Judgments**

Date and case	Held
ECSC — Steel 15.1.1985, 250/83 — <i>Finsider SpA v Commission</i> <sup>1</sup>	Application dismissed (annulment of Commission Decision No 2748/83/ECSC of 30 September 1983 amending Article 14 of Commission Decision No 2177/83/ECSC on the extension of the system of monitoring and production quotas).

Date and case	Held
<b>Free movement of goods</b>	
10.1.1985, 229/83 — Association des Centres Distributeurs Edouard Leclerc and Thouars Distribution v Au Blé Vert Sàrl <sup>1</sup>	As Community law stands, the second paragraph of Article 5 EEC, in conjunction with Articles 3(f) and 85, does not prohibit Member States from enacting legislation whereby the retail price of books must be fixed by the publisher or by the importer and is binding on all retailers. In the light of Article 30 EEC, however, French legislation must be amended in order not to favour the first importer of a foreign book by permitting him to fix a price which prevents any other importer from charging a price which he deems to be suitable
29.1.1985, 231/83 — Cullet and Others v Centres Leclerc de Toulouse and Saint-Orens de Gameville <sup>2</sup>	<ol style="list-style-type: none"> <li>Articles 3(f), 5, 85 and 86 EEC do not prohibit national rules providing for a minimum price to be fixed by the national authorities for the retail sale of fuel.</li> <li>Article 30 EEC prohibits such rules where the minimum price is fixed on the basis solely of the ex-refinery prices of national refineries and where those ex-refinery prices are in turn linked to the ceiling price, calculated on the basis solely of the cost prices of national refineries when the European fuel rates are more than 8% above or below those prices</li> </ol>
<b>Customs union</b>	
17.1.1985, 11/82 — Piraiki-Patraiki AE and Others v Commission <sup>3</sup>	<ol style="list-style-type: none"> <li>Application dismissed as inadmissible in so far as Vomvyx Svolopoulos and Chr. Koutroubis and Unicot Hellas AE are concerned</li> <li>Commission Decision 81/988/EEC of 30 October 1981 authorizing France to take protective measures with regard to imports of cotton yarn from Greece is declared void in so far as it applies to contracts entered into before the date of its notification and to be performed during the period of its application</li> <li>For the rest, the application is dismissed</li> </ol>
29.1.1985, 234/83 — Gesamthochschule Duisburg v HZA München-Mitte <sup>2</sup>	<ol style="list-style-type: none"> <li>The concept 'scientific instrument or apparatus' within the meaning of Article 3(1) of Council Regulation (EEC) No 1798/75 must be defined on the basis of the 'objective technical characteristics' of the instrument or apparatus with regard both to its construction and to the results which it makes it possible to obtain</li> <li>The concept 'scientific activities', which refers to research carried out for non-commercial ends, denotes activities aimed at the acquisition and development of scientific knowledge</li> </ol>
<b>Taxation</b>	
15.1.1985, 253/83 — Kupferberg & Cie v HZA Mainz <sup>1</sup>	Articles 95 and 37 EEC, Article 21 of the Agreement between the Community and Portugal and Article 3 of the Agreement between the Com-

Date and case	Held
	<p>munity and Spain must be interpreted as not precluding the <i>de facto</i> reduction made in the price of spirit sold by the German Federal Monopoly Administration in a given period provided that the rate of taxation actually applied to imported products in that period did not exceed the rate of taxation actually levied on corresponding domestic products</p>
<p><b>Competition</b></p>	
<p>30.1.1985, 35/83 — BAT Cigaretten-Fabriken GmbH v Commission<sup>2</sup></p>	<p>Articles 3 and 4 of Commission Decision 82/897/EEC of 16 December 1982 relating to a proceeding under Article 85 EEC (IV/C-30.128 Toltecs-Dorcet) are declared void. For the rest, the application is dismissed</p>
<p>30.1.1985, 123/83 — Bureau National Interprofessionnel du Cognac (BNIC) v G. Clair<sup>2</sup></p>	<p>1. Article 85(1) EEC must be interpreted as being applicable to an inter-trade agreement fixing a minimum price for a product such as Cognac brandy and concluded by two groups of traders, within the framework of and in accordance with the procedures of a body such as BNIC</p> <p>2. The fixing of a minimum price for an intermediate product is capable of affecting trade between Member States where that product constitutes the raw material for another product marketed elsewhere in the Community, irrespective of the fact that the finished product is protected by a registered designation of origin</p>
<p><b>Agriculture</b></p>	
<p>29.1.1985, 147/83 — Herold Binderer GmbH v Commission<sup>4</sup></p>	<p>Application dismissed (annulment of Article 1(3)(g) of Regulation (EEC) No 1224/83 in so far as it prohibits the use of the words <i>spätgelesen</i> and <i>ausgelesen</i> for the labelling of an imported wine)</p>
<p><b>Convention on Jurisdiction and the Enforcement of Judgments in Civil and Commercial Matters</b></p>	
<p>15.1.1985, 241/83 — E. Rösler v H. Rottwinkel<sup>1</sup></p>	<p>1. Article 16(1) of the Convention applies to all agreements for the tenancy of immovable property, even those concluded for a limited period and even if they relate only to the letting of a holiday home</p> <p>2. Disputes concerning the respective obligations of the landlord or the tenant under a tenancy agreement are within the exclusive jurisdiction of the courts of the State in which the property is situated, as stipulated in Article 16(1) of the Convention. On the other hand, disputes which concern only indirectly the use of the property let do not come within the jurisdiction referred to in that Article</p>

Date and case	Held
<b>Infringements</b>	
30.1.1985, 143/83 — Commission v Denmark <sup>5</sup>	By failing to adopt within the prescribed period the measures necessary to implement Council Directive 75/117/EEC (equal pay for men and women), Denmark has failed to fulfil its obligations under the EEC Treaty
30.1.1985, 290/83 — Commission v France <sup>5</sup>	Application dismissed as inadmissible (Articles 5 and 92 <i>et seq.</i> EEC—aid in the form of grants to the poorest farmers)
16.1.1985, 217/83 — Commission v Netherlands	Ordered removed from the Court Register (Directive 78/1026/EEC concerning freedom of establishment and freedom to provide services for veterinary surgeons)
16.1.1985, 287/83 — Commission v France	Ordered removed from the Court Register (Sixth VAT Directive—exemption for proceeds from automatic amusement machines)

#### Disputes between the Community and its staff

##### v Commission

15.1.1985 — 158 and 737/79 — Monique Roumengous Carpentier and Dino Battaglia v Commission — Judgment for the applicants (officials—weighting—late adjustment—compensation for financial loss)

15.1.1985, — 532, 534, 567, 600, 618, 660/79 and 543/79 — Judgment partly for the applicants (weighting—late adjustment—compensation for financial loss)

15.1.1985, — 266/83 — Judgment for the applicant

17.1.1985 — 293/84 R — Application for interim measures dismissed

29.1.1985, — 228/83 — M.F. v Commission — Judgment for the applicant (disciplinary arrangements)

29.1.1985, — 273/83 — Application dismissed

##### v Economic and Social Committee

13.12.1984, — 14/84 — No decision necessary

##### v Court of Justice

13.12.1984, — 20 and 21/83 — Applications dismissed

##### v Court of Auditors

13.12.1984, — 129 and 274/82 — Judgment for the applicants

##### v Parliament

15.1.1985, — 168/83 — Application dismissed as inadmissible (accident at work—claim for compensation)

#### Orders for removal from the Court Register

12.12.1984, — 1/84 — Ilford SpA v Commission

17.1.1985, — 55/84 — Max-Planck-Gesellschaft zur Förderung der Wissenschaften eV v HZA Frankfurt am Main-Ost

<sup>1</sup> OJ C 32, 2.2.1985.

<sup>2</sup> OJ C 43, 15.2.1985.

<sup>3</sup> OJ C 37, 9.2.1985.

<sup>4</sup> OJ C 50, 22.2.1985.

<sup>5</sup> OJ C 45, 16.2.1985.

## Economic and Social Committee

### *223rd plenary session*

2.4.28. The Economic and Social Committee held its 223rd plenary session on 30 and 31 January with Mr Gerd Muhr in the chair.

The Committee adopted two information reports—on oil and gas exploration and production in the Community and on an integrated operation for the county of Clwyd (North Wales)—which it sent to the Council and the Commission as own-initiative opinions. The Committee supported the Commission's guidelines on implementing a Mediterranean policy for the enlarged Community; but it opposed the solutions proposed for reforming the rules on wine and recommended alternative measures.

### Opinions

#### *Mediterranean policy for the enlarged Community*

2.4.29. In an opinion which was adopted almost unanimously the Committee expressed its support for the Commission proposals to guarantee Mediterranean countries free access to the Community market.<sup>1</sup> Like the Commission, it felt that a legislative framework to guarantee this trade should be drawn up in consultation with the applicant countries before the accession negotiations were completed.

The Committee drew attention to the importance of industrial cooperation, which should enable the Community's Mediterranean partners to process their minerals and basic agricultural products and support these countries' efforts to achieve self-sufficiency in food.

Turning to the social aspect, the Committee endorsed the Commission proposals to help the integration or voluntary return of immigrant workers.

#### *Reform of rules on wine*

2.4.30. The Committee endorsed the Commission's analysis of the need to restore balance between wine production and demand in order to avoid surpluses in the enlarged Community. However, it criticized the solutions proposed by the Commission,<sup>2</sup> which amounted in practice to no more than a proportional reduction of wines put on the market, without any distinction between quality wines and table wines. The Committee recommended an arrangement based on quality selection, taking account of objective criteria. It also opposed the arbitrary reduction in the right to replant.

The Committee's opinion was backed by the representatives of the farmers and the producer countries. Mr Cavazzati (Workers—Italy) and Mr Rouzier (Workers—France) feared that the Commission proposal would mainly penalize those vineyards which produced a small amount of high-quality wine. Mr Yverneau (Various interests—France) opposed any price freeze when areas under vines are being reduced and production quotas introduced. Mr Chaliotis (Various interests—Greece) objected to the obligation imposed on farmers from the poorest regions to grub up their vines.

2.4.31. Following the Commission's amendment to its initial proposals on the adding of sucrose to wine, the Committee adopted a supplementary opinion opposing the practice and asking that the derogation proposed for German wine producers should be the last.<sup>3</sup>

#### *Oil and gas exploration and production*

2.4.32. The Committee unanimously adopted an information report on the state of Community supply and on exploration and production policies. The report rec-

<sup>1</sup> Bull. EC 3-1984, point 2.2.28.

<sup>2</sup> OJ C 259, 27.9.1984; OJ C 278, 18.10.1984; OJ C 23, 25.1.1985; Bull. EC 9-1984, points 2.1.80 and 2.1.82; Bull. EC 12-1984, points 2.1.142 and 2.1.143.

<sup>3</sup> Bull. EC 12-1984, point 2.1.143.

ommends that the Commission and the Member States share in the financing of seismic studies and drilling operations, remove obstacles likely to discourage exploration, particularly in the tax sector, and finance strategic investments to guarantee supplies.

The report also mentions the possibility of drawing up a code of practice on oil and gas exploration.

### *Integrated operation for Clwyd*

2.4.33. The Committee's second information report, which was also sent to the Council and the Commission, assesses the requirements and the projects likely to be carried out in Clwyd with the Community's financial support.

The report calls for an integrated approach using the various Community instruments to promote the area's economic recovery. It stresses that the Community aid should not be considered a simple budget transfer to the British treasury. The Committee discussed this aspect and asked for guarantees on the use of Community funds in the county.

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2.4.34. The Committee also adopted opinions on the following:

- proposal for a 16th VAT Directive to abolish double taxation of goods obtained by private persons in one Member State and imported into another:<sup>1</sup> the Committee welcomed the proposal and asked the Commission to simplify the consumer's obligation to provide evidence for the repayment of VAT and to combine the two categories of goods;

- amendment to the directive concerning indirect taxes on the raising of capital (capital duty):<sup>2</sup> the Committee was in favour of the proposal but regretted that the Commission had not proposed the complete abolition of this tax; it asked for the tax to be phased out in two stages so that it would finally be abolished on 1 January 1989;

- amendments concerning substances in feedingstuffs:<sup>3</sup> the Committee approved this proposal to reduce the amount of aflatoxin present in products intended for the manufacture of feedingstuffs, and stressed the need for extensive uniform checks in all Member States to give the consumer a guarantee of untainted feedingstuffs;

- public health and animal health problems affecting the importation of meat products from non-member countries:<sup>4</sup> the Committee endorsed this proposal, which supplements existing directives;

- improvement of the situation of railway undertaking and the harmonization of rules governing financial relations between such undertakings and States, and the Regulation on the granting of aids for transport by rail, road and inland waterway:<sup>5</sup> the Committee welcomed this attempt to resolve the railways problem by means of more equal terms of competition between the individual modes of transport.

## **European Investment Bank**

### *Operations in 1984*

#### **EIB financing in 1984 tops 6 900 million ECU**

2.4.35. Despite the continuing economic uncertainty, varying from one country to another, financing accorded by the European Investment Bank, the Community's bank for long-term finance, recorded a further 16% increase in 1984 to reach 6 194.9 million ECU,<sup>6</sup> of which 1 181.8 million came from NCI resources.<sup>7</sup> In real terms, this meant a rise of 10%.

<sup>1</sup> OJ C 226, 28.8.1984; Bull. EC 7/8-1984, point 2.1.82.

<sup>2</sup> OJ C 267, 6.10.1984; Bull. EC 9-1984, point 2.1.38.

<sup>3</sup> OJ C 258, 26.9.1984; Bull. EC 10-1984, point 2.1.109.

<sup>4</sup> OJ C 286, 25.10.1984; Bull. EC 10-1984, point 2.1.106.

<sup>5</sup> OJ C 36, 10.2.1984; Bull. EC 1-1984, point 2.1.100.

<sup>6</sup> The conversion rates at 31 December 1984 used by the EIB in statistics for the current quarter were 1 ECU = BFR 44.72, DKR 7.99, DM 2.23, DR 91.04, FF 6.83, HFL 2.52, IRL 0.72, LIT 1 371, LFR 44.72, UKL 0.61, USD 0.71.

<sup>7</sup> OJ L 298, 20.10.1978; Bull. EC 10-1979, point 2.1.10.

The year saw a marked recovery in lending in countries outside the EEC, particularly in the form of pre-accession financial cooperation in Spain and Portugal and in the Lomé Convention countries. There was also a renewed upswing in credit advanced within the EEC, with Italy's share of financing 15% up on the previous year and France and the United Kingdom recording increases of 34% and 35%.

Within the Community there was a healthy rise in lending to the industrial sector (up 37%), particularly in support of small business (4 624 global loan credits, against 3 243 in 1983) and development and introduction of advanced technology (+ 46%). Operations in the energy sector, designed to reduce dependence on imported oil, were up 23%, with energy-saving investment making a particularly good showing, and the EIB was also able to maintain its lending for infrastructure offering intra-Community or regional benefits at a high level, with projects aimed at environmental protection on the increase.

The Bank's strengthened performance was particularly marked in Italy, France and the United Kingdom, but loans were also granted in both Belgium and Luxembourg, neither of which had attracted EIB finance in 1983. Activity in Denmark and Germany dipped slightly, and while operations in Greece and Ireland fell rather more steeply, these countries still remain near the top of the table, together with Denmark and Italy, in terms of the ratio of EIB lending to population.

As in previous years, and in accordance with the EIB's principal function, regional development remains at the forefront of the Bank's lending targets: 57.4% of loans under this heading were focused on the countries facing the most severe structural problems (Italy, Greece and Ireland) and regions battling with an unemployment rate above and average income below the national average.

Continuing a trend which has emerged in recent years, particularly in 1983, financing

for industry, and to a lesser extent agriculture, fisheries, tourism and services related to industry, registered a further vigorous expansion (+ 37%), at 2 140 million ECU.

Credit in support of smaller-scale industrial projects occupied, as in the past, a particularly important role: global loans from the EIB's own resources (in assisted areas) and from NCI resources (no restriction on location, but generally outside assisted areas) totalled 1 600 million ECU, or three quarters of loans in the productive sector. Small-scale capital investment financed in 1984 broke down as to 88.8% for ventures undertaken by firms with a workforce of less than 200 and 63.5% for projects mounted by enterprises employing fewer than 50 people.

Larger industrial projects attracted 550 million ECU (compared with 370 million in 1983), with 250 million ECU (172.2 million in 1983) going towards the development and introduction of advanced technology, in line with the Community's objective to boost the competitive vigour of European companies and foster development of high-tech industries.

Financing aimed at cutting down the Community's dependence on oil imports continued to rise (by 23%), reaching 2 250 million ECU: 1 232.7 million was channelled towards developing indigenous resources, with the emphasis on nuclear and hydroelectric power and tapping oil and gas deposits; 762.7 million was focused on investment to make more efficient use of energy and on developing renewable sources of energy (geothermal installations, solar panels, district heating systems, electrification of railway networks); 252.4 million was directed towards diversifying energy supplies by increased recourse to gas and coal.

Added to this sum comes a further 248.5 million ECU—representing 292 allocations granted in 1984 from global loans in support of small and medium-scale schemes to save energy.



At 2 307.3 million ECU, finance for infrastructure essential for the economy to run smoothly continues to hold an important position: transport at 786.4 million and telecommunications at 611.9 million were both up on the previous year, while water schemes attracted 304.4 million. Global loans for small and medium-scale infrastructure projects, roads in particular, again reached a high volume (334.9 million): 634 projects were financed, for a total of 342.3 million ECU.

The major part of the infrastructure financed offers regional benefits in terms of upgrading communications in assisted areas; in addition, 245.4 million ECU (123.4 million in 1983) helped in financing roads and motorways in Italy, France and Luxembourg, which will mean a substantial improvement to road links between Member States.

Another Community priority, environmental protection, was the moving force behind a further 153.9 million ECU in loans (129.9 million in 1983 and 63.7 million in 1982) being advanced principally for waste water treatment facilities in Greece, Italy and the United Kingdom. One of the more novel projects financed under this heading related to protection of archaeological sites at Pompeii and Herculaneum, of interest for the Community as a whole.

### The economic impact—a few figures

2.4.36. The EIB puts at some 19 600 million ECU the total fixed asset cost of projects financed in 1984. The loans made up about 35% of the cost of the projects and nearly 1% of gross fixed capital formation in the Community in 1984—3.6% in Ireland, 4.1% in Greece and 3.8% in Italy (as much as 6.9% in the Mezzogiorno). In terms of employment, these projects are estimated directly to have generated more than 44 000 permanent jobs. In addition to this, there is the impact of improved productivity, particularly as regards global loans for small businesses, which has helped

to safeguard employment in firms with a combined workforce of 600 000 people.

Moreover, the orders and work relating to the investment schemes financed, particularly in the case of infrastructure, represents a large number of temporary jobs over periods of from two to ten years, depending on the project. Taking all these factors together and accounting for loans made in previous years, the number of people in a job in 1984 as a result of EIB project financing is put at 500 000.

Turning to the energy sector, the EIB estimates that projects in this field financed during 1984 should, when fully operational, represent the equivalent of 11.1 million tonnes of oil equivalent (toe) per annum, 2.3 million of which accounted for by energy savings in industry and public infrastructure. Since 1980 the cutback in oil imports achieved by virtue of EIB operations is assessed at 73 million toe, of which 15.4 million toe attained by means of energy-saving measures. This represents 20.3% of the Community's projected oil import figure for 1990.

### Borrowing operations

2.4.37. To finance its lending from own resources,<sup>1</sup> in 1984 the EIB raised 4 361.2 million ECU on the capital markets (3 619.4 million in 1983—up 20.5%): 3 227.5 million ECU was tapped via public loan issues, 822.2 million from private placings, 100 million through short-term notes and 22.1 million by the allotment to third parties of participation certificates in Bank loans carrying the EIB's guarantee. A new departure for the EIB introduced in 1984 under an authorization given by its Board of Governors was the mobilization of a floating-rate borrowing for 189.4 million ECU worth of commercial paper.

<sup>1</sup> NCI loans are funded by borrowings raised by the Commission on behalf of the EEC.

*Principal currencies raised*

		(million ECU)	
		1984	
1.	US dollars	1 255	28.8%
2.	German marks	652	15.0%
3.	ECU	555	12.7%
4.	Guilders	481	11.1%
5.	Yen	346	7.9%
6.	Swiss francs	322	7.4%
7.	Pounds sterling	285	6.5%
8.	French francs	175	4.0%
9.	Belgian francs	153	3.5%
10.	Italian lire	108	2.5%
11.	Luxembourg francs	27	0.5%

Of particular note is the increasingly important role the ECU is coming to assume in EIB operations; the volume raised in 1984 represents a jump of more than 100% on 1983's figure of 230 million (112 million in 1982).

**Community***Italy*

2.4.38. Lending in Italy climbed once again to reach 3 035.6 million ECU (LIT 4 196 400 million), including 497.3 million ECU (LIT 687 500 million) from NCI resources.

Continuing the trend of recent years, investment schemes serving the purposes of regional development came top of the list, attracting 1 739 million ECU (LIT 2 404 500 million). 1 557.7 million ECU (LIT 2 154 000 million) of this went to projects in the Mezzogiorno, the most noteworthy of which centred on improvement and extension of the telecommunications network, construction of sections of the Algeria-Italy gasline and erection of power lines, and small and medium-scale infrastructure schemes.

Reconstruction of factories, provision of infrastructure for industrial estates and restoration of electricity, telephone and rail-

way networks in Campania and Basilicata are all projects financed by the EIB under its work of deploying Community aid for reconstruction in regions affected by earthquakes in November 1980. In all, subsidized lending for earthquake reconstruction by the end of 1984 amounted to 858.6 million ECU, drawn from an overall package of 1 000 million, including 677.5 million from NCI resources.

In line with the Community's energy objectives, another priority reflected in the EIB's lending is development of indigenous resources and implementation of investment schemes aimed at reducing dependence on oil imports. Projects of this kind absorbed 836.1 million ECU (LIT 1 154 500 million).

Of this total, 433.6 million ECU (LIT 600 000 million) went to production and distribution of electricity and oil and gas: 112 million ECU (LIT 155 000 million) for power lines, nuclear and hydroelectric schemes; 321.6 million ECU (LIT 445 000 million) for gasline networks building further on attempts to diversify away from non-indigenous oil and for development of internal oil and gas deposits.

A total of 402.5 million ECU (LIT 554 500 million) was directed towards energy-saving measures in industry and infrastructure, interconnection of the French and Italian high-voltage networks to enable the systems to cope with peak demand and installation of solar panels in housing and office buildings.

The EIB also employed its global loan device to promote more efficient use of energy in industry (109 million ECU—LIT 150 000 million) and infrastructure (147.1 million ECU—LIT 202 500 million). In 1984, 86 industrial schemes and 96 infrastructure projects benefited from allocations.

Providing funds for environmental protection and preservation of the Community's architectural heritage is a relatively new facet of EIB activities which in 1984 accounted for 35.4 million ECU (LIT 49 000

million). Projects of this kind included construction of water treatment plants in the Bay of Naples and along the Ligurian coastline (in the Savona area), and work to project archaeological sites at Pompeii, Herculaneum and Stabiae, under an action programme to preserve an irreplaceable part of Europe's cultural heritage.

The 101 million ECU (LIT 140 000 million) which went into financing a section of the Friuli motorway will contribute towards achieving an integrated Community motorway system, easing travelling conditions between Bavaria, Venice, Friuli and Trieste in particular.

The EIB managed once again to boost its lending to industry, with global loans moving up 24% to 908.2 million ECU (LIT 1 254 200 million) and individual loans for more major projects up 41% to 460.1 million ECU (LIT 635 900 million).

Two thirds of the individual loans were channelled to projects located in the Mezzogiorno. Funds were made available for projects in the transport equipment sector—204 million ECU (LIT 282 000 million) for motor cars and industrial vehicles and 100 million ECU (LIT 137 400 million) for aircraft, in particular the ATR 42.

The Bank also stepped up its contributions to the high-technology sector, with 90.4 million ECU (LIT 120 000 million) going to projects relating to microprocessors, robots, automated factories and research laboratories at Genoa and high-performance tubes in a colour television components factory at Anagni in Latium.

Global loans in the manufacturing sector added up to 515.6 million ECU (LIT 722 500 million) for small businesses in central and northern Italy (mostly drawn from NCI resources) and to 283.7 million ECU (LIT 391 600 million) in the Mezzogiorno (the EIB's own resources). Among the more unusual of these loans was the 36.2 million ECU (LIT 50 000 million) line of credit to Artigiancassa in support of small-scale artisan firms throughout the country and the 28.8 million ECU (LIT 40 000 million) cre-

dit package to Istituto Mobiliare Italiano for funding equipment leasing by small businesses in the Mezzogiorno. In 1984 a total of 303 million ECU (LIT 418 200 million) was drawn in 524 subloans for smaller-scale ventures in the Mezzogiorno and 454.5 million ECU (LIT 627 200 million) in credits for 904 ventures promoted by small firms in the rest of the country (of which 246 allocations totalling 109.8 million ECU (LIT 151 600 million) from the Bank's own resources and 658 totalling 344.7 million ECU (LIT 475 600 million) from NCI resources).

### *France*

2.4.39. In France lending was increased to 1 200.3 million ECU (more than FF 8 200 million) in 1984, 386.3 million ECU (FF 2 650 million) being advanced from NCI resources. This noteworthy performance, up from 894.1 million ECU (more than FF 6 000 million) in 1983, is largely a reflection of the burgeoning success of global loans—especially in industry, which took up 502.9 million ECU (FF 3 450 million) under this device—and of loans destined for infrastructure investment (581.7 million ECU, i.e. nearly FF 4 000 million). The energy sector was also vying for funds, taking up 115.7 million ECU (nearly FF 800 million).

Prime objectives of infrastructure work attracting EIB backing were improvements to intra-Community communications and assistance for regions grappling with the thorny problems of development or conversion, particularly Lorraine. Works financed included the Lorraine-Burgundy motorway, a section of the A 40 motorway joining the Paris-Lyons link with the Mont Blanc Tunnel and sections of roads and motorways under a loan to the Fonds Spécial de Grands Travaux. Other infrastructure projects will foster development in assisted areas. These are being financed under global loans to France's CAECL, a national organization channelling finance to local authorities for schemes of this kind, amounting to 116.6 million ECU (FF 800 million) from which 115.1 million ECU (FF 789.8 million) was drawn down in 1984 to fund 418 schemes.

The EIB is also lending its support to installation of a major satellite network (providing telecommunications, television and other data-transmission services) designed principally with companies in France's provinces and overseas departments in mind, a project which ties in well with the Community's objectives on the advanced-technology front. Dual objectives are served by the electrification project for the Lyons-Chambéry and Lyons-Grenoble railway lines, those of improving rail services in the Rhône-Alpes region and between France and Italy and of encouraging the use of electricity instead of diesel and the development of rail transport.

Other smaller-scale schemes, financed through two further global loans to CAECL for a total of 58.2 million ECU (FF 400 million), were aimed specifically at energy-saving measures in public buildings, development of district heating systems and tapping of geothermal resources, particularly in the Paris area: 32.9 million ECU (FF 225.6 million) was devoted to 16 schemes under this heading in 1984.

Small and medium-scale ventures in industry were the target of global loans to institutions such as the *Crédit d'Équipement des PME*, *Crédit National*, 16 *sociétés de développement régional* (regional development companies) and the *Caisse Centrale de Crédit Coopératif* for a total of 160.3 million ECU (FF 1 100 million) from the EIB's own resources (earmarked for projects in assisted areas and for energy-saving in industry) and 342 600 million ECU (FF 2 350 million) from NCI resources.

In 1984 the EIB provided aid for 906 smaller-scale ventures totalling 148.4 million ECU (FF 1 020.1 million) in assisted areas and for 1 722 ventures amounting to 287.3 million ECU (FF 1 971.3 million) in other areas. A further 23.1 million ECU (FF 158.4 million) was channelled to energy-saving measures in industry via 74 global loan credits.

The energy sector as such accounted for 115.7 million ECU (FF 793.9 million). Projects here included the 1 200 MW fast-

breeder nuclear power plant at Creys-Malville in the Isère department and the first two units (1 280 MW each) of Flamanville nuclear power station near the Channel coast. With total production from these plants when fully operational put at 5.1 million toe per annum, they have already attracted EIB financing in the past. EIB funding also went to a district heating system at Villeurbanne and recovery of waste heat from the Eurodif reprocessing plant to heat residential buildings and greenhouses at Pierrelatte.

### *United Kingdom*

2.4.40. In the United Kingdom lending totalled 932.4 million ECU (UKL 547 million), 577.5 million ECU (UKL 338.4 million) of this going to the energy sector. 437.9 million ECU (UKL 258.5 million) was taken up for construction of the 1 400 MW Torness Point nuclear power station in Scotland, with a design capacity representing some 1.5 million toe per annum, and for installations for storing and handling fuel and treating effluent at the Sellafield plant in Cumbria. North Sea gas development was again a receipt of EIB finance, funds being earmarked for construction of drilling platforms in the Esmond gas field and laying of a 215-km line to the Norfolk coast.

A further loan was made available for a project to interconnect the French and British high-voltage power grids, by laying eight submarine cables between Calais and Dover. This will enable the two countries to rationalize production.

Infrastructure in assisted areas in England (mainly the Midlands, East Anglia, the North West, Yorkshire and Humberside), Wales and Scotland took up 250.7 million ECU (UKL 146.9 million).

The 66.1 million ECU (UKL 39 million) which went to industry helped to finance expansion of a plant in Belfast where a new short-haul aircraft, the SD 3-60, is being constructed, and small and medium-scale ventures, mainly in the assisted areas,

through the Bank of Scotland, the Royal Bank of Scotland Group, and the regional offices of the Department of Trade and Industry in England, the Industry Department in Scotland, the Welsh Office Industry Department, the Northern Ireland Industrial Development Board and the Local Enterprise Development Unit.

Forty-three subloans were drawn in 1984 from global loans earmarked for smaller-scale ventures in development areas, accounting for 16.1 million ECU (UKL 9.5 million) in credit from the Bank's own resources, while 91, totalling 14.4 million ECU (UKL 8.5 million), were drawn from NCI credit lines for deployment in non-assisted areas.

### *Greece*

2.4.41. In Greece 1984 saw EIB financing dip slightly to 344.8 million ECU (DR 31 300 million), 69.3 million ECU (DR 6 300 million) of which was contributed from NCI loan funds, mainly for regional development.

As in previous years, infrastructure topped the list of sectors benefiting: 143.9 million ECU (DR 13 000 million) was directed towards improving sections of the road network throughout the country, particularly in the Peloponnese, and the road linking Macedonia and Thrace, extending telephone and telex facilities, developing industrial estates in nine provincial towns, treating urban waste, combating pollution in the Mediterranean in keeping with the spirit of the Barcelona Convention, and irrigating farmland in Macedonia.

Smaller-scale agricultural development and processing schemes were the recipients of two global loans totalling 32.6 million ECU (DR 3 000 million) deployed via the Agricultural Bank of Greece. By the end of 1984, 13.4 million ECU (DR 1 200 million) of this had been allocated to 1 722 on-farm investment schemes throughout the country.

Development of indigenous energy resources was supported by a total of 123.6

million ECU (DR 11 200 million), directed towards part-financing hydroelectric schemes at Stratos, near Agrinio, Sfikia and Assomata, on the Aliakmonas river (380 000 toe per annum) and mopen-cast working of a new lignite deposit together with installation of two 300 MW generating units at the neighbouring Aminteo thermal power station near Ptolemaida in Macedonia.

Three global loans, for 44.7 million ECU (DR 3 100 million) in all, were concluded with the Investment Bank, the National Investment Bank for Industrial Development and the Hellenic Industrial Development Bank. The year saw a total of 44.4 million ECU (DR 3 800 million) being deployed from global loans in support of 71 small and medium-scale ventures in industry.

### *Denmark*

2.4.42. Lending in Denmark stood at 324.7 million ECU (more than DKR 2 600 million) 134.7 million of this coming from NCI resources. The North Sea oil and gas industry was in the front line of EIB activities, with almost three quarters of the total (217.5 million ECU — about DKR 1 800 million) used to finance pipelines connected with the tapping of oil and gas deposits and distribution of the resulting production throughout the country. Work on improving telecommunications in Greenland won 3.8 million ECU (DKR 29.3 million), and 55.6 million ECU (DKR 450 million) went to railway electrification projects. Lastly, 41.8 million ECU (DKR 340 million) was advanced in the form of three global loans to support smaller-scale industrial undertakings, deployed through Egnsudviklingsrådet (regional development board) and the Finansieringsinstituttet for Industri og Håndvaerk. Privatbanken received 6.1 million ECU (DKR 50 million) to channel into small and medium-scale infrastructure schemes with an energy-saving bias. In 1984, 147 ventures attracted credits worth a total of 46.7 million ECU (DKR 379.4 million) from global loans to industry.

### *Ireland*

2.4.43. In Ireland lending reached 174 million ECU, or IRL 126.1 million, of which 50 million ECU from NCI resources. All of these funds went into projects contributing towards regional development: projects financed included improvements to the road network, water supply and sewerage schemes, a major reforestation programme and extension of training and higher education facilities, with small-scale industry benefiting through global loan finance to the Industrial Credit Company. Credits granted in 1984 from global loans to industry totalled 53, worth 6.6 million ECU (IRL 4.8 million).

### *Federal Republic of Germany*

2.4.44. Germany attracted 134.3 million ECU (DM 300 million), all of which went into the energy sector: 80.6 million ECU (DM 180 million) for Emsland and Neckarwestheim nuclear power stations (1 230 MW each), which together will cause a 3.6 million t/a drop in oil imports; 44.8 million ECU (DM 100 million) for construction of the Megal gasline (Mittel-Europäische Gasleitungsgesellschaft) to carry natural gas from the Soviet Union, thereby diversifying the Community's energy supplies; and 8.9 million ECU (DM 20 million) for a district heating system in Saarland, which will make use of steam from a number of local factories.

### *Belgium*

2.4.45. One loan was made in Belgium in 1984 for 32.5 million ECU (the equivalent of BFR 1 500 million) to finance further extension work on Doel nuclear power station in the province of Antwerp. The addition of a fourth generating unit (1 000 MW) should raise the plant's total capacity to 2 700 MW, a level of production meaning annual oil savings equivalent to 4 million tonnes.

### *Luxembourg*

2.4.46. In Luxembourg 16.4 million ECU (LFR 750 million) was provided for two

sections of the motorway linking Luxembourg and Trier, a key link in Europe's motorway system.

### **Outside the Community**

2.4.47. EIB financing operations in countries outside the Community increased substantially — to 708.34 million ECU (in contrast to 480 million ECU in 1983), made up of 620.7 million from EIB own resources (covered by a special Community guarantee) and 87.64 million from budgetary funds which the Bank manages on the Community's behalf (primarily risk capital from the European Development Fund to help industrial development in the ACP countries).

Of this total, 220 million ECU went to investment in Spain and Portugal, which have applied for Community membership. Loans helped development in seven other Mediterranean countries, 20 ACP States and one overseas territory. Three regional projects benefiting about 10 African countries also attracted Lomé Convention resources.

### *Spain and Portugal*

2.4.48. In *Spain* the EIB advanced 140 million ECU: 50 million of this represented the balance from pre-accession financial cooperation arrangements activated in 1981 and expiring at the end of June 1984 (which provided for financial aid worth 300 million ECU), used for a hydroelectric complex at Moralets in the Pyrenees and to back smaller-scale industrial ventures. A further 250 million ECU was made available under a new set of financial cooperation agreements running from July 1984 until the end of 1985. 90 million ECU of this has already been deployed for industrial ventures and smaller-scale infrastructure schemes promoted by local authorities, again in the less-developed areas and on the islands. The EIB was also in on development of the country's first offshore gas find, near the coast at Bilbao.

44.8 million ECU was onlent in the form of 129 credits from current global loans

earmarked for small firms and 15.2 million ECU via 10 allocations for infrastructure schemes.

2.4.49. Of the 80 million ECU lent in *Portugal* in 1984, 30 million accounted for the balance from 75 million authorized in August 1983 by the EIB's Board of Governors for commitment up to 30 June 1984 as an extension of the pre-accession aid arrangements. The remaining 50 million ECU came under the second extension of the financial cooperation agreement, which allowed for 150 million ECU to be committed between 1 July 1984 and 31 December 1985. Projects financed with these funds include improvements to road and rail links to and from Oporto, construction of a thermal power plant and hydroelectric complex on São Miguel (the main island in the Azores group), and investment and leasing schemes aimed at modernizing and developing small businesses; 25 allocations worth 16.4 million ECU were granted in 1984 from current global loans.

#### *Other Mediterranean countries*

2.4.50. Development of internal communications infrastructure absorbed the proceeds of EIB lending operations in Yugoslavia totalling 126.3 million ECU. Of this total, 66.3 million ECU was the balance of the 200 million ECU provided under the protocol which entered into effect in July 1980 to finance capital investment of mutual interest to Yugoslavia and the Community. A further 60 million ECU was advanced outside the protocol after a special authorization by the EIB's Governors, in accordance with Article 18 of the Bank's Statute, at the request of the Yugoslav authorities. The two projects financed centred on trans-Yugoslav transport links, one on the railway and the other on two sections of the motorway. In both cases, the infrastructure involved will greatly ease communications between Greece and the rest of the Community, not to mention traffic between Yugoslavia and the Ten.

2.4.51. *The Maghreb countries:* In Morocco 54 million ECU went towards the

Ait Chouarit-Amougguez integrated hydro-electric complex in the High Atlas, to the east of Marrakesh, and into a global loan aimed at the agricultural sector, the proceeds of which were channelled via the Caisse Nationale de Crédit Agricole. The 10.5 million ECU lent in Tunisia financed construction of 10 fertilizer storage and distribution centres in the north and centre and in Tunis itself, and a global loan to the Banque Nationale de Développement Agricole for the agricultural sector, from which nine allocations totalling 1.3 million ECU were drawn down in 1984.

2.4.52. *The Mashreq countries:* Projects financed with the 65.5 million ECU lent in Egypt include connection to the national grid of the Shubrah El Kheima thermal power station (900 MW), itself constructed with the help of EIB funding and fired mainly with natural gas from the Abu Qir and Abu Madi deposits, construction of a gypsum calcination plant with a capacity of 300 000 tonnes per annum at El Sadat City and a desert clay bricks factory 200 km south of Cairo. Small and medium-scale industry also had a share through a global loan to the Development and Industrial Bank. 13 million ECU worth of financing in Jordan went to water supply and sewerage systems in Madaba and Ma'an, two heavily populated towns, and to a global loan for small and medium-scale infrastructure schemes outside the major cities, deployed via the Cities and Villages Development Bank. Turning to current global loans, six smaller industrial undertakings drew down 2.8 million ECU, on top of 1.4 million ECU for six on-farm investment schemes of benefit to 99 farms. In Syria 38.3 million ECU went to irrigation and drainage networks in the lower Euphrates valley and to construction of a 104-km motorway between Damascus and the Jordanian border.

2.4.53. In *Israel* the EIB concluded a 20 million ECU global loan for the industrial sector with the Industrial Development Bank of Israel, which onlent the proceeds in support of 15 ventures.

*ACP States and OCT*

2.4.54. The total fixed asset cost of capital investment part-financed by the EIB through individual loans in 1984 amounted to 560 million ECU, with an impact on employment put at 400 jobs created. A further 92 smaller-scale investment schemes for a total of 38.1 million ECU were financed under global loans. The combined fixed asset cost of this capital investment came to 150 million ECU, creating an estimated 4 100 jobs. Some 70% of projects funded in the industrial sector, whether by individual or by global loans, were concentrated on making the most of indigenous resources and either promoting locally produced goods in place of imports or expanding export trade.

The bulk of loans from the Bank's own resources was focused on countries where per capita income is above USD 410 (the upper limit for low-income economies as defined by the World Bank in its *Development Report*); on the reverse side of the coin, more than 90% of the risk capital went to the poorest ACP countries.

In 1984 the EIB stepped up its aid for industrial rehabilitation by supporting modernization or restructuring of enterprises caught up in a recessionary spiral, or by drawing on risk capital to buttress the financial base of companies running the undertakings so as to create the best possible conditions for a resumption of business activities and a return to a balanced situation. The EIB also concentrated some of its lending on water supply and sewerage projects, with the triple aim of raising living standards, fending off environmental pollution and improving water supplies to industry.

The breakdown of financing by country was as follows:

*Cameroon:* 28 million ECU for a latex processing plant and for water supplies and sewage disposal at Yaoundé.

*Zaire:* 14.16 million ECU (risk capital) for a capital increase in Sofide (Société finan-

cière de développement) to enable the company to finance small and medium-scale ventures in industry, agricultural processing and tourism, and for a hydroelectric scheme on the Ruzizi river (regional project undertaken jointly with Rwanda and Burundi).

*Benin:* 18 million ECU (including 4.5 million from risk capital) for development of the Sémé oil field, 15 km off the coast.

*Ivory Coast:* 12.6 million ECU for a supplementary thermal power plant at Vridi, near Abidjan, to cope with peak demand.

*Ethiopia:* 12 million ECU (from risk capital) for rehabilitation of a textile mill at Bahr Dar.

*Gabon:* 10 million ECU for catchment, treatment and distribution of drinking water at Libreville and Owendo.

*Ghana:* 10 million ECU (from risk capital) for rehabilitation of the CIMAO cement-works complex, a regional project (see also Togo), and renovation of an oil refinery at Tema, 30 km east of Accra.

*Madagascar:* 8 million ECU (from risk capital) to the Bankin'Ny Industria (BNI) for rehabilitation of small and medium-sized industrial firms, purchase of spare parts, modernization of equipment.

*Guinea:* 7.5 million ECU for introduction of a new production process in a Friguia company alumina plant using bauxite produced locally at Fria-Kimbo (150 km north-west of Conakry).

*Somalia:* 7 million ECU (risk capital) for development of a natural gas deposit in the Afgoy region.

*Liberia:* 5 million ECU (of which 1.5 million from risk capital) to the Liberian Bank for Development in Industry for small and medium-scale industrial, agricultural processing and tourism ventures.

*Jamaica:* 4 million ECU to boost efficiency in two alumina plants and for treatment and disposal of red mud.



*Guinea-Bissau:* 3.8 million ECU (from risk capital) for restoration of a ship repair yard near the port of Bissau, mainly to serve the local fleet.

*Malawi:* 3.5 million ECU (risk capital) to boost the financial base of a sugar refinery at Dwangwa, on the western shore of Lake Malawi.

*Tanzania:* 3.5 million ECU (risk capital) for rehabilitation of a canvas mill at Morogoro.

*St Vincent and the Grenadines:* 2.9 million ECU (risk capital) for construction of three hydroelectric power plants and associated transmission equipment on the river Cumberland, in the western part of St Vincent.

*Burundi:* 2.9 million ECU (risk capital) for construction of Ruzizi hydroelectric power station (see also Zaire) and for a subscription to the capital increase of the Banque Nationale de Développement Economique, on behalf of the Community, to enable it to expand its operations.

*Togo:* 2.4 million ECU (risk capital) for rehabilitation of the CIMAO cementworks complex, a regional project (see also Ghana).

*Rwanda:* 2 million ECU (risk capital) for construction of Ruzizi hydroelectric power station (see also Zaire).

*St Lucia:* 1 million ECU (risk capital) for financing small businesses through the St Lucia Development Bank and to subscribe to an increase in this bank's share capital (on behalf of the Community).

*Tonga:* 1 million ECU (risk capital) for financing small and medium-scale ventures through the Tonga Development Bank and to assist the State in increasing its share in this bank's capital.

*Netherlands Antilles:*<sup>1</sup> 800 000 ECU (risk capital) for financing a subscription by the State to a capital increase in the Banco Arubano di Desaroyo.

*Central Africa:* 500 000 ECU (risk capital) to the Banque de Développement des États de l'Afrique Centrale (BDEAC) for financing feasibility studies (involving Cameroon, the Central African Republic, Chad, Congo, Equatorial Guinea and Gabon).

*Sao Tome and Principe:* 40 000 ECU (risk capital) for a feasibility study on a palm oil mill.

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<sup>1</sup> Under the decision relating to the OCT.





PART THREE  
DOCUMENTATION

# 1. ECU

## Values in national currencies of one ECU

31 January 1985 <sup>1</sup>	
Belgian franc and Luxembourg franc (convertible)	44.5170
Belgian franc and Luxembourg franc (financial)	44.6752
German mark	2.22269
Dutch guilder	2.51406
Pound sterling	0.622620
Danish krone	7.93968
French franc	6.79741
Italian lira	1 371.78
Irish pound	0.715094
Greek drachma	90.9179
United States dollar	0.702938
Swiss franc	1.88071
Spanish peseta	123.155
Swedish krona	6.35104
Norwegian krone	6.43399
Canadian dollar	0.933360
Portuguese escudo	121.784
Austrian schilling	15.6122
Finnish mark	4.66012
Japanese yen	179.284
Australian dollar	0.863560
New Zealand dollar	1.49561

<sup>1</sup> OJ C 31, 1.2.1984.

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*

January	
National currency	Value in national currency of one ECU
Belgian franc and Luxembourg franc	44.9008 <sup>1</sup> 46.4118 <sup>2</sup>
Danish krone	8.23400 <sup>1</sup> 8.41499 <sup>2</sup>
German mark	2.39792 <sup>3</sup> 2.41047 <sup>4</sup> 2.38516 <sup>2</sup>
Greek drachma	77.2479 <sup>1</sup> 90.5281 <sup>2</sup>
French franc	6.93793 <sup>4</sup> 6.49211 <sup>1</sup> 7.10590 <sup>5</sup> 6.86866 <sup>2</sup>
Irish pound	0.725690 <sup>1</sup> 0.750110 <sup>2</sup>
Italian lira	1 341.00 <sup>1</sup> 1 432.00 <sup>2</sup>
Dutch guilder	2.70178 <sup>3</sup> 2.71620 <sup>4</sup> 2.68749 <sup>2</sup>
Pound sterling	0.618655

<sup>1</sup> For seeds.

<sup>2</sup> For other products.

<sup>3</sup> For cereals and durum wheat.

<sup>4</sup> For milk and milk products.

<sup>6</sup> For pigmeat and wine.

## 2. Additional references in the Official Journal

3.2.1. This section lists the titles of legal instruments and notices of Community institutions or organs which have appeared in the Official Journal since the last Bulletin was published but relating to items appearing in earlier issues of the Bulletin; the references were not available when the Bulletin went to press.

The number of the Bulletin and the point to which this additional information refers is followed by the title shown on the cover of the Official Journal, the number of the issue and the date of publication.

### **Bull. EC 7/8-1984**

#### *Point 2.1.67*

Commission Decision of 23 July 1984 on the North Rhine-Westphalia regional economic development programme

OJ L 7, 9.1.1985

### **Bull. EC 9-1984**

#### *Point 2.1.63*

Grants from the European Regional Development fund for 1984 (second allocation)

OJ C 349, 31.12.1984

#### *Point 2.1.92*

Commission Decision of 23 July 1984 concerning aids provided for under Law No 86 of the Region of Sicily of 5 August 1982 on emergency measures in agriculture

OJ L 7, 9.1.1985

### **Bull. EC 10-1984**

#### *Point 2.1.45*

Commission Decision of 10 October 1984 on the French regional planning grant scheme ('Prime d'aménagement du territoire')

OJ L 11, 12.1.1985

### **Bull. EC 11-1984**

#### *Point 2.1.27*

Commission communication to the Council on the coordinated development of computerized administrative procedures (C.D. Project)

OJ C 15, 16.1.1985

#### *Point 2.1.96*

Proposal for a Council Regulation amending Regulation (EEC) No 1418/76 on the common organization of the market in rice

OJ C 341, 21.12.1984

#### *Point 2.1.115*

Proposal for a Council Regulation amending Regulation (EEC) No 729/70 as regards the amount allotted to the Guidance Section of the European Agricultural Guidance and Guarantee Fund (EAGGF)

Proposal for a Council Regulation amending Regulation (EEC) No 355/77 on common measures to improve the conditions under which agricultural fishery products are processed and marketed

OJ C 13, 15.1.1985

#### *Point 2.1.130*

Aid from the Guidance Section of the European Agricultural Guidance and Guarantee Fund under Regulation (EEC) No 2908/83

OJ C 7, 10.1.1985

#### *Points 2.4.26 to 2.4.30*

Opinions adopted by the Economic and Social Committee during its session on 21 and 22 November

OJ C 25, 28.1.1985

## 3. Infringement procedures

### Initiation of proceedings for failure to implement directives

3.3.1. In January 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 six cases:

#### Internal market and industrial affairs

- Council Directive of 16 June 1975 concerning the mutual recognition of diplomas, certificates and other evidence of formal qualifications in medicine, including measures to facilitate the effective exercise of the right of establishment and freedom to provide services<sup>1</sup> (Greece);
- Council Directive of 27 June 1977 concerning the mutual recognition of diplomas, certificates and other evidence of the formal qualifications of nurses responsible for general care, including measures to facilitate the effective exercise of the right of establishment and freedom to provide services<sup>2</sup> (Greece);
- Council Directive of 25 July 1978 concerning the mutual recognition of diplomas, certificates and other evidence of the formal qualifications of practitioners of dentistry, including measures to facilitate the effective exercise of the right of estab-

lishment and freedom to provide services<sup>3</sup> (Greece, Italy);

- Council Directive of 21 January 1980 concerning the mutual recognition of diplomas, certificates and other evidence of formal qualifications in midwifery, including measures to facilitate the effective exercise of the right of establishment and freedom to provide services<sup>4</sup> (Greece);
- Council Directive of 18 December 1978 concerning the mutual recognition of diplomas, certificates and other evidence of formal qualifications in veterinary medicine, including measures to facilitate the effective exercise of the right of establishment and freedom to provide services<sup>5</sup> (Greece).

#### Transport

- Council Directive of 12 December 1977 aiming at the mutual recognition of diplomas, certificates and other evidence of formal qualifications for goods haulage operators and road passenger transport operators, including measures intended to encourage these operators effectively to exercise their right to freedom of establishment<sup>6</sup> (Italy).

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<sup>1</sup> OJ L 167, 30.6.1975.  
<sup>2</sup> OJ L 176, 15.7.1977.  
<sup>3</sup> OJ L 233, 24.8.1978.  
<sup>4</sup> OJ L 33, 11.2.1980.  
<sup>5</sup> OJ L 362, 23.12.1978.  
<sup>6</sup> OJ L 334, 24.12.1977.

## 4. Statement on Italy's term as Council President

### Strasbourg, 16 January<sup>1</sup>

3.4.1. The opportunity I now have, in my capacity as President of the Council, to set forth before this Parliament, in which I remember having participated, the outlines of the programme of work for the first six months of 1985 is not intended to be solely a formal act, a ritual performance, however important.

I should like you to know that the frame of mind in which I appear before you is that of someone who, having taken part from the benches of the Italian Parliament since the Constituent Assembly

in major political battles, has rooted in him the essence of the parliamentary function through the democratic development of the institutions. And since the Community desired by the founding fathers, which we still desire, is a Community based on the principles of democracy in which the voice of the people, of whom you are the faithful interpreters, becomes a key fact, I consider I should impress on you, at the beginning of my speech, the need to give the dialogue between the Community

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<sup>1</sup> Speech in Parliament by Mr Giulio Andreotti, incoming President of the Council, on Italy's programme for its six-month term.

institutions and, in particular, the dialogue between the European Parliament and the Council, substance and consistency, qualities which are desirable for, and well-suited to, bringing about real progress in the political and economic integration of our continent.

Allow me to make a brief remark.

If we have succeeded in attaining and, may I add, preserving unity, albeit to a still limited extent, within a Community which is struggling to make progress but which certainly does not lack a soul, we owe it to the very fact, in my opinion fundamental, that this is a Parliament directly elected by European citizens. We are not therefore dealing with an artificial construction, with the result of summit alchemy, but with an institution which is clearly popular in nature and which is intended to give the work of the other institutions envisaged by the Treaties of Rome a content more in keeping with the needs and aspirations of the peoples of our continent.

I should also like to address to the new Commission and to its President, Jacques Delors, our sincerest wishes for the success of his work. We are all aware of Mr Delors's worth and ability, and on 14 January we were able to appreciate the down-to-earth nature of his programme address.<sup>1</sup> The role of the Commission as proposer is a vital one in the life of the Community, one which we must all safeguard and enhance through the development and strengthening of the plan for union. Jacques Delors too had the opportunity and the privilege of being part of your Parliament. It is a coincidence shared by the President and the President of the Commission which has a very definite significance.

In setting out for you the guidelines and the priority areas for action in the six-monthly programme, I must first of all refer to the international framework of which the European Community forms part and to the economic and social reality of our 10 countries.

We often hear of the 'call for Europe' and of the influence which a united Europe could have in helping to initiate solutions to major international problems. None of us in fact can deny that our continent is in a position, through the culture it represents and also through the great strength of its economy, to exert a trenchant influence on the course of events. But notwithstanding the progress achieved to date, there is a problem of political will, a will which is still too often slow to reveal and establish itself, a will which should be expressed in concrete terms, not indeed through hegemonistic calculation but by giving international events a more balanced course, thereby avoiding extreme positions.

If this political will for European union eventually prevails, as we hope, we shall then be in a position jointly to make a positive contribution to the cause of détente and peace, a cause which seems to have been strengthened, which we can only be pleased about, by the recent meeting in Geneva between the Americans and the Soviets.

In consideration of the economic problems, there are many signs that a general recovery is under way in our countries. This is encouraging, but it must not prompt us to disregard the grounds for concern or to refrain from careful and ordered management of the present delicate phase of industrial transition. In this regard, we must pay special attention to the social aspects stemming from the still necessary reconversion and restructuring of the production systems of our 10 countries.

I recall that on several occasions this Parliament has stressed the seriousness of the distortions caused by the failure to coordinate, between the Member States, policies to promote and encourage technological innovation, a failure which has led to serious tension on the labour market.

I feel that we also have to learn from these recent experiences, in order to strengthen the strong and pressing commitment of the Presidency to continue along the path of the political and economic integration of our continent.

It is certainly not our wish to indulge in vain ambition; instead, we want to move forward with our feet on the ground, i.e. to move forward, not stay still, in the conviction that in the long term a policy of small steps forward is much more productive than certain bombastic initiatives intended more to fire people's imagination than to have a profound and constructive effect on the realities of everyday life.

It seems to me that a concept of the Community as a strong and open entity, in continuous evolution, necessarily leads us to dwell in the first instance on the problems of its present position, as the premise for a subsequent examination of both the questions linked to enlargement and of the relations which the European Community has with other countries. It is on these three problems that I intend to make my remarks.

The Italian Presidency intends to commit itself fully with a view to defining a strategy for relaunching the Community's institutions.

You were the first to point out in concrete and constructive form the limits of the Treaty of Rome with regard to the prospects for an organic relaunch of the integration process. You did so in

<sup>1</sup> Supplement 1/85 — Bull. EC; point 1.1.1 *et seq.*

the conviction that reform has now become an essential requirement; a reform which takes us forward, not backwards, unless we want to wipe out all the results obtained up to now and unless we prefer to reject integration and fall back on a minimalist position, such as that represented by the free-trade area.

However, this latter assumption is certainly not what is wanted by the people of Europe, the 10 governments or this Parliament.

In approving the draft Treaty establishing the European Union, the Strasbourg Assembly has clearly indicated the objective to be pursued in order to emerge from the present crisis. The governments of the Member States, for their part, have understood the significance of this gesture of great political courage.

Would we have succeeded, without the European Parliament, in setting up a committee with the very task of putting forward suggestions to improve the functioning of European cooperation in the Community sector, in that of political cooperation or in other sectors? I think it highly unlikely, and we must consequently appreciate in all its significance the value of this parliamentary initiative, which did not merely have the tone of an exhortive gesture, but is much more in that it makes provision in concrete form and, I should add, very realistically, for the solutions to be adopted.

In exercising our Presidency, we intend to commit ourselves to the full in order to stimulate a wide-ranging debate on the prospects of institutional reform, which takes account of the draft Treaty voted by the European Parliament as well as of the *acquis communautaire* and the Solemn Declaration of Stuttgart.

We are convinced that the commitment, which seems to be emerging clearly from the work of the Committee on Institutional Affairs, to achieve significant progress towards the reorganization of the Community, which ought to be characterized by clearer forms of integration, represents a historic opportunity which must not be wasted.

Naturally the comparison with the difficulties we measure up to, so to speak, every day suggests caution to us all: caution which is not, however, fear of what is new, but awareness that the path which we still have to take is long and fraught with difficulties, difficulties which do not frighten us, but which instead strengthen our will to seek patiently but firmly the most suitable methods to bring together little by little different points of view, while creating at the same time conditions for agreement and consequently progress on the path to union.

For our part, no effort will be spared in seeking agreement by June on a date for convening an intergovernmental conference with the task of negotiating the Treaty on European Union on the basis of the conclusive suggestions to be provided by the Committee on Institutional Affairs.

We shall work towards the definition of a mandate which avoids any misunderstandings and which is therefore worded in sufficiently clear terms for subsequent work not to become bogged down, as has unfortunately happened in the past.

We wish to associate the European Parliament with this task of formulation and preparation, welcoming the hope expressed by this Parliament in its resolution on 14 December.

We are also aware of the fact that the conciliation procedure on the important acts of the Community ought to be reviewed. Although the meeting which took place last November between the enlarged Bureau of the Presidency of the European Parliament and the Council did not lead to the results hoped for, this must not be a reason for the Presidency to refrain from making further attempts to overcome the present differences, in due recognition not only of the institutional role of the European Parliament but also of the action it has carried out in order to achieve the objective of union.

Allow me to mention in this context the other Committee also, set up by the European Council of Fontainebleau, the Committee for a 'People's Europe'

We intend to give the greatest possible impetus to its work in the next six months, precisely because we are convinced that a hypothesis for relaunching the Community must be accompanied by a strengthening of its identity and of its credibility for European and international public opinion.

The decision to set up this Committee was imposed by the requirement, widely shared, to bring back the European dimension to the level of the citizens who live in Europe; to transfer the realities of the Community from abstract ideas, which all too often characterize our way of debating the problems of Europe, to a reality which is within everybody's reach, and thus to have a positive impact on the image of European solidarity, which particularly just recently has been obscured by excessive and sometimes sterile controversies between the governments of the Member States.

However, for the Community to be able in the mean time to return to a situation of proper financial management and one in which commitments are planned we must work as quickly as possible towards the approval of the budget for 1985.



In this connection, I must make one thing clear straightaway. We are all aware that, beyond the financial discussions, there are concerns of a different kind. In particular those relating to a more correct position on relations between the Community institutions.

The majority (and it is perhaps more correct to speak of near-unanimity) established within this Parliament on the budget problem is itself indicative of the current state of unease, which could degenerate into an institutional crisis with serious consequences for the development of Europe.

The Italian Presidency intends to make every possible effort to find an early solution to the problem of the new budget, which conforms both with the Community spirit as revealed by the discussions in this Parliament and with the agreements reached by the European Council at Fontainebleau.

The facts of the problem are well known and there is therefore no need for me to dwell on them.

For our part, we shall strive to ensure that the principle of an annual budget, as demanded by this Parliament, is observed, possibly by anticipating by a couple of months the entry into force of the decision on the increase in the revenue from value-added tax. This working hypothesis may come up against insurmountable difficulties. In that event, we shall consider alternative temporary measures, Community ones, as far as possible. However, I consider it essential, in this search for solutions acceptable to all, to take care, first of all, to improve the political climate and to start a dialogue between the institutions that will genuinely profit the Community.

As to the arrangements for reimbursing the United Kingdom, and given the various positions expressed by the European Parliament and the governments, I would point out that we are not discussing the principle—and I shall quote here the final communiqué at Fontainebleau—that 'ultimately, the chief means for resolving the problem of budget imbalances is expenditure policy', in other words, the development of the common policies.

It seems to me, however, that the compromise formula drawn up at Fontainebleau (which allows Member States with an excessive budget burden relative to their prosperity to have their Community budget contribution adjusted) should be applied for the time being.

I should like now to speak for a moment in my capacity as Italy's Foreign Minister. My government fully shares the concern, felt by all political groups in this Parliament, which lies at the root of the decision to reject the draft budget for 1985. I entirely appreciate that in this way the Parliament

wanted to express its disapproval of a trend which appears to be establishing itself in the Community and which appears to be aimed at circumscribing and limiting the already restricted powers of this Parliament.

During our Presidency, we shall tackle the complex problem of the budget without confining ourselves to the search for purely technical solutions; we shall endeavour to renew the relationship between the European Parliament and the Council, and begin a profitable and constructive dialogue in accordance with the spirit of the Treaties.

It will be our task to carry out a patient process of persuasion to reconcile the positions of the two institutions and thus achieve that budgetary peace which both institutions have recently declared to be desirable.

The Italian Presidency will also take steps to ensure that this Parliament is associated with the Council in the task of determining the frame of reference for the expenditure to be entered in the Community budget, taking account of the financial resources available. I am sure that the European Parliament and the Council—which, as envisaged by the Treaty of Rome, have authority in budgetary matters—are pursuing the same objective, namely rationalizing expenditure and avoiding any possible wastage, so as to make available, by means of the necessary adjustments as well, the resources to be devoted to developing the new policies.

Still on the question of the Community's internal development, I feel it important to spend some time considering the positive trends in the Member States' economies during 1984.

The results achieved by the Ten were essentially due to the adoption of policies to stabilize and control the money supply, but they were not sufficient to prevent a further worsening in the employment situation. The Commission expects the unemployment rate to continue rising in 1985 as well and to reach a level of about 11.5% of the working population in Europe (a total of some 12 million people); in this context, of course, youth unemployment and long-term unemployment will figure even more prominently.

In our view, unemployment is the central problem to be resolved, and it is at this problem that we believe specific analyses and action should be directed on a concerted basis by the Member States of the Community.

I must point out here that between 1973 and 1983 the average annual increase in earnings was about the same in the United States and the European Community (about 2%); but while in the United States this led to the creation of about 15 million

new jobs (at a rate of increase of 1.5% per annum), in Europe there was a fall of about three and a half million.

The Italian Presidency therefore intends to ensure that the central importance of the issue of employment is the criterion guiding the determination and development of Community instruments and of initiatives that are not confined to the social sector but are also—and primarily—of importance to the economic and the industrial-cooperation fields.

We also consider that the underlying requirement for this approach to the problem is a strengthening of the practical and productive dialogue with and between the representatives of employers and workers in Europe, to which we intend to give priority precisely because we are convinced that it is an essential tool for determining and implementing effective courses of action.

There is another priority issue to which the Italian Presidency intends to give its full attention. We must seek to make more economic and competitive a number of activities whose expansion is considerably limited at the present time by the continuing fragmentation of national markets.

Significant progress towards greater integration of the European market is all the more important in the present situation, since the limited resources available will make it very difficult to achieve at Community level all the various types of industrial cooperation that might be desirable.

In March 1984 this Parliament declared itself in favour of a vigorous programme for strengthening the internal market, and in June the Commission itself submitted an ambitious work programme which identified a number of areas of action. I should like to remind you of some of these in particular: the reduction of frontier controls, the removal of technical obstacles to trade, standardization at European level, the establishment of a legal framework for cooperation between undertakings, and the free movement of services and economic operators.

In this context, it is necessary to make choices and to develop further those subjects which are sufficiently advanced to enable practical progress to be made, and thus show the general public that there is a real political desire to move towards a more intensive integration of the economies of the Member States.

As part of the action aimed at giving Europe a coherent and coordinated economic strategy the Italian Presidency will give particular attention to the revival of monetary and financial cooperation.

The primary task is to strengthen the convergence of the Member States' economic policies along the

lines indicated in a recent Commission report, *inter alia* by strengthening mechanisms for surveillance by Community bodies.

It is also necessary to move gradually towards greater liberalization of capital movements with the aim of bringing about greater integration of the European capital market, while being fully aware of the obstacles that still exist in certain Member States.

Finally, public and private use of the ECU must be encouraged.

These three courses of action form part of a broader plan to develop the European Monetary System and the process of financial integration.

We are also aware that in the near future we shall have to confront certain essential problems still impeding the achievement of progress in that direction: inclusion of the pound sterling and later of the drachma in the EMS exchange system, harmonization of fluctuation margins, elimination of obstacles to the free movement of the ECU on private markets and recognition of the ECU's status as a currency in all Member States.

We believe it necessary to confirm the long-term joint commitment to meet the industrial and technological challenge of the future. With this in view, however, the Community must give greater weight and importance to new policies and, in particular, to those forms of collaboration aimed at development of the technologically advanced sectors.

The Commission has already demonstrated on several occasions its own intention of following such a path; we hope it continues on that course and above all we hope that the Member States too will display the necessary willingness to confront a problem which I consider essential to Europe's very credibility, that of the Community's commitment to industrial and technological collaboration.

I have already mentioned the fact that the limit on the budgetary resources available for 1985 will not make it possible in the short term to initiate new programmes in the field of industrial cooperation or the development of new policies. It would therefore be naïve or fanciful to believe it possible in the first half of this year to embark upon the definition of an organic Community industrial policy and launch important new sectoral programmes whose costs would have to be borne by the Community budget.

Accordingly, we must develop Community action in the complementary sectors and in sectors which provide support for the industrial cooperation policy. I refer, in fact, to the consolidation of the internal market, to the development of a legal framework which will encourage collaboration

between undertakings and to the promotion of research and development.

There are also certain programmes in the field of new technology, already being studied by Community bodies, which it will be necessary to continue studying in detail during the Italian Presidency. Of these I should like to mention in particular the cooperation programme in the telecommunications sector, that in biotechnology and, of course, all activities relating to informatics and their applications.

As regards the common agricultural policy, the fixing of prices and related market measures for the 1985/86 farming year will have to be carried out against an extremely difficult financial background. The Italian Presidency is aware of the limitations arising from the present budget situation and it intends to work in close collaboration with the Commission to ensure that Council decisions are adopted in a manner that is acceptable both politically and socially.

We shall also try to ensure that the examination of the common agricultural policy mechanisms already in progress with a view to its gradual revision is carried out as part of a fundamental process of rethinking which takes account of the present limits on production entailed by a policy of limiting expenditure, of the economic and social implications of that policy and of the prospects that may be opened up by new measures, bearing in mind technological development, the structural improvements to be carried out, the qualitative improvements to be sought and the changes that we hope it will be possible to make to the present commercial policy.

In the field of environmental protection we will, on the basis of the guidelines issued by the European Council meeting in Dublin, give a special impetus to the continuation of the discussions in progress on subjects of major importance, bearing in mind the need for a joint commitment on the part of the Member States to deal with a problem which has already grown to supranational proportions and which must be dealt with by means, among other things, of the instruments of international cooperation and also, of course, of common action.

Two problems are of particular urgency: lead in petrol and that of motor-vehicle exhaust gases, on which common rules at European level must be adopted at the earliest opportunity. Those rules must take account of legitimate concern for the protection of the environment from atmospheric pollution, not forgetting the cancer aspect, and the need to prevent the proliferation of different national standards to the detriment of European market unity.

In the field of common transport policy too progress must be made. The transport sector, almost completely deadlocked, must be revitalized; in my opinion, its importance for the integration process has not been appreciated so far in practice.

We also feel that the problem of the increase in drug abuse and its social, economic and above all human implications now deserves greater attention at Community level as well.

We therefore believe it would be useful during our Presidency to convene, possibly in an informal context, a meeting of the ministers responsible for drug problems in Community countries for a detailed discussion of the matter.

This is an initiative to which the Italian Government attaches particular importance because it aims at bringing about more coherent and effective international collaboration in the battle against the scourge of drug abuse.

We shall attempt to increase the awareness of our partners to this problem, convinced as they are, like us, that the Europe that we want to build must take ever greater account of the human and social aspects of its problems.

I should now like to pass to matters related to the enlargement of the Community and, in particular, to those concerning the conclusion of the negotiations for the accession of Spain and Portugal.

The outcome of the Dublin European Council, particularly as regards adjustment of the wine sector regulations, in which Italy showed great flexibility and a spirit of compromise, has certainly removed the most serious obstacles which could have continued to hold up the negotiations indefinitely.

It could be said that the discussions in Dublin paved the way for balanced solutions to the other problems still outstanding in the negotiations.

The remaining difficulties, which will have to be overcome if the negotiations are to be completed by the deadline, will require from both the Member States and the applicant countries a great effort and a political attitude capable of coming to terms with the essential points and leaving aside secondary and subsidiary matters.

There is no doubt that for some Mediterranean agricultural products the entry of Spain and Portugal could cause surpluses as regards the Community market's capacity for absorption. For our part we will continue to make every effort, particularly while holding the Presidency, to ensure that fair solutions are adopted which will guarantee reasonable incomes for Mediterranean producers.

Our general objective must be to keep a close watch, at least in some sectors, on competing agricultural products, while at the same time trying to make the most sensible use of the possibilities of any new markets in a true spirit of cooperation.

During these six months we shall also have to approach another chapter of the negotiations which is very important to the economic and social circles concerned, both in the Member States and in the applicant countries. This importance is reflected in the distance which still separates the respective negotiating positions. I am referring to the fisheries sector. During our Presidency we will do everything in our power to find solutions which are acceptable to all the parties concerned.

It seems to me that as the negotiations continue, particularly in the agricultural sector, account must be taken, on the one hand, of the economic benefits which North European products (of which there are deficits in Spain and Portugal) will derive from the opening of new markets and, on the other hand, of the economic disadvantages which will inevitably result for Mediterranean products. To alleviate some of these disadvantages, at least partially, it will be necessary to resort to appropriate temporary measures, such as those contained in the integrated Mediterranean programmes.

In fact, it seems to us fair that provision should be made under these programmes, on which the European Parliament has expressed a favourable opinion, for measures to compensate those regions of the Community which will have to bear the greatest burden of the third enlargement of the Community.

It is certainly to be regretted that no decision has yet been taken on the Commission's proposals on the integrated Mediterranean programmes, even though the accession negotiations are now in the final stages. It is therefore the duty of the Presidency to ensure that this problem, the difficulty of which we fully appreciate, does not remain outstanding much longer.

For all these reasons, the Italian Presidency will make every possible effort to provide the right conditions for the successful conclusion of the accession negotiations during the early months of 1985.

We shall make a concerted effort to continue our earlier endeavours of recent years to encourage the enlargement of the Community to include the countries of the Iberian peninsula, as part of a process to recreate Europe's historic dimensions, on the basis of which the Community can give the necessary impetus for further progress towards more intensive and significant forms of political and economic integration.

I would add that the enlargement of the Community will lead to further consideration of its relations with the Mediterranean countries.

I now wish to turn to the Community's external relations. The Community has now developed with the rest of the world a vast and intricate complex of agreements and arrangements. At the same time it has strengthened its own role as an international economic organization.

Many third countries are seeking cooperation with the Community, and this should encourage us to consider more deeply both the political and the economic opportunities involved.

It is in the Community's interest to develop its external relations. We must, however, initiate within the Community a discussion on creating a more positive image for the Community, especially in the areas which most directly concern it.

I am referring in particular to relations with the Mediterranean countries, the ACP States and Latin America and, more generally, to the North-South Dialogue and the common commercial policy.

The Community is currently reconsidering its relations with the Mediterranean countries, which are asking for closer links with the Community. There is, however, some concern that the accession of Spain and Portugal could have negative repercussions.

The Italian Presidency considers that every effort should be made to encourage the development of relations with those countries, by strengthening the dialogue and, above all, by commitments (including financial commitments) to cooperation. Enlargement could provide an appropriate opportunity to make additions to the existing agreements, to reconcile the interests of the Community's present and future Member States with those of the Mediterranean countries, in both the medium and longer term.

As regards relations with the ACP States, which are an essential aspect of the North-South relationship, I must mention that the Italian Government made a decisive contribution to the success of the recent Lomé negotiations. We consider that it is particularly important to launch the new convention in a climate of mutual trust which will pave the way for its success.

Regarding Latin America, you are aware of the importance which the Community attaches to strengthening its relations with Central America, with a view to contributing to the stability and development of that troubled area. This attitude on the part of the Community has already been demonstrated at the ministerial meeting in San José, Costa Rica. The Presidency intends to carry

out the Community's declared intentions and encourage the launching of negotiations for a framework agreement.

Relations with Latin America have not yet reached the level which should be theirs by right in view of the close historical, cultural and political connections between us. We consider that the time has come to reactive the dialogue and give it a tangible content, thus paving the way for a more vital relationship.

As regards the Asean countries, we shall continue to reflect on ways of intensifying our relationships, possibly by a ministerial meeting on economic topics.

We believe that the Community should do everything in its power to tackle the famine and the serious problems currently affecting various areas of Africa—in particular, Ethiopia and the Sahel countries.

As the country holding the Presidency, it is our intention, consistent with humanitarian commitment which the Italian Parliament has also called for on several occasions, to do our utmost to give effect to the decisions of the Dublin European Council, which, as you are aware, recognized the urgent need for Community action in this field. Over and above the specific emergency aspect, however, we shall need to undertake the more wide-ranging task of ensuring better coordination of action between the Community, the Member States and other donors, in order to increase the effectiveness and step up the speed with which the emergency aid measures are put into effect.

Community relations with the Community's major trading partners and other industrialized countries represent a further area of interest to be followed closely during the first half of 1985.

I should like to point out that our relations with the United States are of central importance to the maintenance and development of an open international economic system. We intend to pursue the objective of genuine cooperation in the interests of both sides, with a view to finding a solution to existing trading problems. To this end, it may be useful to intensify both dialogue and consultations so that we may be better aware, and generate a better awareness, of our points of view and their underlying motivation.

Together with the EFTA countries we can view with satisfaction our achievement in establishing a free-trade area, and we think it desirable that our relations should be extended and deepened.

In the multilateral field there are prospects for a further round of negotiations designed to strengthen the framework of international trade.

The Community will, as in the past, support any firm measures which will help to improve the multilateral system.

The Italian Presidency will have to promote discussions to identify the framework in which such negotiations should take place—considerable importance being given to the part which the emerging countries propose playing—and also to define the objectives which it is intended to achieve and, thereby, the issues calling for negotiation.

To sum up, I do not think that I need waste words on affirming the growing importance of political cooperation among the Ten, a process on which—it can be said—there is a general consensus and which this Parliament approves and, indeed, rightly seeks to foster.

Italy will strive, therefore, to accomplish this side of its presidential responsibilities also, particularly since, at a time of change such as that which appears in many respects to have returned to the international scene as 1985 begins, it is vital that Europe should employ every means possible to make its presence felt, defend its own interests and affirm its own ideals and principles.

For a long time now we have been faced with the problem of ensuring more complete harmonization between the two aspects of our work, the truly Community work and that under political cooperation. The Italian Government has always striven in this direction, as is evident from the role played by us in the negotiations leading to the Solemn Declaration of Stuttgart. In our view, as is well known, we ought today to be in a position to proceed well beyond these results.

At this point, I think it timely to set forth, albeit briefly, the essentials of the main topics of international policy.

First of all, I should like to mention East-West relations.

The meeting in Geneva over the last few days between the American Secretary of State and the Soviet Foreign Minister is a complex event which we shall have to assess carefully and the follow-up to which will call for considerable work on the part of all concerned; however, as regards the overall issue of arms control and disarmament, we must say that this event seems to us as a positive sign. I make this point too following the statement made to us in Rome, in the wake of the Geneva meetings, by the American President's Special Adviser, Mr McFarlane, and further to those convergent impressions which have filtered through to us from the government in Moscow.

During this new phase, the countries of the Community will be required to play a highly important

back-up role, in addition to tabling proposals and examining in depth the fundamental interests which Europe must assert on behalf of the West as a whole, in order that peace and dialogue may be based on as stable a balance as possible.

In this context, the importance of maintaining active contact with both the Soviet Union and the other Warsaw Pact countries should be emphasized. In particular, we intend to continue to keep a close and involved watch on internal events in Poland, which remains very much a highly heterogeneous and lively society among the countries of the Eastern bloc.

The CSCE process continues to play a central part in East-West relations, through the promotion of better relations between the participating countries and the full expression of the personalities of those countries' citizens. The Ten will have to continue to press consistently for the full implementation of all the arrangements agreed on in Helsinki and Madrid by all participating States without exception.

At the Stockholm Conference on Confidence- and Security-building Measures and Disarmament in Europe (CDE), after a whole year of procedural shadow-boxing we are at last moving towards a point where the arguments will be tackled in a substantive manner. This is very important, particularly following the Soviet-American meetings in Geneva.

The Ten will be called upon to make a consistent contribution and to adopt common positions and initiatives within this Conference. Our intention is to strive to achieve a simple incisive contribution towards a negotiated agreement on specific measures, in order to increase confidence and security in Europe, as well as the reaffirmation of the pledge not to resort to force or the threat of force, which Italy regards as a significant political fact.

The Ten will, however, also need to work in other debating and negotiating fora on arms control and disarmament if concrete progress is to be achieved.

With regard to the prospects for a negotiated solution to the Arab-Israeli conflict, once the total stagnation of peace moves pending the outcome of elections in Israel and the United States have been overcome, pressure on the parties involved can and must be stepped up to foster at least the opening of talks and, thereby, to help to relieve the present tension in the region.

In a complex and delicate context such as that of today, the Ten need to act with caution but with perseverance, by proposing realistic targets which do not situate themselves over-ambitiously beyond the capabilities of the European Community.

I had the opportunity in Amman in the last few days to express these viewpoints not only from the Italian angle but also on behalf of the Presidency, on the basis of the Dublin document; I encountered the keen expectation on the part of those with whom I spoke, starting with King Hussein, that Europe would be ready to support any progress in the peace dialogue and to capitalize upon any glimmer of hope which might emerge.

The Ten can, moreover, boast a balanced and effective common platform in the form of the Venice Declaration and its subsequent updating.

There is a precondition for transition from the present revival, following a long period of stagnation, to a real phase of activity; it is that the assured joining of ranks around Jordan must provide a true platform, for negotiations between Jordan and the PLO, enabling Jordan to negotiate effectively on the occupied territories. This obviously presupposes willingness in principle on the Israeli side.

In the position of the new coalition government in Israel we have detected welcome signs of greater attention being paid to the problem of the Palestinians in the occupied territories.

It is clear that any action by the Ten must be linked to that of the United States, whose role is universally acknowledged as being, certainly not exclusive, but of prime importance to a solution of the Middle Eastern dispute.

We also attribute great importance to the role of the United Nations and to the commitment that has traditionally been shown by the Secretary-General. It is well known that we wish to see the United Nations far more involved in peace making or attempts at mediation in the Middle East; under the aegis of the UN such initiatives would be guaranteed to be balanced and should be acceptable all round.

Lastly, we cannot disregard the usefulness of suitable contacts with the Soviet Union, which, because of traditional positions and the relationships that have been built up in the Middle East, cannot be excluded from any future overall settlement of the crisis. It is not particularly important to have a referendum for or against the conference mooted. What is important is to find a valid model acceptable to all sides.

Together with the Arab-Israeli conflict, the situation in Lebanon and the Iran-Iraq war with its repercussions on the Gulf constitute an extremely complex background fraught with dangers and tensions and compounded by the undercurrents linking the three crises.

The Ten have frequently stressed, most recently in Dublin, the need for national reconciliation in Lebanon and the restoration of the territorial integrity and sovereignty of the State; in the same way, they have offered their full support for offers by various parties of mediation to bring and end to the war between Iran and Iraq.

Another area to which the Italian Presidency intends to pay attention is Latin America. There are three directions which this action should, if possible, take.

First of all there is the continuation, broadening and development of the political and economic dialogue with the countries of Central America, begun successfully at the San José Conference in Costa Rica last September, at which the Ten reiterated their full support for the peace attempts made in the region along the lines indicated by the initiative of the Contadora Group. We shall give close consideration to the possibility that during the Italian Presidency a second conference will be suggested in Rome, along the lines of the first, subject to establishment of the level at which it will be held.

Secondly, we shall continue our activities to promote respect for human and civil rights: we welcome the present trend towards the restoration of democratic régimes, and towards forms of dialogue between government and opposition, and hope that in this area we shall be acting in a climate of gradual improvement.

Lastly, we must continue to encourage the spread of democracy in Latin America, particularly in Chile, whose people pursue this aspiration so courageously. The resumption of a genuine political dialogue in Chile is vital to the re-establishment of freedom and democracy.

With the forthcoming return of Brazil to a civilian régime and the recent elections in Uruguay, democracy is to be found almost everywhere in South America. However, democracy requires political and economic support, as the history of these regions and present-day events show us that the threats to democratic régimes have not disappeared. Europe must give its own support and assistance.

Another sector of constant concern to the Ten is Africa.

In the case of southern Africa, the Ten welcomed the outlines of a solution to the serious political problems of the region which emerged in the course of 1984. The Lusaka Agreement between South Africa and Angola on military disengagement in southern Angola should, in particular, help to create a climate of mutual trust, thus

facilitating implementation of UN Security Council resolution 435 on the independence of Namibia.

Equally, the Nkomati Agreement between South Africa and Mozambique should bring greater political stability to the region and help to bring about peace within Mozambique's own borders.

This does not mean, with regard to South Africa, that the Ten are softening their firm condemnation of the apartheid system, on which a number of half-hearted reforms have failed to make any significant impact.

There are more vast areas, such as the Horn of Africa, where humanitarian problems are bound up with severe tensions and conflicts that must be borne in mind when bringing pressure to bear on the parties concerned to persevere in the difficult quest for dialogue and political solutions, in accordance with the principles of both the United Nations and the Organization of African Unity.

On the Asian scene, the situation in Afghanistan continues to be a serious international problem. The Ten have on many occasions deplored the Soviet Union's unwillingness to make a positive contribution to a solution of the Afghanistan problem on the basis of successive UN resolutions. The Soviet Union has, on the contrary, stepped up its military activity, causing further suffering and many civilian victims among the Afghan population. The Ten condemn these actions and continue to call for a just and lasting solution, as advocated in the Declaration approved on 27 December last year on the occasion of the fifth anniversary of the Soviet invasion.

Vietnam's occupation of Kampuchea continues to threaten the stability of South-East Asia.

We believe that any political solution to the problem must be based on the total withdrawal of Vietnamese troops, the right of the Kampuchean people to decide freely on their own future, respect for Kampuchea's independence, neutrality and non-alignment and a commitment by all States not to interfere in its internal affairs. Under these conditions, we believe that a peaceful solution can be found that will coincide with the legitimate security concerns of all the States of the region.

The Italian Presidency is committed to reinforcing the Ten's action in defence of human rights and against terrorism. On the fundamental subject of human rights, in addition to the traditional UN forums, special attention must be paid to the Conference on Human Rights to be held in Ottawa in April, which places this aspect high on the agenda for the development of the CSCE process.

With regard to terrorism, especially its new international dimension, the Ten have stepped up

exchanges of views on measures to combat it, and have laid the foundations of closer cooperation on the matter, with particular reference to the abuse of diplomatic immunity for terrorist purposes. We hope to step up this form of cooperation further by more effective measures at international level.

In the light of the complexity of the international scene, the role that could usefully be played by a united Europe in the interests of peace and progress emerges clearly.

Because of its historical and cultural values, Europe is called upon to exercise a balancing influence on the international scene. The European Parliament, which forms part of the overall pattern by virtue of the power it derives from the popular vote, must be in a position to play a central role, and this must be reflected in its rights of participation and its functions of control. We have as our basis an exceptional wealth of political and cultural experience which renders cooperation between our various political forces productive and which also enables this Parliament to carry on

a lively dialogue from differing positions. Experience has shown quite clearly how important it is for differences in outlook not to be levelled out but instead to be examined side by side in the Community context and a middle ground sought that takes account of all values and responsibilities.

Allow me to conclude with the entreaty which Alcide De Gasperi made, that we should all cultivate together a feeling of joint responsibility, a feeling which gives life to our hopes for a better future and to our conviction that the path we are on is the right one.

On the day on which he was elected President, De Gasperi said in his speech to the ECSC Assembly that the task awaiting us 'is very difficult, because it means renewing and transforming centuries-old habits and traditional interests'.

And he concluded 'consequently we need the pressure of public opinion, but the most authoritative interpreter of that public opinion is this Assembly: it is therefore clear that the Assembly's parliamentary debates are the means of giving strength, authority and guidelines to the executive body.'



