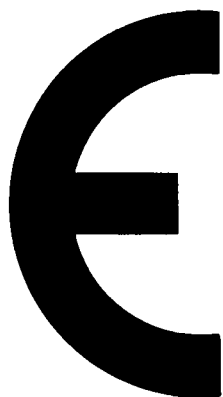


Bulletin

OF THE EUROPEAN COMMUNITIES

Commission



No 9 1985

Volume 18

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Bulletin

OF THE EUROPEAN COMMUNITIES

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* In preparation.



PART ONE

SPECIAL FEATURES

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References in text and footnotes

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

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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. Institutional reform

Opening of the Intergovernmental Conference

1.1.1. The inaugural session of the Intergovernmental Conference was held in Luxembourg on 9 September, attended by the Foreign Ministers of the Ten, Spain and Portugal. It was chaired by Mr Jacques Poos, Foreign Minister of the Grand Duchy of Luxembourg. The Commission was represented by Mr Jacques Delors, President, and Mr Carlo Ripa di Meana, Member with special responsibility for institutional questions.

The meeting dealt first with organizational matters, and, largely on the basis of a suggestion from the President of the Commission, Ministers adopted initial arrangements for Parliament's involvement in the proceedings: a delegation from Parliament will be received at each meeting of the Conference during a break in the plenary session, briefed on the discussions and given the chance to express its reactions. Parliament will also have the opportunity to table amendments to documents transmitted by the Member States and the Commission right up to the deadline set for that purpose for all the other participants, i.e. 15 October. Parliament may also give a reading to all Conference texts before they are submitted to the European Council.

On the basis of introductory statements by the Council and Commission Presidents, the Conference held an initial policy discussion in an open and constructive atmosphere. The working method proposed by the Presidency (progressing through objectives and competence to procedural implications) was widely endorsed, and the policy guidelines put forward by Mr Delors served as a reference for many Ministers in their statements. In particular, the idea of a single Act advocated in the Commission opinion of 22 July¹ was specifically supported by several Ministers.

As Mr Delors had announced in his speech, the Commission presented preliminary pro-

posals on the large internal market, technological development, economic and social cohesion, the environment, the promotion of cultural values, Parliament's powers and the Commission's management and executive powers.

The Preparatory Group was asked to press on with its work and submit proposals to the Conference at its next meeting in Luxembourg on 21 and 22 October.

Speech by Mr Delors

1. Importance and purpose of the Conference

'Before I announce the Commission's initial contributions to this joint endeavour, allow me to make an important albeit obvious point. Conferences such as this are not called every five or ten years. It may well be that between now and the year 2000 no further conference will be convened. And so today we have a rare and golden opportunity to put the European venture back into perspective and lay the political and institutional foundations for dynamic renewal. We must use this Conference to speak our minds for, although recent Community developments have been gratifying, the scale of the remaining obstacles is common knowledge. Material obstacles but also silences sometimes as expressive as words. Whenever I suggest that we must break the hush and say what we mean, certain ministers tell me that too much light, too much clarity, could complicate things at national level. That may be, but—as someone put it to me when I was involved with negotiations between the two sides of industry—a little light in the shadows would do no harm. So, my hope is that, failing any general discussions, we shall have an opportunity to put our cards on the table concerning, say, the large internal market, economic and social cohesion and, hence, a certain degree of solidarity between our member countries...

With regard, more specifically, to the political and institutional foundations for dynamic renewal of the Community, the gradualism which has worked well enough and proved its worth since the Treaty came into being is not in question. But it does seem to me that in the proposals from certain member countries there has for some time now

¹ Bull. EC 7/8-1985, point 1.1.12.

been a questioning of the Community method as a means of building Europe.

So I will have the opportunity, with my colleagues, to tell you how we think and feel about the value and limitations of the Community method as a means of creating an entity capable of holding its place in the world. I think we have to do some straight talking and, when we speak of excessive bureaucracy, the funereal pace of decision-making and the difficulty of advancing as Twelve, we need to know whether we can eliminate the causes of these problems without jeopardizing a method which, all things considered, has enabled Europe to go forward... This resolve to move towards a European Union—even though the differences between our Member States on aims and substance are more than minor—has been affirmed by several Heads of State or Government. Now it is hard to see how this European Union can be achieved until such time as it can function on the basis of unified institutions. That's not possible today, I freely admit. But we must ensure that it will be tomorrow because of the close interdependence between foreign policy and security matters on the one hand and what we might call stewardship (economic, financial and monetary matters) on the other.

But this stewardship also extends to social affairs, culture and the will to live together. For we must face the fact that in 30 or 40 years Europe will constitute a UPO—a sort of unidentified political object—unless we weld it into an entity enabling each of our countries to benefit from the European dimension and to prosper internally as well as hold its own externally ...

The new Act would begin with a Preamble affirming that the European Communities on the one hand and European political cooperation on the other share a single goal, namely to contribute to the unification of Europe. This would be followed by two separate titles, one dealing with political cooperation, the other with adjustments or additions to the Treaty of Rome. The Commission considers that the adoption of a single Treaty strengthening the concept of European Union and neither diminishing the future nor prejudging the developments ahead would be a valuable symbol of the resolve to attain European Union ...

II. Objectives and competence

I now come to the three-point plan advocated by the Presidency: objectives, competence and procedures.

1. Objectives

It seems to me that one of the objectives must be to codify political cooperation; a number of

countries would perhaps go further than just codification ... Some Member States simply wish to capitalize on achievements and do not believe that, with an institutional thrust, we can rise above the problems confronting all our countries as they make their way and gain experience in political cooperation. Others would go further and make a qualitative leap inspired by political will and sustained by new institutions.

The second objective—which is essentially what the Treaty would have us do—is to create the conditions for the achievement of a pertinent and efficient economic entity. Here, to my mind, we have four essential prerequisites, which make up a coherent and interdependent whole:

- (i) a genuine large internal market;
- (ii) a command of technology to serve our productive capacity and our social life;
- (iii) economic and social cohesion, without which the negative aspects of the large market—the concentration of poles of decision and wealth—would for some countries or regions cancel out the positive repercussions;
- (iv) and, last but not least, what I would call, for want of a better phrase, a certain monetary capacity ...

And over and above what constitutes the essential base of a united Europe, the Commission will also be making proposals, notably for the environment and culture.

2. Competence

I feel that the Intergovernmental Conference must make a clear distinction between *exclusive* competence and *concurrent* competence. I do not believe that it will be possible in legal terms to base action in the spheres I have just mentioned solely on exclusive Community competence. By contrast, concurrent competence strikes me as consonant with a more realistic view of things and with preservation of the prerogatives of the national parliaments. This approach will also allow us to achieve simpler texts. And, for a multinational organization like the Community, simplicity is of the essence.

I feel too that we shall have to think in terms of potential competence. Thus, for example, in the case of currency the drafting of two or three articles, incidentally a complex operation, will clearly not be enough to enable us to stride forward. But, at least, for the next 15 or 20 years we will have the legal framework needed to advance. In short, there will be no legal barrier to any resolve to achieve progress in due course. The Commission will be proposing to you additions to

the Treaty which spell out the scope of application of Articles 100 and 235.

The conditions under which these Articles are being applied are unsatisfactory. I believe that today, considering the clear resolve to achieve at the very least the large internal market, we must tighten the loose framework of both these Articles.

3. Commission proposals

It is in that spirit, fusing coherence of objectives with simplicity of language, that the Commission will be making proposals for additions to the Treaty with regard to the large single market and the harmonization of rules, the framework for technological cooperation (reconcilable with the development of Eureka), the need for greater cohesion in the Community, currency, the environment and culture ...

The large market is not just for European businessmen; it is to serve the people too. And this raises extremely thorny problems, particularly on security and health protection grounds. We have to harmonize the rules because there can be no internal market with a reasonable degree of competition unless at least a few of them and hence to some extent business costs as well have been brought into line ...

History teaches us that a large single market cannot be of universal benefit unless its growth is sustained by flanking policies. A key issue here will be to determine whether these policies should be conducted at national or at Community level. Are our current policies under the Regional Fund, the Social Fund and the EAGGF Guidance Section satisfactory and geared to creating a large market and benefiting from its scale? I think not. It is time to reaffirm the resolve to achieve the essential cohesion of the Europe of Twelve, with all that that implies ...

As for the environment, it is, of all the social issues, no doubt the one which lends itself best to Community treatment; the approach here is less tricky than in the case of culture or education.

Finally, for currency, I have indicated the problems, but I believe it is both possible and desirable to have a structure enabling us to accommodate future developments without disregarding the functions of the world's banks or the fact that currency lies at the heart of sovereignty.

So the Commission will have to be selective in its choice of areas in which to make contributions to the Conference proceedings. I have ruled out further texts on energy, industry, health and education, for I believe that in these areas we can make progress without additions to the Treaty.

There is no point in cluttering the Conference table with proposals on this, that and the other and plunging into the interminable wrangling that went on in the early 1970s with, for example, the memorandum on industrial policy.

But it would be negligent of us to overlook something of vital importance to certain States: differentiation. This is a crucial issue, and if we don't face it we will get nowhere either on the monetary front, with economic convergence, or in technology. My feeling is, if you will allow me this objection, that the Dooge Report looks at differentiation solely from what I will call its negative angle. I mean by this the possibility for a member country to secure either a transitional period of two or three years or an exemption from the requirement to adapt to a Community policy (say, in the form of a safeguard clause). But there does exist a form of positive differentiation which is absolutely essential.

By this I mean that if, within the framework of a policy defined by the Twelve, four, five or six countries all wish to go further or faster than the others to attain a Community objective, the Treaty should not stop them from doing so. Adequate financial arrangements would also have to be made ...

Finally, there is another subject on which the Commission would like to make proposals: modernization of the Community's financial system. The way in which Community financing is designed seems to me hopelessly archaic. It results in an ever-heavier emphasis on net budget balances. We must find more flexible methods of financing outside the budget ...

III. Procedures

I will close with the third and last point in the plan proposed by the Presidency, namely procedures...

In actual fact any searching appraisal of the decision-making process or, more accurately, the all-too-frequent non-decision-making process shows the cause of our predicament to be "unanimity", the dead weight which is crushing the whole Community system. Its menacing presence, even when decisions may be taken by qualified majority, is producing paralysis. We must cut the Gordian knot, break with the present practice of systematically seeking unanimity and shift to qualified-majority voting in clearly defined cases; this is what the Commission will be proposing in its draft amendments to the Treaty relating to the large single market, technology, economic and social cohesion, and currency.

Finally, we must dig ourselves out of the present impasse constituted by the huge "grey area" between the Council and the Commission, which is blocking not only the Commission's proposals to the Council but also the measures required to implement Council decisions. There is a grey-area sociology, which must be analysed and modified, not by eliminating the Luxembourg pseudo-compromise—and I bow to the views expressed by the Member States—but simply by deciding to switch to qualified-majority voting when the aim is to attain objectives agreed to in principle by all.

The extension of majority voting must be sustained, as you stipulated in Milan, by improving the decision-making machinery within the Council and also by extending the Commission's management powers so as to restore its capacity to act. Here again, we should let simplicity be our guide in overcoming the problems of taking and implementing decisions...

There are too many texts, and they are becoming impossible to apply. On the one hand there is talk of deregulation and on the other the Commission, like any self-respecting organization, carries on producing texts. We must get back to the straightforward idea of framework or outline regulations which, in particular in areas of concurrent competence, will enable each country to adopt the most appropriate implementing decisions and set up the simplest and most straightforward monitoring procedures...

And lastly, I should like to close with a reminder that we need to enhance the prerogatives of the European Parliament... I would observe that the Heads of State or Government took the decision to elect Parliament by direct universal suffrage and that, regardless of the derision aroused on occasion by certain debates in the House, its members *were* elected by universal suffrage...

However, if we make a gesture towards Parliament, we shall be justifying its existence and helping to give it greater clout... We can do so by giving it more responsibility and involving it in the Community decision-making process.

It is in that spirit, neither dogmatic nor demagogic, that the Commission will be making its proposals and will be reiterating one of those it made in Milan concerning the change from unanimous to qualified-majority voting in certain clearly defined cases when Parliament has given a favourable opinion on a Commission proposal...'

Initial Commission proposals

1.1.2. At the beginning of the Conference, the Commission presented a brief note pro-

posing that the Conference combine the results of its work both on amendment of the EEC Treaty and on political cooperation in a single legal instrument. This single framework would preserve the dichotomy between areas of activity and legal systems but would facilitate the transitional stages in the gradual achievement of European Union.

The Commission regards adoption of this single framework as of fundamental importance for two reasons:

(i) it would establish realistic conditions for osmosis between economic, social and monetary policy on the one hand and foreign policy on the other; and

(ii) it would symbolize the political will to move towards European Union, both for the peoples of the Member States and for non-member countries.

The preparatory work on political cooperation is being carried out by the Political Committee (consisting of the Heads of Political Departments in the Member States) on the basis of the British and Franco-German drafts laid before the Milan European Council and the Dutch and Italian drafts containing amendments to them. The Commission is represented on the Political Committee; apart from the paper on the single framework, it has not for the moment prepared any proposals.

As regards the revision of the EEC Treaty, which is being dealt with by a preparatory group chaired by Mr Dondelinger, the Commission intends to focus its proposals to the Intergovernmental Conference on:

(i) the creation of an efficient economic entity; and

(ii) the setting-up of a more efficient and democratic decision-making machinery.

In presenting its initial proposals the Commission followed the method suggested by the Presidency, namely to deal first with objectives and competence before considering how they will affect procedures.

In general, the Commission does not intend to put forward a large number of proposals

for extending Community competence in a multiplicity of sectors where this would be inconsistent with the consolidation of the Community base through the creation of a major economic entity.

However, it reserved the right to draw up texts in areas for which the present Treaty does not provide an adequate legal framework. It has already submitted two papers to the Conference on the environment and the promotion of cultural values.

1. An efficient economic entity

1.1.3. The main goal is to achieve economic and social integration within the Community, making it the basis, in accordance with the aims of the EEC Treaty, of a genuine political entity.

The interdependence of the preconditions for the creation of such an entity led Mr Delors to propose to the first meeting of the Intergovernmental Conference that the Community's responsibilities be developed in four areas:

- (i) the large internal market;
- (ii) technological development;
- (iii) economic and social cohesion; and
- (iv) a 'certain monetary capacity'.

The large internal market

1.1.4. The Commission proposal focuses on two objectives.

(i) Achievement by 31 December 1992 at the latest of an area without frontiers, in which persons, goods, services and capital can move about under the same conditions as in a Member State. This concise formula effectively sums up the whole programme presented in the White Paper on the completion of the internal market, approved in principle by the Milan European Council.

This is a simple but overall approach, which does not lend itself to subdivision into specific aspects.

(ii) Introduction of greater flexibility into the legislative process by changing to qualified-majority voting for the adoption of all the measures needed to achieve the internal market.

Aware, however, of the specific problems raised by the free movement of persons on security and health protection grounds, the Commission is proposing that the principle of unanimity be maintained until 31 December 1992.

Technological development

1.1.5. The lack of provision in the Treaties for any clearly established general competence in respect of research and technological development policy is one of the reasons why Community progress in the field of the new technologies has been slow and extremely modest compared with the prizes to be won.

If the Community is to move into a higher gear, the revised Treaty of Rome will have to define its competence in the area of research and technological development clearly, spell out the objectives and procedures involved, and make the decision-making machinery, here too, more flexible and efficient. This is the aim of the Commission proposal, which provides for:

- (i) a multiannual framework programme, adopted unanimously, providing a basis for the balanced, all-round development of Community activities;
- (ii) Community programmes, adopted by qualified majority, calling for cooperation between all those involved (including firms and research centres) and open to non-Community countries; some of these programmes may involve only some of the Member States.

Economic and social cohesion

1.1.6. The Commission proposal for strengthening Community cohesion is intended to correct the inevitable adverse effects of a large internal market without flanking policies particularly on the social

and regional fronts, such as the development of the less-favoured regions, the improvement of job opportunities and working conditions, and the conversion of declining industries.

The Commission is aware that the existing instruments, the Social Fund and the Regional fund in particular, have gradually been deprived of some of their effectiveness as corrective instruments in order to contribute towards the redistribution of budgetary resources. It considers that the time has come for all the financial instruments to be properly coordinated, their resources diversified and their facilities focused on more clearly defined goals.

A 'certain monetary capacity'

1.1.7. The Commission has not yet presented its proposal. It will do so once it has had discussions with the Ministers for Economic and Financial Affairs.

II. Efficient and democratic decision-making machinery

How to improve decision-making within the Council

1.1.8. This implies one simple measure which was proposed in the Dooge Report and which is fundamental to common policies: qualified-majority voting becomes the rule, unanimity remains the exception.

At the present time, the EEC Treaty still provides for unanimity in 33 instances. In future this list must be substantially reduced as proposed by the Commission with its amendments to the Treaty of Rome relating to the internal market, technology, strengthening of cohesion and the environment.

1.1.9. The extension of majority voting will be meaningless, however, unless the Council gives up its practice of systematically seeking a consensus of all Member States for every decision, however minor.

The main reason for the paralysis within the Council, and hence the whole Community, lies in the fact that the Council does not put matters to the vote, even when decisions may be taken by qualified majority. The threat to invoke the Luxembourg compromise casts a permanent shadow over the Council's work and often prevents proposals from going any further than the level of experts. Although in recent years it has been possible to push through a number of decisions by qualified majority, there are nevertheless a good many instruments, whether relating to important measures or simply administrative matters, which remain stuck for ever in the Council machinery as a result of the refusal to take a vote.

This sociological constraint must be eliminated. These habits are so deeply rooted in mentalities today that only an institutional change can remove them.

How to involve Parliament more closely

1.1.10. Parliament's present position suffers from an imbalance which hampers the efficient functioning of the Community as a whole.

Now elected by direct universal suffrage, Parliament enjoys undeniable democratic legitimacy, but its powers still remain very limited. On the legislative side, its powers are still only advisory, whereas on the budgetary side it can approve expenditure without the responsibility of raising fresh taxes. The Commission feels that this situation is unhealthy and that it needs to be remedied by giving Parliament the powers and responsibilities which will enable it to assume its role as the leading democratic institution in the Community. It is with that in mind that the Commission has just laid proposals before the Intergovernmental Conference.

Extending the scope of consultation

1.1.11. The Commission is proposing that the obligation to consult Parliament before the Council can adopt legal instruments be

extended to cover all clauses of the Treaty to which this does not currently apply. All in all, some 10 clauses would be affected.

Conciliation

1.1.12. A conciliation procedure established by agreement between the Council, Parliament and the Commission already exists for all general acts with financial implications. Its purpose is to brief the Council more fully on the implications of Parliament's opinion, through dialogue with a Parliamentary delegation, and to enable it to seek agreement with the House.

The Commission is proposing that the principle of conciliation be written into the Treaty, which would also define its objectives, and that the procedure be extended to cover all major acts, not only those with financial implications.

Cooperation between Parliament and the Council

1.1.13. The revision of the Treaty is designed to achieve the internal market and give the Community new horizons (research and technological development, stronger technology). The Commission is proposing that Parliament effectively share in the legislative power in areas where qualified-majority voting applies. Under the new cooperation procedure Parliament would have the power to introduce amendments. Parliament's agreement would be required for the Council to adopt an act by majority voting on first reading. Should Parliament introduce amendments, the Council would have to proceed to a second reading and, should the Commission endorse those amendments, the Council would have to act unanimously if it wished to depart from them.

Assent procedure

1.1.14. In four cases which concern the Community's constitution, the Treaty provides for a mixed procedure combining Council decision and ratification by national parliaments. These are:

- (i) the establishment of a uniform procedure for the election of Members of the European Parliament (Article 138(3));
- (ii) the creation of own resources (Article 201);
- (iii) revision of the Treaty (Article 236); and
- (iv) accession of a new Member State (Article 237).

The Commission is proposing that in these four instances the Council's decisions be subject to Parliament's assent or agreement.

Judicial review

1.1.15. Adoption of these amendments would mean that Parliament would have the same rights and obligations as the Council and the Commission with regard to the procedure for reviewing the legality of acts of the institutions (Article 173).

How to enable the Commission to carry out its management tasks more effectively

1.1.16. The present system has serious flaws.

The Commission has management powers only where they are conferred on it by the Council (fourth indent of Article 155).

The Council makes these executive or management powers subject to rules and conditions which, in some instances, amount to the Council itself taking the final decisions.

The Council has made extensive use of this possibility. In very many areas it has set up committees consisting of Member States' representatives which the Commission has to consult and whose opinions can affect the subsequent decision-making process.

In short, the Council spends a great deal of time discussing the principle and detailed conditions attaching to any powers to be conferred on the Commission. These conditions vary so much and become so intricate that, in terms of management, a wide grey area has emerged which is impairing

both managerial efficiency and clear determination of responsibilities.

It is doubtful whether the Commission, fettered by such constraints, can effectively take the essential measures to achieve unification of the internal market or manage the action programme adopted by the Council in the field of technology with the flexibility required.

The solution, here again, was proposed in the Commission's thoughts on the consequences of the enlargement which were sent to the Council in 1983¹ and have just been submitted afresh to the Intergovernmental

Conference. The conferring of management powers on the Commission must be the rule, but a rule from which the Council may derogate by way of exception.

The only conditions to apply should be the obligation to consult two or three types of committee made up of representatives of the Member States, without the Council contriving somehow or other to retain the right to take the decision. Obviously, the Commission would give every consideration to the committee's opinion, but responsibility for the final decision should clearly lie with the Commission.

¹ Supplement 2/78 — Bull. EC; Supplement 8/82 — Bull. EC; Bull. EC 3-1983, point 2.4.6.

2. Implementation of the Commission's memorandum 'Towards a European Technology Community'

1.2.1. The aim of providing Europe with power and presence and making it competitive internationally cannot be divorced from that of equipping it with a dynamic scientific and technological system generating balanced development in all areas of interest vital to it.

There is really only one means of achieving these goals, and that is a general strategy of scientific research and industrial/technological development, making it possible—through broad political analysis and decisions—to maintain the necessary balance between different measures and investments. Such was the essence of the Commission's memorandum entitled 'Towards a European Technology Community',¹ which the European Council in Milan, to which it was addressed, approved and endorsed.²

In a communication transmitted to the Council on 1 October, the Commission sets out a detailed plan for its implementation.³

General action plan

1.2.2. In July 1983 the Council decided to use multiannual framework programmes to implement the Community's scientific and technical strategy.⁴ The Commission now thinks that the framework programme for 1984-87 should be rapidly revised so that a second programme (1987-91) can be drawn up and adopted without delay. It is this second programme that must provide the qualitative leap forward heralded in 'Towards a European Technology Community'.

¹ Bull. EC 6-1985, point 1.5.1 *et seq.*

² Bull. EC 6-1985, point 1.2.6.

³ COM(85)530 final.

⁴ OJ C 208, 4.8.1983; Bull. EC 6-1983, point 2.1.248.

Definition of the new framework programme (1987-91)

1.2.3. The new programme will have to take account of all recent developments in science and technology in Europe. At the end of the year the Commission will put a general outline to the Council, which will then be able to hold an initial discussion on both this and the main activities stemming from it in February 1986.

The Commission will draft proposals for presentation in July 1986 with a view to their adoption by the Council later that year.

Suitable activities

Information technologies

1.2.4. In order to derive the fullest possible benefit from the dynamic spirit of collaboration generated in the field of information technologies by the Esprit programme,¹ which is proving highly successful, the work plan for its second phase should be drawn up as quickly as possible. A proposal will be transmitted to the Council early in 1986.

Communications technologies

1.2.5. The RACE programme can now be defined during the 18-month phase adopted by the Council for that purpose on 25 July.²

Industrial technologies

1.2.6. As a result of the excellent response to the call for proposals concerning industrial technologies (Brite),³ the Commission will put forward a revised, extended version of the programme in 1986.

Biotechnologies

1.2.7. A number of proposals are likely to be made in the field of biotechnology, e.g. changes to the programme on medical and public health research (1982-86)⁴ with the addition of projects on AIDS and cancer. The biotechnology research action programme (1985-89)⁵ should also be revised

in the light of the recent call for proposals,⁶ which resulted in some 700 projects being received. Lastly, a proposal concerning the application of biotechnology to the interface between agriculture and industry should be drawn up.

Advanced transport technologies

1.2.8. The Commission is preparing a research programme on transport with a view to improving competitiveness, promoting energy saving, increasing safety and limiting adverse effects on the environment. The programme will cover road, air, sea and rail transport and will be proposed in mid-1986. The Commission is also looking into the possibility of applying information and telecommunications technologies to road transport in order to improve road safety and traffic management.

The use of space

1.2.9. Community research involves and promotes the use of remote-sensing techniques in connection with the location of resources, monitoring and protection of the environment and land use, for the benefit of both the Community itself and the developing countries. Requirements in this sector are being analysed with a view to a possible proposal to extend Community projects in 1986.

Marine sciences and technologies

1.2.10. The Commission is examining the present situation and pinpointing research requirements in this field. As soon as the results become available, the Commission

¹ OJ L 67, 9.3.1984; OJ L 81, 24.3.1984; Bull. EC 2-1984, point 1.3.1 *et seq.*

² Research and development in advanced communications technology for Europe: OJ L 210, 7.8.1985; Bull. EC 7/8-1985, point 2.1.225.

³ Basic research in industrial technologies for Europe: OJ C 27, 29.1.1985; Bull. EC 1-1985, point 2.1.73; OJ C 66, 14.3.1985; Bull. EC 3-1985, point 2.1.148; Bull. EC 7/8-1985, point 2.1.226.

⁴ OJ L 248, 24.8.1982.

⁵ OJ L 83, 15.3.1985.

⁶ OJ C 45, 16.2.1985.

will be able to propose special measures to ensure that Europe makes the best use of its marine resources.

Education and training technologies

1.2.11. At the beginning of 1986 the Commission will present a new education and training programme to be known as 'Delta'.¹ In addition, efforts to establish a 'research workers' Europe' will continue and may be intensified.

Importance of the Community dimension

1.2.12. The Community dimension is needed to guarantee the best possible scientific and technological environment in Europe, notably through various horizontal measures.

The boosting of innovation is one of the most essential of these. Innovation is the process by which the results of R&D are transformed into industrial applications and, given Europe's failure to master this process to the same extent as its major trading partners, the United States and Japan, the Commission proposes in future to focus particular attention on this area.

A factor vital to both innovation and the exploitation of research results is the achievement of a large internal market. This is of the utmost importance for the competitiveness of European industry in that it can guarantee progress in areas such as standardization, the opening-up of public procurement, intellectual property, the common commercial policy, cooperation between European firms, and the possible creation of a 'Eurotype product warrant' (which would give preferential treatment to European firms producing high-technology products).

The internal market requires certain rules to be followed. Competition and technology policies may well pursue the same objectives where the new technologies bring about an increase in both competition and productivity. For this reason, the Commission's

competition policy is well disposed towards cooperation in R&D, specialization, joint ventures and other means of promoting high technology. The Commission will be at pains to use the powers conferred upon it by the Treaty to create a propitious environment to help the promotion of research and development, laying down guidelines to this effect.

Furthermore, care must be taken to ensure that small businesses are actively involved in European R&D activities and that countries without a high level of scientific and technical development have access to major technological initiatives. This second point will become more acute with the accession of two new countries to the Community, and innovative solutions must be found without delay.

Links between Community activities and Eureka and relations with European non-member countries

1.2.13. At the Council meeting on 22 and 23 July the Foreign Ministers stressed the need to ensure that the work of the *ad hoc* Eureka Committee was consistent and coordinated with Community activities designed to increase technological cooperation in Europe.²

The first Eureka projects are now being drawn up in detail, and all the countries participating in the preparations for the Hanover Intergovernmental Conference agree with the Council Presidency and the Commission as to the need to ensure that projects are consistent not only with Community activities but with all European R&D.

The Commission welcomes this initiative, emphasizing that the Community programmes and Eureka could and should be complementary if they are to attain common objectives, particularly since the

¹ Developing European learning through technological advance.

² Bull. EC 7/8-1985, point 2.1.212.

Eureka projects may derive mainly from industrial and commercial initiatives and concern advanced technology or industrial applications closely linked with the market.

With this in mind, the Commission and Member States will examine possible Community participation in Eureka projects, taking account of the relevance of the latter to the Community itself.

The Community must be committed to a more extensive association of the EFTA and other European countries with projects in the field of science and technology. Framework agreements on scientific and technical cooperation will soon be concluded with Sweden and Switzerland, and negotiations with Finland and Norway are in progress. Cooperation with these countries must be preserved and developed—notably in the COST framework, which since 1970 has grown into a vast scientific and technical cooperation network.

Organization: institutional aspects and financing

1.2.14. Implementation of the European scientific and technical strategy in its new extended form should not give rise to any fundamental problems. There are many ways in which the Community can implement R&D activities, from direct-action, concerted-action, shared-cost and stimulation projects to joint ventures. An additional means could be the setting-up of European agencies.

Institutional aspects

1.2.15. In September the Commission transmitted to the Intergovernmental Conference proposed amendments to the Treaties with a view to simplifying and accelerat-

ing the Community decision-making procedures with regard to scientific research and technological development—procedures which are now subject to the unanimity rule (→ point 1.1.5). The Commission believes that agreement on these changes is essential to the effective establishment of a European Technology Community.

Financing of Community projects

1.2.16. Considerable funds will be required to implement the strategies outlined above. At successive meetings since June 1983 the European Council has acknowledged the need for a significant increase in Community RD&D funding.

This clear political stance should now be translated into solid guidelines, this being vital to any realistic form of medium-term financial planning, which is itself a precondition to the setting-up of the European Technology Community.

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1.2.17. On 1 October the Council heard a statement by the President of the Commission, Mr Delors, introducing the Commission communication. He mentioned the links between the overall Community framework programme proposed by the Commission and Eureka.

Mr Delors indicated that activities in the context of Eureka could draw on the Community's past experience in R&D—under the Esprit and Brite programmes, for instance.

After a brief exchange of views, the Council agreed that the Commission communication would be examined by the Research Ministers at an informal meeting at the end of October.

3. The Community's Mediterranean policy after enlargement

Guidelines for economic cooperation

1.3.1. On 26 September the Commission sent the Council its proposals for the future of economic cooperation between the Community and the countries of the southern and eastern Mediterranean area after enlargement,¹ following July's proposals for amendments to the trade provisions of the existing cooperation agreements.²

The Commission reaffirms the importance to the Community of these countries, which together make up the Community's third-largest export market and provide its largest trading surplus, and argues that enhanced cooperation can increase the region's political stability.

1.3.2. The current financial protocols, which expire in the autumn of 1986, concentrate on fairly short-term operations of a conventional nature, including infrastructure projects.

The Commission is proposing that the Community should narrow the focus, concentrating its resources on just a few target areas with a view to establishing a longer-term approach. Future cooperation, it suggests, should follow three main guidelines:

(i) The first need is to reduce the present excessive dependence of the Mediterranean countries on food imports.

In the period 1981-83, Egypt's cereal crop covered only 53% of domestic demand, and Algeria fared even worse, producing a mere 31% of its requirements.

The Commission proposes that the Community should support its Mediterranean partners' efforts to improve domestic food production by undertaking the sort of multiannual supply commitments which have proved effective with Operation Flood in India. The Commission will also give special consideration to the needs of the

Mediterranean countries when planning extensions to its agricultural trade policy.

Training and trade promotion schemes will be introduced to help the Mediterranean countries diversify their agricultural exports, and the Commission also hopes to extend cooperation on fisheries.

(ii) The second policy objective is to use industrial, scientific and technical cooperation as a means of bringing about a greater degree of complementarity between the economies of the two sides.

This calls for liberal, stable trade provisions, including a gradual lifting of the restrictions on trade in textile products. There will also be support for joint investment projects; special budget provision of 5 to 10 million ECU for five years is envisaged, to help Community firms take part in joint ventures with Mediterranean partners. There are also plans for a business 'marriage bureau' and appropriate training schemes in the Mediterranean countries.

(iii) The third element is support for regional and multilateral cooperation.

The Commission is keen to see the southern Mediterranean countries achieve greater economic integration and looks forward to the conclusion of a comprehensive agreement linking the two Mediterranean regions once political conditions permit.

For the time being the Commission will continue to give priority to regional operations and to support private or semi-state bodies with a multinational membership. It will also provide backing for a new trade and economic cooperation centre.

All these activities will cost money. The Commission hopes that the overall sums to be allocated for the new financial protocols will not only be increased in nominal terms from the present level to take account of inflation, but will allow for the need to

¹ COM(85) 517 final.

² Bull. EC 7/8-1985, points 1.3.1 to 1.3.4.

improve and expand cooperation along the lines suggested, as well as reflecting the accession of the two new Member States; it will be making detailed proposals once the Council has adopted the guidelines.

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1.3.3. The Commission proposals were presented to the Council at its meeting on 1 October, when a discussion on the future Mediterranean policy of the Twelve confirmed the broad agreement of the Member States on the need for better relations with Mediterranean countries; opinions differed, however, on the order of priorities and the substance of new trade provisions.

The Commission and some of the Member States want decisions on the trade arrangements¹ taken by the end of the year, before Portugal and Spain become members, while other Member States feel that the review of the trade and cooperation clauses of the agreements should proceed in parallel.

The chair pointed out the link between enlargement, the integrated Mediterranean programmes and overall Mediterranean policy and said the Community should lose no time in honouring its obligations. Council bodies were asked to speed up their work on all aspects of the question, including the cooperation arrangements.

¹ Bull. EC 7/8-1985, points 1.3.1 to 1.3.4.

4. New Community rules for State aids to the coal industry

1.4.1. On 27 September the Commission sent to the Council a communication setting out new Community rules for State aids to the coal industry.¹ Two draft Decisions were also transmitted to the Council for its assent and to Parliament and the ECSC Consultative Committee for their opinions, the first concerning the new rules, the second the extension of the current arrangements² (due to expire on 31 December) for a further six months. The Commission felt that the other institutions needed the time to consider the matter thoroughly.

Little change in the rules

1.4.2. The proposed new rules, which would apply until the end of 1990, are based largely on the present ones, notably as regards social measures, inherited commit-

ments, investment aids and aids to cover losses.

Only three types of aid authorized under the current rules are not retained, being no longer justified. Aids to cyclical stock, strategic stocks and recruitment will no longer be granted, with the exception of the *Bergmannsprämie*,³ which is such that the sole effect of abolishing it would be to increase aid to current production disproportionately.

1.4.3. In the authorization procedures there is little change. Whereas the present criteria lay stress on the adjustment of production capacity, the aims under the proposed new rules are to improve the competi-

¹ COM(85) 525 final.

² OJ L 63, 11.3.1976.

³ The *Bergmannsprämie* is a productivity bonus granted by the German Government to underground workers for each day worked.

tiveness of the industry, create new profitable capacity, allow due consideration of social and regional problems, and ensure the transparency of aid schemes. Changes in the criteria used by the Commission in scrutinizing the compatibility of aid with the Community's interest stem solely from changing conditions on the coal market in recent years.

State of the market


1.4.4. In the Commission's draft the focus is on the realities of the market rather than a theoretical approach based on strict compliance with the Community's competition rules.

Unlike the steel industry (→ points 2.1.18 to 2.1.20), Community coalfields produce considerably less than Community requirements, meeting under 80% of demand.

Intra-Community trade is negligible. Imports come mainly from the United States (23.8 million tonnes in 1984), South Africa (19.8 million tonnes) and Poland and Australia (15.3 million tonnes each).

The other major obstacle to a competitive coal market is the large amount of State aid granted to undertakings in the Community's four producer countries. In 1983—because of the miners' strike in the UK in 1984 the latest representative year—a total of 10 400 million ECU in subsidies was granted in the form of aid to production and social benefits (Germany 5 000 million, France 2 400 million, UK 2 000 million and Belgium 1 000 million).

For all these reasons, the Member States will be allowed to continue their policies of financial aid to the coal industry until the end of 1990, without entering, as the steel industry has done, into commitments at Community level.

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PART TWO

ACTIVITIES
IN SEPTEMBER 1985

1. Building the Community

Economic and monetary policy

Community borrowings

Six-monthly report

2.1.1. In accordance with the Council Decision of 19 April 1983 empowering it to contract loans under the New Community Instrument (NCI III),¹ the Commission transmitted to the Council and to Parliament on 24 September its fourth six-monthly report on the rate of utilization of NCI tranches (January to June 1985).²

The report shows that at 30 June 1985 4 777 million ECU had been lent; 700 million ECU of this was exceptional aid for parts of Greece and Italy affected by the earthquakes in 1980 and 1981. NCI lending as a whole increasingly reflects a shift in emphasis towards the productive sectors: this shift corresponds to the priority already accorded under NCI II (40.2%) and reinforced by NCI III to operations in favour of small businesses, which have already absorbed 70% and 79% respectively of the first two tranches of NCI III.

The breakdown by country of loans signed shows a clear preponderance of operations in Italy (44% of the current total of NCI III loans) and, to a lesser extent, in France (36%). While Italy's share of NCI operations has been fairly constant in real terms in successive tranches, France's share is increasing markedly, because of demand from small firms in particular.

In the case of ordinary NCI operations, the degree of utilization can be summed up as follows: NCI I is totally committed; NCI II is practically exhausted; loans signed under NCI III total 2 116 million ECU (if projects already declared eligible by the Commission are added, this figure is 2 789 million ECU).

NCI IV

2.1.2. On 25 September the Economic and Social Committee adopted an opinion

(→ point 2.5.23) on the Commission's proposal to extend the New Community Instrument to finance investment by small business.³

Monetary Committee

2.1.3. The Monetary Committee held its 314th meeting in Brussels on 13 September, with Mr Tietmeyer in the chair. It reviewed the economic and financial situation in the United Kingdom and also discussed the main items on the agendas of the forthcoming IMF and World Bank meetings.

Economic Policy Committee

2.1.4. The Economic Policy Committee held its 158th meeting on 20 September in its 'budget' composition. It examined the three-year forecasts for the Community budget (1986-88).⁴

Internal market and industrial affairs

Strengthening the internal market

2.1.5. On 1 October the increase in exemption from turnover taxes and excise duties on imports by travellers on which the Council reached agreement last July will come into effect (→ point 2.1.49).

Free movement of persons and freedom to provide services

Freedom of broadcasting

2.1.6. The Economic and Social Committee delivered its opinion in September

¹ OJ L 112, 28.4.1983; Bull. EC 4-1983, point 2.1.8.

² COM(85) 459 final. For third report: Bull. EC 4-1985, point 2.1.3.

³ OJ C 163, 3.7.1985; Bull. EC 5-1985, point 2.1.3.

⁴ Bull. EC 7/8-1985, points 2.4.2 and 2.4.3.

(→ point 2.5.20) on the Green Paper on the establishment of the common market for broadcasting, especially by satellite and cable.¹

Mutual recognition of diplomas and access to occupations

Nurses

2.1.7. The Advisory Committee on Training in Nursing met on 24 and 25 September and decided to draw up a report defining the aims of training in general nursing today. It was also decided to recommend that the Commission prepare a Council Directive on the mutual recognition of certificates and diplomas in psychiatric nursing. Lastly, it was agreed that Committee members would carry out consultations in their own countries to look into the possibility of drawing up a similar recommendation for paediatric nursing.

Free movement of goods

Removal of technical and administrative barriers to trade

Industrial products

2.1.8. New cars have for years been sold at prices that often differ greatly from one Member State to another, a situation which has resulted in parallel imports into the countries where prices are highest. Difficulties have arisen in several Member States at the time of registration of parallel-imported vehicles. The Commission has therefore initiated infringement proceedings against those Member States whose approval and registration procedures for vehicles imported from other Member States are incompatible with Article 30 of the EEC Treaty.

In the case of Italy, which required a certificate of origin for the registration of imported vehicle, thus effectively blocking all parallel imports, the Commission brought an action

before the Court of Justice seeking a declaration that Italy had failed to fulfil its obligations under Article 30, with a request for interim measures. On 7 June the President of the Court ordered the Italian authorities to take the necessary steps to ensure that no stricter requirements are imposed on parallel imports than those which existed up to July 1984. The Italian authorities have complied with this order, so that parallel imports are possible once again.

2.1.9. The Economic and Social Committee gave an opinion (→ point 2.5.26) on the proposal for a Council Directive to amend the Directive of 22 November 1973 on the approximation of laws relating to detergents.²

Foodstuffs

2.1.10. On 30 September the Commission transmitted to the Council a proposal³ for a Directive amending for the eighth time the Directive of 23 October 1962 on the approximation of the rules of the Member States concerning the colouring matters authorized for use in foodstuffs intended for human consumption.⁴

The aim of the proposal is to amend the list of substances authorized in the Community and update the purity criteria for all substances covered by the 1962 Directive.

2.1.11. On 27 September the Commission amended,⁵ taking account of the opinion delivered by Parliament,⁶ its proposal for a Directive relating to quick-frozen foodstuffs for human consumption.⁷

2.1.12. In pursuance of the Council Directive of 15 July 1980 relating to the exploitation and marketing of natural mineral waters,⁸ which entered into force on 17 July

¹ Bull. EC 5-1984, points 1.3.1 to 1.3.54.

² OJ C 139, 7.6.1985; Bull. EC 5-1985, point 2.1.11.

³ COM(85) 474 final.

⁴ OJ C 115, 11.11.1962.

⁵ OJ C 267, 18.10.1985 and COM(85) 514 final.

⁶ OJ C 175, 15.7.1985; Bull. EC 6-1985, point 2.1.21.

⁷ OJ C 267, 6.10.1984; Bull. EC 9-1984, point 2.1.14.

⁸ OJ L 229, 30.8.1980.

1984,¹ France² and the United Kingdom³ have communicated to the Commission lists of mineral waters recognized as such. For both countries, these are in fact additional lists.^{4,5}

2.1.13. The Economic and Social Committee gave its opinion in September (→ point 2.5.25) on the proposal for a Council Directive on the approximation of laws relating to infant formulae and follow-up milks.⁶

Business law

Companies

2.1.14. The Economic and Social Committee delivered an opinion (→ point 2.5.24) on the proposal for a Council Directive concerning cross-border mergers of public limited companies.⁷

Industrial property

2.1.15. On 12 September the US Patent and Trademark Office, acting under Section 914 of the Semiconductor Chip Protection Act 1984, at the Commission's request,⁸ issued Orders on interim protection for mask works of nationals, domiciliaries, and sovereign authorities of certain Member States of the European Economic Community.

The effective date of the Orders is 20 June 1985, and they expire on 12 September 1986.

The Commission will pursue as a matter of urgency the creation of a Community framework for legal protection in this field. A proposal for a Directive will be laid before the Council by the end of the year, with a view to its rapid adoption in conformity with the Council resolution of 19 June 1985.⁸

Industry

Information technology and telecommunications

2.1.16. The Economic and Social Committee gave its opinion this month (→ point

2.5.22) on two proposals for Council Directives—one on standardization in the field of information technology and telecommunications, the other on the first phase of the establishment of mutual recognition of type approval for telecommunications terminal equipment.⁹

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2.1.17. On 25 September the Commission adopted a communication on Community action on technological research and development (→ point 1.2.1 *et seq.*) to follow up its memorandum to the Milan European Council entitled 'Towards a European Technology Community'.

Steel

The Community steel industry¹⁰

Market management

Crisis measures

The industry after 1985

2.1.18. In response to a request made at the Council meeting on steel issues on 25 July,¹¹ the Commission sent the Council two communications on 30 September—one on the introduction of a production quota system after 31 December 1985, the other setting out rules on aid and

¹ Bull. EC 7/8-1984, point 2.1.18.

² OJ C 246, 27.9.1985.

³ OJ C 240, 21.9.1985.

⁴ OJ C 218, 18.8.1984; OJ C 110, 4.5.1985.

⁵ OJ C 110, 4.5.1985.

⁶ OJ C 28, 30.1.1985; Bull. EC 12-1984, point 2.1.17.

⁷ Supplement 3/85 — Bull. EC; OJ C 23, 25.1.1985; Bull. EC 12-1984, point 2.1.21.

⁸ Bull. EC 5-1985, point 2.1.13; Bull. EC 6-1985, point 2.1.24.

⁹ OJ C 232, 12.9.1985; Bull. EC 5-1985, point 2.1.21.

¹⁰ For redeployment aid in favour of steelworkers see point 2.1.53.

¹¹ Bull. EC 7/8-1985, point 1.1.7 *et seq.*

financial transfers to the industry after that date.¹

2.1.19. Acting under Article 58 of the ECSC Treaty, the Commission is seeking the opinion of the ECSC Consultative Committee (→ point 2.5.35) and the assent of the Council in respect of a package of measures to ensure the industry the orderly market which it needs to continue its restructuring. At the same time the rules will be gradually relaxed to help and indeed spur the steel industry to prepare to return to operating under normal market forces. These measures will apply for a transitional period of not more than three years.

Two key support measures will be introduced to back up the new system—strict rules for State aids plus increased Community resources for dealing with the most serious problems caused by the conversion programme (→ point 2.1.20).

Starting on 1 January 1986 the current production quota system will be relaxed for a number of sectors where the overcapacity has now been absorbed, demand is on the increase and the undertakings are moving out of the crisis. Long Category IV and V products (wire rod and reinforcing bars) and flat Category Ic and Id products (coated sheet) all broadly satisfy these three criteria. Together, these account for roughly 30 % of the ECSC products covered by the current quota system.

At the same time the system has been made more flexible. There will be no more double checking of certain flat products and there will be greater scope for transferring quotas from one product or quarter to another.

In addition, steelmakers will be encouraged to carry on restructuring. Subject to specified conditions and percentage limits, they will be allowed to adjust their output of quota products as their production capacities change, within the limits of their overall reference values.

The Commission says that this initial phase of the new system should end on 31 December 1987.

Should a third year then be necessary before the industry can return to normal free market competition, the Commission will send the Council a proposal for a new and very lightly regulated system.

The Commission has also proposed other measures to regulate and monitor the market:

- (i) suspending the system of minimum prices for a number of products, but maintaining the guide prices;
- (ii) statistical records of output and deliveries and monitoring of traditional patterns of trade between Member States;
- (iii) renewing the existing arrangements with the main non-Community steel exporters and imposing a basic entry price on imports into the Community.

2.1.20. As the aids code is to expire at the end of the year, the Commission has asked the ECSC Consultative Committee (→ point 2.5.35) for its opinion and the Council for its assent in respect of a draft Decision setting out rules on aid and financial transfers to the steel industry after 1985.

Apart from tightening up the criteria under which aid can be granted to cover the cost of closing steel plants down, the Commission's draft is broadly in line with the memorandum it presented to the Council in July,² notably as regards the essential point of banning all new aid for investment and aid to cover operating losses (even under general and regional schemes) other than aid for R&D, environmental protection and plant closures.

Henceforward, Article 4(c) of the ECSC Treaty, which prohibits all aid for the steel industry, will be applied in all cases not authorized under Article 95. So the Commission is proposing an extremely strict set of rules.

¹ COM(85) 509 final; COM(85) 515 final.

² Bull. EC 7/8-1985, points 1.7.4 and 1.7.5.

Nevertheless, in view of the considerable overcapacity (20 to 25 million tonnes) still exerting great pressure on the market, and since the intention is to maintain a market organization for a transition period of three years, the Commission considers that it should avoid putting at risk the achievements of restructuring so far and should therefore continue to allow aid for plant closures as now provided in the code. Such aid will in fact be made more effective in that steel companies contributing to their own competitiveness and that of the industry as a whole by closing down more hot-rolling mills than already agreed will be authorized to receive compensation determined by independent valuers within specified criteria. The Commission will ensure, however, that aid of this kind cannot be used to increase production capacity or infringe the price rules.

Production quotas

2.1.21. On 18 September the Commission adopted the rates of abatement for the fourth quarter of 1985.¹ Accordingly, the rates set out Table 1 will form the basis for fixing the production quotas for the fourth quarter.

Table 1 — *Rates of abatement for establishing the production quotas for the fourth quarter of 1985*

Product	Production quota	%	
			Share of the quota which may be delivered in the common market
Ia Hot-rolled flat strip, including hoop and sheet	- 46		50
Ib Cold-rolled sheet	- 41		43
Ic Galvanized sheet	- 19		25
Id Other coated flat products	+ 25	+ 24	
II Reversing-mill plate	- 42		49
III Heavy sections	- 47		53
IV Wire rod	- 36		39
V Reinforcing bars	- 46		46
VI Merchant bars	- 42		42

The rates, and in particular those for flat products, have been relaxed slightly since the third quarter to allow for the seasonal upswing after the summer holiday period and for the increased activity in various steel-using industries, including the car industry, in a number of Member States.

2.1.22. On 30 September the Commission amended,² after hearing the opinion of the ECSC Consultative Committee and receiving the assent of the Council,³ its decision on the extension of the system of monitoring and production quotas for certain products and undertakings in the steel industry.⁴ It has decided to grant the one steelmaking company in Denmark an extra 50 000-tonne quota for the internal and external markets in the second half of 1985. This is not expected to have any significant impact on either of these markets. The Commission has no plans to extend the decision to other steelmakers in the Community before the current quota system expires on 31 December.

Market situation

2.1.23. Compared with 9.920 million tonnes in July, crude steel production in the Community totalled 8.625 million tonnes in August. As forecast, this was slightly higher than the 8.227 million tonnes recorded in August 1984. There was little difference in the underlying trend from one Member State to another, though France, Germany, Greece and the United Kingdom registered the largest increases.

The crude steel production figures are set out in Table 2.

¹ OJ L 251, 20.9.1985.

² OJ L 260, 2.10.1985.

³ OJ C 199, 7.8.1985; Bull. EC 7/8-1985, point 2.1.29.

⁴ OJ L 29, 1.2.1984.

Table 2 — *Steel production in the Community*

	('000 tonnes)		
	August 1985	July 1985	August 1984
FR of Germany	3 264	3 436	3 069
France	1 064	1 580	811
Italy	1 373	2 069	1 579
Netherlands	504	462	510
Belgium	854	761	831
Luxembourg	242	370	265
United Kingdom	1 214	1 125	1 049
Ireland	6	17	10
Denmark	60	26	59
Greece	44	74	44
Total	8 625	9 920	8 224

2.1.24. Tube production worldwide totalled 68.3 million tonnes in 1984, 8% higher than in 1983. This increase can be put down to the recovery in investment in the industrialized countries, and especially the increase in pipeline tube requirements in the USA. US producers stepped up their production by more than one third to reach 3.9 million tonnes, but in 1981 they turned out 5.5 million tonnes. The Community produced 13 million tonnes. The Federal Republic of Germany, its largest producer, raised its production to 5 million tonnes in line with expansion on the world market.

2.1.25. In 1984 11 of the world's leading steel producers exported 103 519 000 tonnes and imported 76 516 000 tonnes. Apart from the USA, they all exported more than they imported. They also all increased their exports (apart from the USA) and imports (apart from Germany).

Table 3 shows the tonnages and percentage changes over 1983 for the leading producers in the Community and for four other major steelmaking countries.

Table 3

	('000 tonnes)			
	Exports	% change (1984/83)	Imports	% change (1984/83)
FR of Germany	19 805	+ 9.5	12 650	- 6.2
France	12 501	+ 16.8	9 416	+ 9.5
BLEU	12 819	+ 11.5	3 857	+ 10.2
Netherlands	4 944	+ 20.9	4 004	+ 17.4
Italy	8 235	+ 8.4	6 756	+ 21.7
United Kingdom	4 414	+ 1.3	4 077	+ 2.1
Total, 7 Member States	62 718	+ 11.3	40 760	+ 5.6
Sweden	3 108	+ 15.2	2 239	+ 8.6
Austria	3 284	+ 17.9	1 183	+ 12.3
USA	1 350	- 6.9	26 571	+ 53.2
Japan	33 059	+ 2.9	5 763	+ 28.0
Grand total, 11 countries	103 519	+ 8.5	76 516	+ 20.5

2.1.26. In 1984 the steel industries in the OECD countries shed approximately 55 000 jobs, bringing the workforce down by 7% in the Community and by 13% in the USA. This pushed the total number of jobs lost since 1974 up to approximately 720 000, or

37% of the 1974 workforce. Every country except Finland, Portugal and Turkey has been hit.

Table 4 shows the change in the workforce in each Member State.

Table 4 — *Workforce*

	'000		% change	
	1974	1984	1984/83	1984/74
Belgium/Luxembourg	86.6	51	- 3	- 41
Denmark/Ireland	3.5	2.3	+ 10	- 34
France	155.7	87	- 6	- 44
FR of Germany	230.6	157	- 7	- 32
Greece	8.7	8	0	- 8
Italy	93.8	82	- 9	- 13
Netherlands	23.8	19	- 5	- 21
United Kingdom	197.7	62	- 8	- 69
Total	800.4	468.3	- 7	- 42

2.1.27. Iron ore production capacity in the Community fell from 29.3 million tonnes in 1982 to 24.7 million tonnes in 1983 and is expected to fall to 22.5 million tonnes or even lower in 1987 after the recent decision to replace a number of blast furnaces and basic oxygen furnaces in Lorraine. These facts are recorded in the report on the Commission's 1984 survey on investment in the ECSC industries, which found that investment in the Community's iron ore mines in 1983 was 13% down on 1982 and totalled only 12.9 million ECU (8.6 million ECU in France plus 4.3 million ECU in Germany). Spending is estimated at 8.7 million ECU in 1984 and 9.2 million ECU in 1985, though most (6.7 million ECU) of the 1985 total will be invested in ore dressing in Germany.

Forward programme

2.1.28. On 25 September the Commission approved the forward programme for steel for the fourth quarter of 1985, for transmittal to the Council for assent and to the

ECSC Consultative Committee for its opinion (→ point 2.5.36).¹ This programme includes the economic analysis and market assessment taken as the basis for calculating the rates of abatement used for fixing the production quotas and the parts of those quotas which may be delivered on the Community market in the fourth quarter (→ point 2.1.21). It also outlines the Commission's past and future action on the market and gives the employment figures for the industry.

Unless the market suffers some unexpected setback in the fourth quarter, there is a good chance of equalling or even beating the 1984 outturn of 120.2 million tonnes of crude steel equivalent. The market activity estimates for the fourth quarter will depend on demand trends and on whether the forward momentum already built up can be maintained. Current economic indicators are encouraging enough to point to renewed

¹ OJ C 264, 15.10.1985; COM(85) 521.

vigour in the fourth quarter after the seasonal downturn in the third.

Despite the particularly marked recovery in mechanical and electrical engineering and the motor vehicle industry, the stagnation in building and civil engineering suggests

that caution is called for. None the less, the last quarter of the year should bring a modest increase in real consumption compared with the third quarter.

Table 5 sums up the supply and demand balance for crude steel in the Community.

Table 5

	Outturn					Forecast 4th quarter 1985
	3rd quarter 1984	4th quarter 1984	1st quarter 1985	2nd quarter 1985	3rd quarter 1985	
Real consumption	23.92	25.73	25.83	28.34	25.51 ¹	27.60
Stock change	+ 0.35	- 0.50	- 0.40	- 0.20 ²	- 0.0 ²	
Imports	2.31	2.43	2.36 ¹	2.60 ²	2.60 ²	2.80
Exports	6.55	7.42	7.35 ¹	6.00 ¹	6.00 ¹	6.00
Production	28.51	30.22	30.42	31.54	28.91 ¹	30.50

¹ Provisional.

² Forward programme estimates.

The 30.5-million-tonne production forecast includes not only the products covered by the quota system but also non-quota products.

Table 6 compares the output figures and production quotas for each product category and quarter by quarter.

Table 6

Product category	Output (finished rolled products)				Production quota		
	3rd quarter 1984	4th quarter 1984	1st quarter 1985	2nd quarter 1985	3rd quarter 1984	4th quarter 1984	1st quarter 1985
Ia Hot-rolled wide strip, including hoop and sheet	5 219	5 765	5 523	5 713	5 176	5 675	5 426
Ib Cold-rolled sheet	3 371	3 699	3 845	3 877	3 625	3 786	3 814
Ic Galvanized sheet	869	951	952	963	897	975	928
Id Other coated flat products	687	803	841	852	714	870	883
II Reversing-mill plate	1 229	1 270	1 286	1 417	1 306	1 378	1 379
III Heavy sections	921	1 109	1 197	1 174	1 059	1 127	1 169
IV Wire rod	2 435	2 867	2 890	2 985	2 680	2 835	2 889
V Reinforcing bars	1 595	1 800	1 668	1 790	1 817	1 894	1 857
VI Merchant bars	1 859	2 193	2 314	2 244	2 205	2 356	2 380

Trade with non-member countries

Exports

Carbon steel arrangement with United States

2.1.29. As part of the efforts to achieve an overall settlement of trade relations between the United States and the Community in respect of carbon steel, as proposed in the exchange of letters in June between Mr Karl-Heinz Narjes, Commission Vice-President with special responsibility for industrial affairs, Mr Willy De Clercq, Member of the Commission with special responsibility for external relations and trade policy, and Mr Malcolm Baldrige, the United States Secretary of Commerce, consultations were held in Washington on 17 and 18 September and in Brussels on 25 and 26 September with a view to renewing the 1982 Arrangement on carbon steel.¹ Both sides are anxious to meet the 31 October deadline they have set, even though the negotiations are bound to be difficult. This is because the United States, under strong protectionist pressure, wishes to reduce steel imports from all sources from 25% to 18.5% of internal demand, by cutting back the voluntary restraint levels previously negotiated with the Community.¹ The United States also wishes to include in the Arrangement semifinished products on which there has been no restriction hitherto.² The Community insists that there must be a balanced solution to these issues which takes account of its own interests and of the sacrifices made by the Community steel industry since 1982.

Imports

Autonomous measures

2.1.30. On 12 September the Commission decided, at the request of the Brazilian authorities, to make imports of steel products originating in Brazil subject to a special

monitoring system. This supplements the general system of surveillance introduced under Recommendation No 41/85/ECSC of 4 January in respect of iron and steel products originating in non-member countries other than Spain.³ Except for the range of products covered, it corresponds to the system introduced for 1985 in respect of imports of products from Spain (Recommendation No 43/85/ECSC).³

Industrial innovation and the information market

Transnational measures to promote innovation

2.1.31. Some 250 people from all over the enlarged Community took part in the symposium entitled 'AGIR 85' (Action for growth of innovation and research), held jointly by the Commission and France's Nord/Pas-de-Calais region from 4 to 6 September in Lille.

The main purpose of the exercise was to look at the various stages in the innovation process, from the research laboratory to the marketplace.

A major part of the symposium dealt with individual case studies in selected areas, such as the textile and agri-foodstuffs industries, in which there is a keenly felt need for technological renewal.

The participants applauded the idea of holding a Community symposium of this kind in a regional capital.

¹ OJ L 307, 1.11.1982; Bull. EC 10-1982, point 1.3.1 *et seq.*; Bull. EC 2-1985, point 2.2.12; Bull. EC 6-1985, point 2.3.9.

² OJ L 215, 12.8.1985; Bull. EC 7/8-1985, point 2.3.12.

³ OJ L 7, 9.1.1985; Bull. EC 1-1985, point 2.2.9.

Customs union

Simplification of customs formalities

Single administrative document

2.1.32. On 18 September the Commission adopted a Regulation implementing the Council Regulations of 18 February concerning the single Community customs document.¹ The new Regulation lays down detailed procedural rules, provides for fuller administrative cooperation between Member States (a *sine qua non* for progress in the creation of an internal market), introduces simplifications specifically designed to help businessmen, and lays down rules for the use of the single document. Its adoption clears the way for the operational trials due to take place shortly.

General legislation

Accession to European conventions

2.1.33. On 24 September the Commission sent the Council a proposal for a Decision concerning the Community's accession to the European Agreement on the exchange of therapeutic substances of human origin, drawn up under the auspices of the Council of Europe.²

Economic tariff matters

Suspensions

2.1.34. On 27 September the Council adopted Regulations temporarily and totally suspending the autonomous Common Customs Tariff duties on certain products falling within subheadings ex 29.04 A III a), ex 39.02 C I a) and ex 39.02 I b).³

2.1.35. On the same date it amended in respect of certain monolithic integrated circuits falling within subheading ex 85.21 D II³ its Regulation of 4 June temporarily suspending the autonomous CCT duties on a number of industrial products.⁴

Tariff quotas

2.1.36. In September the Council adopted Regulations opening, allocating and providing for the administration of Community tariff quotas in respect of the following products:

- (i) aubergines falling within CCT subheading 07.01 T, originating in Cyprus (1985);⁵
- (ii) certain wines having a registered designation of origin, falling within CCT subheading ex 22.05 C, originating in Tunisia (1985/86).⁶

2.1.37. In September the Commission adopted Regulations opening, allocating and providing for the administration of Community tariff quotas in respect of the following products:

- (i) strawberries falling within CCT subheading ex 08.08 A II, originating in the African, Caribbean and Pacific States or the overseas countries and territories (1985/86);⁷
- (ii) fresh or chilled tomatoes falling within CCT subheading ex 07.07 M I, originating in the African, Caribbean and Pacific States or the overseas countries and territories (1985/86).⁷

Community surveillance of imports

2.1.38. The Commission also adopted a Regulation in September establishing ceil-

¹ OJ L 79, 21.3.1985; Bull. EC 12-1984, point 1.6.1.

² COM(85) 485 final.

³ OJ L 259, 1.10.1985.

⁴ OJ L 170, 1.7.1985; Bull. EC 6-1985, point 2.1.46.

⁵ OJ L 259, 1.10.1985; COM(85) 407.

⁶ OJ L 259, 1.10.1985; COM(85) 414.

⁷ OJ L 244, 12.9.1985.

ings and Community surveillance for imports of carrots and onions falling within CCT subheading ex 07.01, originating in the African, Caribbean and Pacific States or the overseas countries and territories (1986).¹

Origin of goods

2.1.39. On 11 September the Commission decided¹ to apply in the Community ACP-EEC Customs Cooperation Committee Decisions Nos 1/85, 2/85 and 3/85, derogating from the definition of the concept of originating products in respect of:

- (i) tufted carpets from Jamaica falling within CCT heading No 58.02;
- (ii) certain fishery items from Malawi, Kenya and Mauritius;
- (iii) Mauritius's production of canned tuna.

Competition

General rules applying to undertakings

Improvement of procedures governing arrangements

2.1.40. The Commission is obviously concerned to make the procedures for applying the rules of competition more efficient and expeditious, and on 7 September it published a Regulation (adopted early in August) on the notification of arrangements between undertakings, which introduces a new notification form.² This form, obligatory from 1 January 1986, is to be used by businesses asking the Commission either to certify that there are no grounds under the Community competition rules for action on its part in respect of a specific agreement or practice ('negative clearance') or to declare the prohibition under Article 85(1) of the

EEC Treaty inapplicable to arrangements whose benefits prevail over their anti-competitive effects ('exemption').

The new form is designed to allow the Commission immediate access to all the legal and economic information necessary for the assessment of the notified arrangements. The form used since 1968 called for a description of the agreement, decision or practice, but did not ask for any indications as to the economic significance of the participants and their position on the relevant markets. This information, which is indispensable for the Commission if it is to adopt a decision in full knowledge of the facts, had to be requested later, in order to complete the notification. This slowed down the decision-making process to the detriment of certainty in the law and led to considerable administrative expense.

It was also necessary to change the form since an accelerated opposition procedure had been introduced in a number of recent block exemption Regulations (patent-licensing agreements,³ specialization agreements⁴ and research and development cooperation agreements⁵). Where firms notify an agreement and apply for that procedure, the Commission is obliged to take a decision within six months. It can do so only if it has all the necessary information from the very outset.

The new form will facilitate matters for businesses too, in that they will no longer be required to supply 11 copies of the notified agreement itself (thirteen would have been needed from 1 January 1986 if the procedure had not been changed), but only three.

¹ OJ L 244, 12.9.1985.

² OJ L 240, 7.9.1985.

³ OJ L 219, 16.8.1984; Bull. EC 7/8-1984, point 2.1.50; OJ L 113, 26.4.1985.

⁴ OJ L 53, 22.2.1985; Bull. EC 12-1984, point 2.1.52.

⁵ OJ L 53, 22.2.1985; Bull. EC 12-1984, point 2.1.51.

Distribution

Confirmation of prohibition of Ford distribution system in Germany

2.1.41. On 17 September the Court of Justice delivered judgment in the *Ford* cases,¹ endorsing the refusal of the Commission² to grant exemption under Article 85(3) of the Treaty to the selective distribution system for Ford vehicles in Germany.

Abuse of dominant positions

Suspension of proceedings for interim measures designed to maintain competition on the market for fixing tools

2.1.42. Following an undertaking by Hilti, the largest European manufacturer of fixing tools, not to tie the supply of two particular products, the Commission suspended the proceedings for interim measures which it had initiated against the company on 8 August.

Hilti, based in Liechtenstein, sells tools and accessories for the building industry worldwide, in particular cartridge-actuated fastening tools (sometimes known as nail guns). Two small UK companies, Eurofix and Bauco, which supply nails for use specially in Hilti tools, had lodged complaints with the Commission. They allege that Hilti is dominant in the market for cartridge-actuated fixing tools and their nails and cartridge magazines and that Hilti abuses its dominant position in a number of respects, particularly in tying the supply of Hilti cartridge magazines (for which it has patents and, in the UK, copyright protection) and Hilti nails (which are not protected).

The Commission considered that marketing moves by Hilti were effective in tying the two products and were having a discernible impact on the continued ability of the complainants to compete and, in one case, to remain on the nail market. Consequently,

the Commission initiated proceedings against Hilti and in its Statement of Objections proposed to take interim measures to prevent irreparable damage in the market.

While not admitting any of the Commission's objections in fact or law, Hilti formally undertook not to tie the supply of the two products concerned. Hilti will not discriminate between customers who buy both cartridge magazines and nails and those who buy only magazines. However, it declines all responsibility where Hilti tools and cartridges are used with nails which are not fit for the particular purposes recommended by Hilti. It will circularize its UK customers with details of the undertaking.

Although there had been a precedent in which the Commission, following an undertaking, suspended main proceedings,³ this was the first time that it accepted an undertaking in lieu of taking an interim measure decision.⁴ In this case the acceptance was essential in order to respond in the shortest possible time to the complainants' requests without prejudging the outcome of the main proceedings. The Commission simply suspended its proceedings for interim measures; it is pursuing its examination of the complaints and the main proceedings.

The Commission underlined the fact that the proceedings for interim measures have been suspended, not terminated. The undertaking has no bearing on the wide-ranging inquiries which the Commission is actively pursuing. The measure taken is provisional and without prejudice to the outcome of the main proceedings; it will remain in force until a final decision is taken on the latter.

¹ This judgment will be analysed in detail in Bulletin 10-1985 as part of the quarterly review of cases before the Court.

² OJ L 327, 24.11.1983; Bull. EC 11-1983, point 2.1.47.

³ *IBM* case: Bull. EC 7/8-1984, point 1.1.1. *et seq.*; Bull. EC 10-1984, point 3.4.1.; Bull. EC 7/8-1985, point 2.1.54.

⁴ Previous cases involving interim measures: *Ford Werke*, OJ L 256, 2.9.1982; Bull. EC 7/8-1982, point 2.1.31; measures invalidated by the Court of Justice: *Fourteenth Report on Competition Policy*, points 122 to 124; *ECS/Akzo*, OJ L 252, 13.9.1983; Bull. EC 7/8-1983, point 2.1.38.

Mergers

British Steel Corporation and Alphasteel

2.1.43. In accordance with the ECSC Treaty competition rules, on 30 September the Commission authorized a restructuring operation whereby the British Steel Corporation (BSC), London, is to acquire the hot-rolled wide coils business of Alphasteel Ltd (Alpha), London and Newport. Alpha will continue to produce semifinished products. The transaction is expected to result in rationalization within BSC and consequently in a significant reduction in production capacity for hot-rolled wide coils and strip, thus enabling BSC to improve its mill utilization and its financial results. The operation will also help reduce the surplus capacity in this section of the Community steel industry.

Assessment under the competition rules showed that the combination of the BSC and Alpha facilities will place BSC fourth among Community producers of hot-rolled wide coils in terms of 1984 production and also of estimated capacity in 1986. Apart from three larger producers, there are nine other major Community producers of hot-rolled wide coils. In addition, there is substantial competition from imported coils in both the UK and the Community as a whole, while hot-rolled steel coils and products derived from them, such as tinplate, cold-reduced sheet and coated sheet have to face competition from alternative materials in some major market sectors.

In these circumstances the transaction will not give BSC the power to set prices or determine its sales policy for hot-rolled coils without taking account of other steel producers, makers of alternative materials and consumers' freedom of choice. The Commission therefore concluded that the conditions laid down in Article 66(2) of the Treaty were satisfied.

Thyssen Sonnenberg and Walter Trapp

2.1.44. Under Article 66 of the ECSC Treaty the Commission authorized Thyssen Sonnenberg GmbH, Duisburg, to acquire the entire share capital of Walter Trapp GmbH & Co., Frankfurt. Thyssen Sonnenberg and Trapp are both steel distribution companies, and together they have a 27% share of the German steel scrap market. However, there are several other large German scrap merchants and the level of imports is significant (about 17% of bought scrap consumption there). Moreover, the scrap market is broadly a world market, in which scrap flows freely at prices governed by the interplay of supply and demand.

Accordingly the relevant market for considering any effects which this merger might have on competition is at least the common market as a whole, where Thyssen Sonnenberg and Trapp hold a combined 8% share. If they are to maintain their position they will have to offer scrap at prices related to the international market conditions prevailing at any given moment. The Commission therefore concluded that the transaction satisfied the tests of Article 66(2) and could be authorized.

State aids

Industry aids

Electronics

Italy

2.1.45. On 11 September the Commission decided not to oppose an increase of LIT 100 000 million in aid for the production of consumer electronic goods and their components.

The Commission's decision is based in particular on the finding that the initial deploy-

ment of aid authorized in January 1984¹ is in keeping with the declared objectives, and that the forecasts for restructuring by product point to increased efforts at rationalization. The Commission also took account of the fact that no more funds would be put into the scheme after 1985.

Synthetic fibres

Federal Republic of Germany

2.1.46. On 11 September the Commission initiated the procedure in Article 93(2) of the EEC Treaty in respect of aids granted by the German Federal Government and by Bavaria to a polyamide and polyester yarn manufacturer in Immenstadt between 1981 and 1983.

The Commission took the view that assisting investment for the purpose of basic rationalization of production plant was inconsistent with the synthetic fibres aid rules.

The aids also affect trade to an extent contrary to the common interest and are therefore incompatible with the common market in terms of Article 92, particularly as manufacturers of polyamide and polyester yarn still have serious problems of excess capacity. Furthermore, the aids were held to be contrary to Community law because they had not been notified to the Commission as required by the aid rules.

Steel

2.1.47. On 30 September the Commission, pursuant to Article 95 of the ECSC Treaty, requested the assent of the Council and the opinion of the ECSC Consultative Committee on a draft Decision establishing Community rules on aids to the steel industry (→ point 2.1.20.).

Financial institutions and taxation

Taxation

Indirect taxes

Value-added tax

2.1.48. On 12 September Parliament passed a resolution (→ point 2.5.11)² on certain legal problems relating to the consultation of Parliament on the granting of VAT relief to German farmers to compensate for the dismantling of MCAs.³

Tax exemption

2.1.49. Increased exemption from turnover tax and excise duty on imports in international travel will take effect on 1 October; the Council decided to raise the exemptions in July,⁴ in an effort to facilitate travel inside the Community and give its citizens more tangible evidence of the common market's existence.

Goods of a non-commercial character contained in the personal luggage of travellers arriving from other Member States may be imported into any Member State if they have been bought on the open market in a Member State and their value does not exceed 350 ECU. The authorities may reduce these allowances to 90 ECU in the case of travellers under 15 years old. In order to maintain their real value the level of these allowances will be reviewed every two years, starting on 31 October 1987, as will the derogations authorized.

The quantitative allowances for certain products will be as follows:

¹ Bull. EC 1-1984, point 2.1.35.

² OJ C 262, 14.10.1985.

³ OJ L 192, 24.7.1985; Bull. EC 7/8-1985, point 2.1.74.

⁴ OJ L 183, 16.7.1985; Bull. EC 7/8-1985, point 2.1.77.

Product	Volume or quantity
Tobacco products:	
cigarettes	300
or cigarillos (cigars of a maximum weight of 3 grammes each)	150
or cigars	75
or smoking tobacco	400 g
Alcohol or alcoholic beverages:	
(i) distilled beverages and spirits of an alcoholic strength exceeding 22% vol; undenatured ethyl alcohol of 80% vol and over	<i>a total of</i> 1.5 l
or distilled beverages and spirits, and aperitifs with a wine or alcohol base, tafia, saké or similar beverages of an alcoholic strength not exceeding 22% vol; sparkling wines, fortified wines and	<i>a total of</i> 3 l
(ii) still wines	<i>a total of</i> 5 l
Perfumes and toilet waters	75 g 3/8 l
Coffee or coffee extracts and essences	1 000 g 400 g
Tea or Tea extracts and essences	200 g 80 g

There are no quantitative allowances for tobacco products or alcohol and alcoholic beverages for travellers under 17; there are no such allowances for coffee products either for travellers under 15.

Denmark is authorized to apply certain limits to its own residents returning from a short stay abroad. Ireland is authorized to exclude from the exemption goods with a unit value of more than 77 ECU.

Exemptions for small consignments

2.1.50. On 25 September the Economic and Social Committee delivered an opinion (→ point 2.5,27) on the proposal to amend¹ the Directive of 19 December 1978 on imports of small consignments of goods of a non-commercial character from outside the Community.²

Employment, education and social policy

Employment

Employment and labour market

2.1.51. On 9 and 10 September the Directors-General for Employment and the Directors of Employment Services in the Member States met to discuss employment policy and the revival of the European economy. The discussions ranged over three main topics: employment and growth strategy; education, training and the new technologies; and specific employment programmes for underprivileged areas and groups.

Those taking part, noting that the unemployment rate was still rising, agreed on

¹ OJ C 167, 6.7.1985; Bull. EC 6-1985, point 2.1.61.

² OJ L 366, 28.12.1978.

the need to combat unemployment with all available means. The welcomed the Commission's work on analysing the way the Community labour market operates, which plays an important role in the coordination of policies at Community level.

Local employment initiatives

2.1.52. Following the Council resolution of 7 June 1984 on the contribution of local employment initiatives to combating unemployment,¹ a network for the exchange of information and experience on local employment initiatives (Elise) was set up with the support of the Commission. The

first information bulletin was published in September.²

Financial instruments

Measures for ECSC workers

Redeployment aid

2.1.53. In September the Commission approved further redeployment aid payments under Article 56(2)(b) of the ECSC Treaty totalling 13 230 250 ECU. The aid is mainly in the form of income support allowances in the event of early retirement, unemployment or re-employment.

Table 7 — *Breakdown of appropriations and beneficiaries by sector and Member State*

	Number of beneficiaries	Appropriations committed (in ECU)
<i>Iron and steel</i>		
Belgium	2 055	3 966 250
Luxembourg		4 812 500 ¹
Netherlands	526	1 435 000
	2 581	10 213 750
<i>Coalmining</i>		
United Kingdom	360	3 016 500
Total	2 941	13 230 250

¹ Amount representing part of the aid for 6 087 beneficiaries in 1984 which could not be committed in that year because of a shortage of funds.

Education and vocational training

Cooperation in education

2.1.54. The working party of senior officials responsible for the teaching of foreign languages met for the third time³ on 5 and 6 September to draw up an action programme to give effect to the conclusions of the Council meeting on 4 June 1984 concerning the teaching of foreign languages in the Community.⁴

Higher education

2.1.55. The fourth meeting of heads of national academic recognition information centres was held in Bruges on 17 and 18

¹ OJ C 161, 21.6.1984; Bull. EC 6-1984, point 2.1.45.

² Elise News Oct.-Nov.-Dec. 1985, 36 rue Vilain XIV, 1050 Brussels.

³ The previous meetings were held on 2 and 3 April and 19 June this year.

⁴ Bull. EC 6-1984, point 2.1.53.

September.¹ The network of national centres was set up by the Commission in close conjunction with all Member States to facilitate individual academic recognition procedures for EEC students who study in other Member States.

Vocational training

2.1.56. The fourth meeting of the Directors-General for Vocational Training took place in Brussels on 19-20 September.² The main topics discussed included the vocational training of young people and the training requirements resulting from technological change.

2.1.56a. The first meeting of the Joint EEC-Portugal Committee (set up by exchange of letters between the Commission and the Portuguese authorities in May) was held in Brussels on 9 September to examine a request from the Portuguese for technical assistance in the fields of vocational training and employment policy.

European Centre for the Development of Vocational Training

2.1.57. On 13 September the Management Board of the Berlin-based European Centre for the Development of Vocational Training examined the Centre's three-year programme (1986-89) and the prospects for close cooperation in support of the Commission's efforts to implement a concerted vocational training policy at Community level.

New technologies

Introduction of new technologies in vocational training

2.1.58. In response to the Council resolution of 2 June 1983 concerning vocational training measures relating to new information technologies,³ the Commission organized a meeting in Brussels on 10 and 11 September for officials from the Member States to launch the programme set out in the resolution. This programme is to

facilitate the exchange of experience by Member States in adapting their training systems to the new information technologies: a network of demonstration projects is to be set up to encourage innovation in this field. Research is to be promoted, as are visits by vocational training specialists to other countries to develop or gain experience in the new technologies. A series of meetings is planned for the end of the year and for 1986 in order to put into effect this strategy of interaction and exchanges.

Living and working conditions and social protection

Labour law and industrial relations

2.1.59. As part of the process of promoting industry-level dialogue, the first meeting between the Commission and representatives of the two sides of the hotel and catering industry was held on 17 September. This revealed that the unions and employers are favourably disposed towards a dialogue at Community level on the main issues affecting the hotel and catering trades.

Social integration of the handicapped

2.1.60. On 19 and 20 September the Commission hosted the inaugural meeting of the European Secretariat of the World Federation of the Deaf, attended by representatives of the profoundly deaf from nine member countries and Portugal. The conclusions reached at this meeting will be sent to the Commission and Parliament.

Social protection

2.1.61. From 25 to 28 September a symposium on the future of social security in the

¹ The previous meetings were held in Brussels on 18 and 19 June 1984, in Berlin on 19 and 20 November 1984 and again in Brussels on 25 and 26 March 1985.

² The previous meetings were held on 2 and 3 February 1984 (Bull. EC 2-1984, point 2.1.71), 28 and 29 June 1984 and 30 and 31 January 1985.

³ OJ C 166, 25.6.1983; Bull. EC 6-1983, points 1.4.1 to 1.4.9 and 2.1.81.

Community was held at Habay-la-Neuve in Belgium. This symposium, which was organized by the Trans-European Policy Studies Association in conjunction with the Commission for the purpose of throwing up points for consideration, is part of the follow-up to the Commission communication of 17 November 1982 on social security problems.¹

Health and safety

Public health

2.1.62. On 13 September Parliament adopted five resolutions on action to combat drug abuse (→ point 2.5.11).²

Health and safety at work

2.1.63. The Advisory Committee on Safety, Hygiene and Health Protection at Work, formed in 1974,³ held a plenary meeting on 3 and 4 September at which it adopted its 1984 annual report.⁴ As part of its reorganization, three *ad hoc* groups responsible for occupational diseases, carbon tetrachloride and safety were set up.

2.1.64. On 4-5 September a group of experts met in Luxembourg to discuss recommended design features in farm buildings for cattle so as to make them more cost effective and safer to work in, bearing in mind the variety of situations in European agriculture.

Health and safety (ECSC)

2.1.65. A symposium was held in Luxembourg on 17 September to establish a draft programme of work for the Mines Safety and Health Commission on reducing the risk of explosion and fires in culs-de-sac in coal mines, ventilated by auxiliary ventilation. Attention was drawn to the fact that of 10 explosions which had occurred in coal mines in the last 11 years, seven had occurred in culs-de-sac, causing the deaths of 53 miners. In all but two of these instances, the auxiliary fan supplying venti-

lation to the heading had been stopped for one reason or another, allowing explosive mixtures of methane and air to accumulate. The similarities between the circumstances leading to these explosions were indicated, while detailed papers were presented on reducing the risk of igniting such mixtures and on detecting and diluting them safely. Methods of giving greater protection to workers and increasing their chances of escape in the event of fire or explosion were also presented.

This led to the establishment of four sub-committees which would work speedily to produce proposals to governments for preventing dangerous accumulations of methane in culs-de-sac and diluting them more safely should they occur, detecting derangement of the ventilation and any dangerous accumulations of gas, limiting propagation of any explosions which may occur, and improving methods of escape from mines in the event of fires or explosions.

Health and safety (Euratom)

2.1.66. With a view to coordinating technical radiation protection practices under the Euratom basic safety standards, the Commission organized from 9 to 13 September a conference on interlaboratory comparisons of instruments and methods used to measure natural radioactive gases (radon) in mines and underground sites. The measurements were made on 'return air' sampled in a French mine, and the measured values showed good agreement between the different results.

2.1.67. Acting under Article 33 Euratom, the Commission delivered a favourable opinion on draft regulations and a draft code of practice produced by the United Kingdom in application of the Council Directives of 15 July 1980⁵ and 3 September

¹ Bull. EC 11-1982, point 2.1.50.

² OJ C 262, 14.10.1985.

³ OJ L 185, 9.7.1974.

⁴ Doc. V/Lux/4719/85.

⁵ OJ L 246, 17.9.1980; Bull. EC 7/8-1980, point 2.1.54.

1984¹ amending the Directives laying down the basic safety standards for the health protection of the general public and workers against the dangers of ionizing radiation.

2.1.68. In recognition of the increasing worldwide interest in using computer environmental models as aids to decision-making in the event of a nuclear accident, the Commission organized a workshop on real-time computing of the environmental consequences of an accidental release to atmosphere from a nuclear installation, which took place in Luxembourg from 17 to 20 September, attracting participants from Member States and other countries ranging as far afield as the USA and Japan.

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2.1.69. On 10 September Parliament adopted a resolution on the unusually high incidence of cancer in the vicinity of the reprocessing plant at Sellafield in the United Kingdom (→ point 2.5.11).²

Culture

Inter-library cooperation on data processing

2.1.70. Following their exchange of views last May,³ the Ministers with responsibility for cultural affairs meeting within the Council on 27 September adopted the following resolution concerning collaboration between libraries in the field of data processing:⁴

'The Council of the European Communities and the Ministers with responsibility for cultural affairs, meeting within the Council

1. having noted that:

(i) the collections built up by all the public and private libraries in the European Community constitute a treasure-house of material both culturally and from the viewpoint of scientific, technical and economic development;

(ii) full use can be made of this treasure-house only if there is also proper application of the

present wealth of new technologies for processing and disseminating information, which alone will provide the user with access to the whole of this heritage,

believe that the European Community should take action in this sector;

2. at Member State level, recognize the need for greater harmonization of the initiatives already taken in this area by a large number of libraries in the European Community and the need for others to acquire new management techniques without this undermining their budgetary possibilities for acquiring new works;

3. at Community level:

(i) request libraries, on the basis of a prior cost/benefit evaluation, to increase their cooperation at Community level and help in drawing up a common programme aimed at establishing the most suitable procedures for promoting such cooperation;

(ii) request the Commission to take into consideration the desirability of swift action to help libraries;

(iii) recall that this action may be realized within the framework, and with the resources, of the Community programme for the development of the specialized information market in Europe, adopted by Decision 84/567/EEC.

Such action should be aimed in particular at:

(a) defining and setting up, in close collaboration with the most important libraries in the European Community, a system which, based on existing systems and forms of collaboration, would enable computerized catalogues to be linked up;

(b) preparing, in close collaboration with those responsible for libraries in the Member States, a possible work programme designed to speed up the development of library activities both at the cultural level and as a major force on the information market in terms of both innovation and innovation support;

4. request the Commission to:

(i) keep them informed of work currently in progress in areas connected with the management and use of libraries;

¹ OJ L 265, 5.10.1984; Bull. EC 9-1984, point 2.1.55.

² OJ C 262, 14.10.1985.

³ Bull. EC 5-1985, point 2.1.59.

⁴ OJ C 271, 23.10.1985.

(ii) submit an annual report to them on any initiatives it sets in motion on the basis of this resolution.'

*

2.1.71. On 25 September the Economic and Social Committee gave its opinion (→ point 2.5.21) on the proposal for a Regulation on a Community aid scheme for non-documentary cinema and television co-productions.¹

Regional policy

Financial instruments

European Regional Development fund

ERDF Regulation

2.1.72. On 25 September the Economic and Social Committee delivered its opinion

(→ point 2.5.28) on a proposal² to amend the ERDF Regulation,³ adjusting the method of sharing out resources so as to enable Spain and Portugal to receive Fund assistance from 1 January 1986.

ERDF grants

Project financing

2.1.73. On 24 September the Commission approved the second allocation of grants for 1985 from the European Regional Development Fund: 354.15 million ECU for 74 investment projects in seven Member States costing a total of 2 478.77 million ECU. Each of the investment projects concerned costs more than 5 million ECU.

The assistance granted under this allocation is distributed among the Member States as shown in Table 8.

¹ Bull. EC 4-1985, point 2.1.65.

² OJ C 181, 19.7.1985; Bull. EC 6-1985, point 2.1.86.

³ OJ L 169, 28.6.1984; Bull. EC 6-1984, points 1.3.4 and 1.3.5.

Table 8 — *ERDF Grants: second 1985 allocation*

	Number of grant decisions	Number of investment projects	Investment assisted (million ECU) ¹	Assistance granted (million ECU) ¹
Belgium	2	2	75.17	5.35
Denmark	—	—	—	—
FR of Germany	21	23	322.60	17.24
Greece	8	9	394.04	151.72
France	5	6	81.76	3.45
Ireland	5	10	122.48	32.25
Italy	7	7	1 251.50	83.06
Luxembourg	—	—	—	—
Netherlands	—	—	—	—
United Kingdom	17	17	231.22	61.07
Total	65	74	2 478.77	354.15

¹ Converted at January 1985 rates.

The total of 354.15 million ECU breaks down as follows:

(i) 27.76 million ECU to help finance 33 projects in the industrial, craft and service sectors;

(ii) 326.39 million ECU to help finance 41 infrastructure projects.

This second ERDF allocation for 1985 brings the number of projects financed since the Fund was set up to 26 708 and the total assistance granted to approximately 12 040 million ECU.

Programme financing

2.1.74. On 25 September the Commission transmitted to the Council amendments¹ to its proposals for Regulations supplementing the second series of specific measures presented to the Council on 14 December 1984.² On the basis of Parliament's opinion,³ the Commission has added a provision requiring Member States to take the measures necessary to make potential beneficiaries and professional organizations aware of the possibilities offered by the special programmes and to inform the public by the most appropriate means of the role played by the Community.

2.1.75. On 26 September the Economic and Social Committee gave its opinion (→ point 2.5.29) on these Commission proposals.² It also endorsed the proposal to amend Article 45 of the Fund Regulation⁴ so that these supplementary projects can be financed in the same way as those already proposed.

Business and innovation centres

2.1.76. On 12 September the Commission decided to make a financial contribution to three conversion projects in declining industrial areas—80 000 ECU for Nancy, 100 000 for Derry and 100 000 ECU for Essen.

These projects are to finance measures for the preparation, starting up or completion of three business and innovation centres to

provide the full range of support services for small firms or new innovative activities in the areas in question.

Disaster relief

2.1.77. On 12 September Parliament adopted a number of resolutions on the damage caused by the bad weather in Ireland, by the forest fires in Mediterranean regions of the Community and by the dam burst at Stava di Tesero in Italy (→ point 2.5.11).⁵

2.1.78. On 13 September Parliament adopted a resolution on a regional incentive scheme for the development of less-favoured regions of the Community (→ point 2.5.11).⁵

Environment and consumers

Environment

Action by the Community on the environment

2.1.79. As required by the Council Regulation of 28 June 1984,⁶ the Commission informed the Council on 27 September of its decision to grant financial support of 1.165 million ECU for 10 projects providing an incentive which, under the Council Directive of 2 April 1979,⁷ contribute to the maintenance or re-establishment of seriously threatened biotopes that are the habitat of endangered species and are of particular importance to the Community. These projects, which are located in Belgium, France, Germany, Italy, the Netherlands and the United Kingdom, are urgent and

¹ OJ C 258, 10.10.1985; COM(85) 523 final.

² OJ C 70, 18.3.1985; Bull. EC 12-1984, point 2.1.113.

³ OJ C 229, 9.9.1985; Bull. EC 7/8-1985, point 2.1.104.

⁴ OJ C 143, 12.6.1985; Bull. EC 5-1985, point 2.1.65.

⁵ OJ C 262, 14.10.1985.

⁶ OJ L 176, 3.7.1984; Bull. EC 6-1984, point 2.1.72.

⁷ OJ L 103, 25.4.1979.

could not be implemented without Community support.

Prevention and reduction of pollution and nuisances

Freshwater and marine pollution

Barcelona Convention

2.1.80. The 10th anniversary of the Barcelona Convention on the Protection of the Mediterranean Sea against Pollution¹ was marked by the fourth meeting of the contracting parties, at ministerial level, in Genoa from 9 to 13 September.

Albania sent an observer, this being the first time it took part in a meeting under the Convention. The meeting achieved both political and practical results. On the political level, Ministers adopted an important Declaration, undertaking to speed up implementation of the Mediterranean Action Plan (MAP), in particular by increasing investment and stricter monitoring of the observance of standards; and instituted an annual Mediterranean Environment Week.

Ten priority objectives were selected, including the establishment of desludging terminals in several Mediterranean ports, the construction of effluent treatment plants in the big cities and the introduction of environmental impact assessment for major projects.

The meeting reviewed the various activities under the MAP and adopted recommendations concerning, *inter alia*, bathing waters, shellfish waters and mercury in marine products.

A total budget of USD 7 500 000 was adopted to finance MAP activities in 1986 and 1987.

Paris Convention

2.1.81. On 30 September the Commission decided² to ask the Council for authority to approve, on behalf of the Community,

programmes and measures under the Paris Convention for the Prevention of Marine Pollution from Land-based Sources.³ The programmes and measures proposed concern mercury and cadmium discharges and are consistent with existing Community legislation.

Oil pollution

2.1.82. The Commission has set up a Community information system to help the Member States, in the event of accident, to combat oil pollution of the sea. The system was set up pursuant to the Council Decision of 3 December 1981⁴ and made available to the competent authorities in each Member State. It comprises 600 separate data sheets, which describe existing methods of dealing with oil spills and list quantities and location of equipment, dispersants and other chemical products as well as the ships, aircraft and specialist personnel available in each Member State to combat oil spills at sea. The system includes information on the general properties, behaviour and environmental impact of hydrocarbons; and the data sheets specify the administrative channels and legal framework for effective cooperation so that national authorities can call on resources from elsewhere in an emergency.

Air pollution

2.1.83. On 30 September the Commission proposed that the Council adapt, in view of the forthcoming accession of Spain and Portugal, two environment Directives⁵—on air quality standards for nitrogen dioxide⁶ and on the approximation of the laws of the Member States concerning the lead content of petrol.⁷

¹ OJ L 240, 19.9.1977.

² COM(85) 520.

³ OJ L 194, 25.7.1975.

⁴ OJ L 355, 10.12.1981; Bull. EC 12-1981, point 2.1.81.

⁵ COM(85) 503 final.

⁶ OJ L 87, 27.3.1985; Bull. EC 12-1984, point 2.1.125.

⁷ OJ L 96, 3.4.1985; Bull. EC 3-1985, point 2.1.70.

2.1.84. On 12 September Parliament adopted four resolutions on forest fires in the Community (→ point 2.5.11).¹

Protection and rational use of the environment and natural resources

Flora and fauna

Baby seals

2.1.85. On 27 September the Council adopted a Directive² to extend until 1 October 1989 the Directive of 28 March 1983 relating to the ban on the importation into Member States of skins of certain seal pups and of derived products.³ The Commission had sent its proposal—providing for a permanent ban—in June.⁴

Natural resources

Transfrontier shipments of hazardous waste

2.1.86. In order to ensure the supervision and control of shipments of hazardous waste to non-Community countries, the Commission on 24 September adopted a proposal for a Directive⁵ for submission to the Council to supplement the Directive of 6 December 1984 on transfrontier shipments of hazardous waste in the Community.⁶ The changes proposed, which are also in conformity with the principles adopted in 1977 in the second Community programme of action on the environment,⁷ provide:

(i) that the importing State and any States of transit would have to consent to the import of hazardous waste;

(ii) that the importing State would have to have the technical facilities and competence to dispose of such waste properly, and that the relevant proof would have to be furnished.

Consumers

Tenth anniversary of first Community consumer programme

2.1.87. To mark the 10th anniversary of the first Community consumer programme,⁸ a meeting was held on 17 September by invitation of the Commission. It was chaired by Mr Clinton Davis, Member of the Commission with special responsibility for this area, and attended by representatives of the Community institutions, the European consumer organizations and trade and industry. In his introductory address, Mr Delors, President of the Commission, reminded the meeting of the Community guidelines drawn up to give new impetus to consumer policy. These were endorsed by Mr Albers, Vice-President of the European Parliament, speaking for the President of Parliament, by Mr Weyland, Luxembourg's Permanent Representative, for the President of the Council, and by Mrs Stroebel for the Chairman of the Economic and Social Committee. Mr Hilkens, Chairman of the Consumers Consultative Committee, stressed the need to reinforce the dialogue between Community institutions on the one hand and consumers, manufacturers and distributors on the other.

Physical protection

2.1.88. On 27 September the Commission amended its proposal for a Council Directive on the approximation of the laws of the Member States relating to quick-frozen foodstuffs for human consumption (→ point 2.1.11).

¹ OJ C 262, 14.10.1985.

² OJ L 259, 1.10.1985.

³ OJ L 91, 9.4.1983; Bull. EC 3-1983, point 2.1.85.

⁴ Bull. EC 6-1985, point 2.1.104.

⁵ COM(85) 511.

⁶ OJ L 326, 13.12.1984; Bull. EC 12-1984, point 2.1.132.

⁷ OJ C 139, 13.6.1977; Eleventh General Report, point 279.

⁸ OJ C 92, 25.4.1975; Ninth General Report, point 241.

Consumer information, education and representation

Consumers Consultative Committee

2.1.89. Meeting in Brussels on 18 September, the Consumers Consultative Committee adopted opinions on the reform of the common agricultural policy, a method for the calculation of the annual percentage rate of the total charge for consumer credit, and consumer education in school.

Agriculture

Council

2.1.90. At the end of its meeting on 16 September the Council (→ point 2.5.13), noting that no new development likely to bring agreement on cereal and rape prices for the 1985/86 marketing year had emerged,¹ decided to keep the topic on its agenda so that decisions could be reached at a later date. In the meantime the precautionary measures adopted by the Commission will remain in force.²

A first policy debate took place on the Commission's proposals on arrangements for sugar for the marketing years 1986/87 to 1990/91³ and on adjustment of the intervention price for raw sugar in connection with the negotiations with the ACP countries on guaranteed prices for preferential sugar (→ point 2.3.24).

The introduction of a Community scheme to provide increased protection of forests⁴ was discussed, but no agreement was reached. A number of common guidelines emerged, however, on minimum standards for the protection of laying hens kept in battery cages.⁵

The Council formally adopted three measures⁶—a Regulation on financing by the EAGGF Guarantee Section of certain intervention measures, a Decision on trade in

mutton and lamb and a Regulation on general rules for the import of wine, grape juice and grape must (→ point 2.1.93a).

Green Paper on the perspectives for the CAP

2.1.91. At an informal meeting of Ministers of Agriculture held in Luxembourg on 24 September the Green Paper on the perspectives for the CAP⁷ was discussed for the first time.

The Commission's analysis of the very serious difficulties besetting the CAP was favourably received, but views on possible solutions diverged fairly widely.

Mr Andriessen, the Commission Vice-President with special responsibility for agriculture, agreed to submit a memorandum clarifying the Commission's ideas in priority areas, especially on cereals, following discussion with the trade organizations.

Economic aspects of the CAP

Agri-monetary measures

Compensation for dismantling of MCAs in Germany

2.1.92. On 12 September Parliament adopted a resolution (→ point 2.5.11)⁸ on certain legal problems relating to consultation of Parliament on the granting of VAT relief to German farmers to compensate for the dismantling of MCAs.⁹

¹ Bull. EC 5-1985, points 1.2.1 and 1.2.2.

² Bull. EC 6-1985, points 2.1.109 to 2.1.114.

³ OJ C 219, 29.8.1985, Bull. EC 7/8-1985, point 2.1.155.

⁴ OJ C 187, 13.7.1983; Bull. EC 6-1985, point 2.1.123; OJ C 208, 8.8.1984; Bull. EC 7/8-1984, points 2.1.112 and 2.1.113.

⁵ OJ C 187, 22.7.1982; Bull. EC 6-1982, point 2.1.119.

⁶ OJ L 251, 20.9.1985.

⁷ Bull. EC 7/8-1985, points 1.2.1 to 1.2.11.

⁸ OJ C 262, 14.10.1985.

⁹ Bull. EC 4-1985, point 2.1.46; OJ C 214, 14.8.1984; Bull. EC 7/8-1984, point 2.1.83.

Market organizations

Wine

2.1.93. During September the Commission brought a number of intervention measures into force:

(i) On 13 September it decided, in view of the market situation, the stock position and the original harvest estimates, to apply in respect of the 1984/85 wine year the additional measures applicable to holders of long-term storage contracts for certain table wines (special price support guarantee), authorizing distillation of 15% of the table wine produced in 1984 by each holder of such a contract.¹

(ii) On 16 September it authorized² in respect of the 1985/86 wine year the preventive distillation provided for in Article 11 of Regulation (EEC) No 337/79 on the common organization of the market in wine.³ The maximum quantity of wine that each producer may have distilled has been set at 6 or 13 hl/ha depending on the wine-growing zone, so that the measure will help rationalize the market without the quantities distilled exceeding those compatible with sound market management.

On 16 September the Commission adopted a Regulation allowing concentrated grape must covered by a long-term storage contract to be converted into rectified concentrated grape must during the storage period, and on the same day it updated the classification of vine varieties.⁴

(iii) On 23 September the Commission deferred certain dates to enable the competent authorities of the Member States to insist that certain producers comply with their obligations as to compulsory distillation under Article 41 of Regulation (EEC) No 337/79, in particular where the matter has been referred to the courts.⁵

2.1.93a. On 16 September the Council adopted a Regulation adjusting and simplifying the general rules on the import of wine, grape juice and grape must.⁶ The

intention is to facilitate trade in both directions with non-Community countries that have established an effective system of supervision of their wine producers. In future the Community will accept certificates and analysis reports made out by producers authorized to do so by their national authorities.

Milk and milk products

2.1.94. The Commission set, for the period 1 April 1985 to 31 March 1986, the amounts of the additional levy imposed in the sector in order to curb milk production.⁷

In view of the general situation in the sector the Commission, in order to relax the constraints on small producers, decided for the 1985/86 milk year to allow Member States to reduce from 90 to 60 days the minimum period elapsing before payment is made for butter manufactured from milk delivered by such producers which is taken into intervention.⁷

Sugar

2.1.95. On 25 September the Commission proposed to the Council that the present sugar production refund arrangements be replaced.⁸ The proposed new arrangements would enable the Community to create the optimum conditions for achieving its principal goal, i.e. to dispose of more sugar on its internal market and thus reduce the quantities for export to markets elsewhere. They also have the advantage that the Community chemical industry would be supplied with sugar on much more favourable terms. The industry at the moment absorbs some 60 000 tonnes per year quali-

¹ OJ L 247, 14.9.1985.

² OJ L 249, 18.9.1985.

³ OJ L 54, 5.3.1979.

⁴ OJ L 248, 17.9.1985.

⁵ OJ L 253, 24.9.1985.

⁶ OJ L 251, 20.9.1985.

⁷ OJ L 246, 13.9.1985.

⁸ COM(85) 504 final.

fyng for the production refund. Under the new arrangements this can be expected to increase by approximately 100 000 tonnes in each of the marketing years from 1986/87 to 1990/91, with a corresponding reduction in the amounts that have to be exported each year.

2.1.96. On 11 September the Commission adopted a Regulation amending the detailed implementing rules in respect of sugar production in excess of the quota.¹ When negotiating the accession of Portugal, the Community undertook to supply Portuguese refineries with the bulk of their raw sugar requirements. The rule allowing replacement of C sugar by either white or raw quota sugar upon exportation might have prevented the Community from honouring its undertaking to Portugal, so the amending Regulation allows C sugar to be replaced by white sugar only.

2.1.97. Under present rules the 'periodic' refunds in the sector, fixed every two weeks, may be suspended if there are no sugar surpluses in the Community to be exported on the basis of world prices. Since this is the case for unprocessed raw sugar, in particular that obtained from cane harvested in the Community, the Commission on 25 September suspended periodic fixing of the export refund for raw sugars other than candy sugar.²

Agricultural legislation

Competition

2.1.98. Under Articles 92 and 93 of the Treaty the Commission decided to make no objection to the introduction of proposed schemes notified by:

FR of Germany

Hesse: Directives on aids to create additional jobs and sources of income in the countryside (investment aids).

Ireland

Temporary aid for winter feed to compensate for losses occasioned by the exceptionally wet weather this year.

Italy

Sardinia: Regional Act No 26 of 31 May 1984 concerning a bill on the arrangements for the preparation of the annual regional budget (investment and stock-farming aids).

Sicily: Regional Act No 51 of 21 May 1984 laying down rules on advance payments for grapes delivered to cooperatives, and other measures in the field of agricultural credit (in particular investment aids).

Sicily: A bill to amend Regional Act No 16 of 2 March 1981, and other rules in the agricultural sector (1985 expenditure) dealing with investment aids in particular.

United Kingdom

Encouragement of private silviculture (aids for afforestation and natural hard wood regeneration).

2.1.99. The Commission decided to initiate the Article 93(2) procedure with regard to the following aids:

Denmark

An adjustment of the credit system in the agricultural sector—Act No 247 of 6 June 1985 amending Act No 317/85 on index-linked credit. This makes provision for special 30-year agricultural loans with the State taking over 30% of the additional amount resulting from annual indexation of the remaining debt.

¹ OJ L 244, 19.9.1985.

² OJ L 255, 26.9.1985.

Greece

A nine-month credit for durum wheat millers, intended to provide credit on easier terms for the purchase of durum for pasta production.

Italy

Sicily: Aid for agricultural holdings damaged by the severe weather in 1984 and 1985, and for cereal and poultry producers, consisting in particular of five-year reduced-interest loans to meet social insurance contributions for the period to 31 December 1984 not paid by the date on which the legislation enters into force. The Commission decided to raise no objection to the aid for damaged holdings.

2.1.100. The Commission decided to terminate the Article 93(2) procedure with regard to the following aid:

Belgium

Aid for a canning firm at Geer,¹ the aid for the investments concerned being within the authorized limits.

**European Agriculture
and Guidance Guarantee Fund**

1984 financial report

2.1.101. The Commission sent the Council the 14th financial report on the activities of the EAGGF in 1984.² The report deals with expenditure resulting from the common policy on agricultural markets and prices, the common policy on improving agricultural structures and the supply of agricultural products as Community food aid.

2.1.102. As far as the Guarantee Section is concerned, expenditure totalled 18 346.4 million ECU in 1984, compared with 15 811.6 million ECU in 1983. This total is

net of the financial contribution of dairy farmers (749.2 million ECU), of expenditure recovered when the 1978 and 1979 accounts were cleared (25.5 million ECU) and of miscellaneous financial adjustments. Without these items total expenditure would have been higher.

As happened in 1983, the original 1984 appropriations, 16 542.9 million ECU, proved insufficient and 1 833 million ECU in supplementary appropriations had to be provided, bringing total appropriations available to 18 375.9 million ECU, including fisheries (42.9 million ECU).

Total expenditure in 1984 showed an increase of 16% over 1983, well below the 1983 rise of 27.5%. The more modest increase in Community costs results principally from heavier expenditure on milk and milk products, beef/veal, wine and olive oil being counterbalanced by reduced outgoings primarily in the cereals sector.

A breakdown of expenditure by economic type shows that export refunds in 1984 represented only a slightly greater proportion of total expenditure than in 1983 (36% compared with 35%), despite a 19% increase in absolute terms mainly because of a rise in refund expenditure on milk and milk products, beef/veal and sugar, mitigated however by a drop in expenditure on cereals and rice in particular.

Intervention still accounted for 64% of total expenditure (slightly lower than the 65% in 1983), despite an increase of some 13% in absolute terms. The main type of intervention remained price support, which accounted for 36% of total expenditure in 1984, followed by storage measures (19%).

Community food aid operations in 1984 cost a total of 722 million ECU, compared with 374 million ECU in 1983. The reason for this sharp increase was that the 1984 programmes were adopted more quickly by the Council (May) than were the 1983 pro-

¹ Bull. EC 6-1985, point 2.1.136.

² COM(85) 447 final (Guidance Section); COM(85) 492 final (Guarantee Section and food aid).

grammes (July). This meant that a greater proportion of the deliveries were actually made in the 1984 financial year. The bulk of Community food aid was, as in previous years, accounted for by the supply to different countries and organizations of milk products (285 million ECU, as against 176 million ECU in 1983) and of cereals and rice (279 million ECU, as against 144 million ECU in 1983).

2.1.103. The Guidance Section has in recent years steadily increased both the number of measures financed and annual expenditure, though the appropriations allocated to it are still relatively modest compared with those allocated to the Guarantee Section.

There had again been a 25% rise in actual commitments from 1982 to 1983, but in 1984 budgetary constraints began to make themselves felt with a lower carryover of appropriations and a lower budget allocation for the year. The outcome was a drop in the aid granted by the Guidance Section and some difficulties in making the actual payments.

Among the 'direct' measures, the scheme for the improvement of marketing and processing structures for agricultural products was once again in 1984, as in previous years, that involving the heaviest commitment of appropriations: 220.5 million ECU was assigned to this measure, enabling 687 individual projects to be financed.

For the three direct measures to assist agriculture in the Mediterranean regions the appropriations committed totalled 111.5 million ECU, divided among 108 special projects and programmes.

Among the measures involving reimbursement by the Community ('indirect' measures), the Directive on agriculture in mountain, hill and less-favoured areas gave rise to expenditure of 136.4 million ECU, and has moved into second place in financial terms.

The Directive on the modernization of farms gave rise to expenditure of 112.5 million ECU.

Expenditure on various measures in the wine sector, aimed in particular at restructuring and conversion, amounted to only 24.1 million ECU in 1984, and expenditure on premiums for the non-marketing of milk, a scheme that will shortly be ending, fell to 39.4 million ECU.

Guarantee Section

2.1.104. At the end of July the Commission adopted the Decisions on the clearance of the Guarantee Section's accounts for 1980 and 1981. This involves endorsement for charging to the Community the expenditure incurred by the Member States under Community regulations, after due verification of vouchers and itemized accounts. As a result of increased expenditure on the common agricultural policy, the total cleared in respect of these two years came to more than 21 000 million ECU, as compared with 18 500 million ECU for the two previous years (1978 and 1979). Both Decisions will have to be supplemented at a later date in respect of a number of individual cases.

2.1.105. On 16 September the Council amended¹ Regulation No 3247/81 on the financing by the EAGGF Guarantee Section of certain intervention measures, particularly those involving the buying-in, storage and sale of agricultural products by intervention agencies.²

The amendments consist of the addition of certain specific provisions applicable in the wine and olive oil sectors.

Fisheries

Council

2.1.106. The Council, meeting on 27 September (→ point 2.5.13), adopted a Regu-

¹ OJ L 251, 20.9.1985; Bull. EC 6-1985, point 2.1.138.

² OJ L 327, 14.11.1981.

lation concerning the areas of the Irish Sea where herring fishing is prohibited (→ point 2.1.107).

It also agreed on a common position concerning the proposal for a Regulation on compensatory allowances for sardine producers in the present Community to help them adjust gradually to the changed competitive circumstances arising from the inclusion of Spanish and Portuguese sardine production in the market organization.¹

The Council was unable, however, to adopt the main items on its agenda, namely the proposal for a Regulation concerning by-catches in the course of fishing for Norway pout in the North Sea² and the proposal for a third amendment to the Regulation concerning TACs and quotas for 1985³ as regards monkfish and megrim.⁴

Resources

Internal aspects

Community measures

TACs and quotas for 1985

2.1.107. On 27 September the Council amended⁵ for the third time,⁶ on a proposal from the Commission,⁷ its Regulation of 19 December 1984 fixing the TACs and quotas for 1985.³

This amendment, which is based on the report prepared by the International Council for the Exploration of the Sea on herring stocks in the Irish Sea, ends the prohibition on fishing for this species in the 12-mile zone off the coast of Ireland and Northern Ireland between latitudes 53°N and 55°N and makes the prohibition applicable only to three particular areas (off the Isle of Man, Mourne and Logan Bay) instead of throughout the Irish Sea to the north of latitude 53°30'.

Control measures

2.1.108. On 26 September the Commission proposed⁸ that the Council should amend for the second time⁹ its Regulation of 29 June 1982 establishing certain control measures for fishing activities by vessels of the Member States.¹⁰

Prohibition measures

2.1.109. On the basis of information supplied by the national authorities concerning the exhaustion of certain fishing quotas, the Commission prohibited:

- United Kingdom vessels from fishing for herring in ICES division VIa (Clyde stock) on 13 September;¹¹

- Danish vessels from fishing for sprat in ICES division IIIa on 25 September and for saithe in ICES divisions IIa (EC zone), IIIa, IIIb, c, d, (EC zone) and IV on 27 September.¹²

Reopening of certain fisheries

2.1.110. On 31 August, following transfers of fishing quotas between Member States, the Commission revoked¹³ the prohibition on Netherlands vessels fishing for haddock in ICES divisions IIa (EC zone) and IV.¹⁴

¹ Bull. EC 7/8-1985, point 2.1.186.

² Bull. EC 6-1985, point 2.1.141.

³ OJ L 1, 1.1.1985.

⁴ Bull. EC 4-1985, point 2.1.89.

⁵ OJ L 259, 1.10.1985. This was originally proposed as the fourth amendment but became the third on adoption because the original proposal for a third amendment had not yet been agreed.

⁶ OJ L 13, 16.1.1985; OJ L 89, 29.3.1985; Bull. EC 4-1985, point 2.1.89.

⁷ COM(85) 494 final.

⁸ COM(85) 490 final.

⁹ OJ L 169, 28.6.1983.

¹⁰ OJ L 220, 29.7.1982; Bull. EC 6-1982, point 2.1.129.

¹¹ OJ L 253, 24.9.1985.

¹² OJ L 256, 27.9.1985.

¹³ OJ L 238, 5.9.1985.

¹⁴ OJ L 219, 17.8.1985; Bull. EC 7/8-1985, point 2.1.178.

External aspects

Multilateral relations

2.1.111. The Commission represented the Community at the seventh annual meeting of the Northwest Atlantic Fisheries Organization (NAFO) in Havana, Cuba, from 9 to 13 September and at the 11th meeting of the International Baltic Sea Fishery Commission in Warsaw, Poland, from 16 to 20 September.¹

2.1.112. On 27 September the Commission transmitted to the Council a proposal for a Regulation laying down certain technical measures for the conservation of fishery resources in the waters of the Baltic Sea and the Belts.² The purpose of the Regulation is to bring into force the conservation measures adopted by the International Baltic Sea Fishery Commission since it was set up.

Markets and structures

Market organization

2.1.113. On 25 September the Commission sent to the Council two proposals for Regulations³ amending:

- Regulation (EEC) No 103/76 of 19 January 1976⁴ so as to lay down common marketing standards for four new species (monkfish, megrim, Ray's bream and Spanish mackerel) covered by the price arrangements under the Act of Accession of Spain and Portugal; and
- Regulation (EEC) No 104/76 of 19 January 1976⁴ so as to lay down common marketing standards for Norway lobsters and edible crabs, which are covered by the new storage premium arrangements under the Act of Accession of Spain and Portugal.

Structures

2.1.114. On 11 September the Commission approved⁵ a scheme of financial

aid which the Netherlands intends to introduce to bring about a permanent reduction of production capacity. The scheme is considered to be in accordance with Council Directive 83/515/EEC of 4 October 1983 concerning certain measures to adjust capacity in the fisheries sector.⁶ The planned measures also fulfil the conditions for a financial contribution from the Community. The scheme was scheduled to enter into force on 1 February 1985 and to last until the end of 1986.

2.1.115. On 16 September the Commission adopted two Decisions laying down rules for payments under Council Directive 83/515/EEC of 4 October 1983 concerning certain measures to adjust capacity in the fisheries sector⁶ and under Regulation (EEC) No 2909/83 of 4 October 1983 on measures to encourage exploratory fishing and cooperation through joint ventures in the fishing sector.⁶

Transport

2.1.116. On 12 September Parliament adopted a resolution (→ point 2.5.11)⁷ on the Court of Justice's judgment,⁸ given in May, concerning the common transport policy and guidelines for that policy (→ point 3.4.1).

2.1.117. Parliament also adopted, on the same day, a resolution on airline and railway safety (→ point 2.5.11).⁷

Infrastructure

Infrastructure investment

2.1.118. On 25 September the Commission sent the Council the 12th report on

¹ Bull. EC 9-1984, point 2.1.105.

² COM(85) 487 final.

³ COM(85) 513 final; COM(85) 518 final.

⁴ OJ L 20, 28.1.1976.

⁵ OJ L 252, 21.9.1985.

⁶ OJ L 290, 22.10.1983; Bull. EC 10-1983, point 2.1.162.

⁷ OJ C 262, 14.10.1985.

⁸ Bull. EC 5-1985, point 1.1.1 *et seq.*; Bull. EC 7/8-1985, point 2.5.24.

expenditure on and utilization of rail, road and inland waterway infrastructure.¹ The report shows that in 1982 the ten Member States spent 44 900 million ECU on inland transport infrastructures, which represents 2% of their gross national product. Some 72.6% of this total went on roads, 24.8% on railways, and only 2.6% on inland waterways. The proportion is exactly the same as in the previous year.²

The report also reveals that transport infrastructure investment declined slightly, but steadily, from 5.2% of gross fixed capital formation in the Community in 1977 to 4.3% in 1982.

As regards utilization of infrastructures, the report shows that rail traffic was down 5% on 1973, whereas road traffic, on average, was 30% higher.

2.1.119. On 25 September the Economic and Social Committee delivered an opinion (→ point 2.5.31) on the Commission's communication laying down the broad outlines of a medium-term transport infrastructure policy.³

Inland transport

Road transport

Access to the market

Community quota

2.1.120. On 27 September the Commission decided to fix additional Community authorizations for 1986 and allocate them to the Member States, as a result of the increase in authorizations decided by the Council on 19 December 1984 when it adopted an amending Regulation on the Community quota for the carriage of goods by road between Member States.⁴

Social conditions

2.1.121. On 26 September the Economic and Social Committee delivered an

additional opinion (→ point 2.5.32)⁵ on the proposal to amend the Regulations of 25 March 1969 and 20 July 1970 on the harmonization of certain social legislation relating to road transport and the draft Council recommendation seeking improved implementation of the two Regulations in the Member States.⁶

Inland waterways

Rhine navigation

Access to the Market

2.1.122. On 12 September Parliament endorsed⁷ the proposal for a Regulation 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.⁸ The Commission was asked to draw up proposals to deal with the problem of overcapacity.

Air transport

2.1.123. On 10 September Parliament gave its opinion⁷ on Commission Memorandum No 2 on civil aviation and on two of the four accompanying proposals⁹ — one for a Council Decision on bilateral agreements, arrangements and memoranda of understanding between Member States relating to air transport, and the other for a Council Regulation on the application of Article 85(3) of the EEC Treaty to certain categories of agreements and concerted practices in the air transport sector.

¹ COM(85) 481 final.

² Bull. EC 6-1984, point 2.1.127.

³ Bull. EC 12-1984, point 2.1.199.

⁴ OJ L 333, 21.12.1984; Bull. EC 12-1984, point 2.1.204.

⁵ OJ C 104, 25.4.1985; Bull. EC 2-1985, point 2.4.25.

⁶ OJ C 100, 12.4.1984; Bull. EC 3-1984, point 2.1.168; OJ C 223, 3.9.1985; Bull. EC 7/8-1985, point 2.1.195.

⁷ OJ C 262, 14.10.1985.

⁸ OJ C 48, 20.2.1985; Bull. EC 1-1985, point 2.1.66.

⁹ OJ C 182, 9.7.1984; Bull. EC 2-1984, point 2.1.149.

Parliament favours extremely cautious liberalization of the conditions governing the organization and operation of air transport: it does not believe that the European Community could or should emulate the deregulation of air transport carried out in the United States since 1978, because it would operate to the disadvantage of peripheral, underdeveloped and crisis-ridden regions. Parliament also thinks that deregulation would be unacceptable because it could lead to 'considerable social conflict'. It therefore proposes that the Commission should draw up a new proposal for a Directive, laying down the conditions for access to the market by scheduled regional airlines, which—if they have aircraft with a maximum capacity of 50 seats—would be allowed to introduce an air link between any point in their country of origin and a point in another Member State. For the control and distribution of capacity, Parliament rejects the adoption of thresholds that are too rigid; and says that tariffs should cover the airlines' costs. On the subject of cooperation and agreements between airlines, Parliament points out that the quality of services offered depends on such agreements, and proposes that exemptions from Article 85(1) of the EEC Treaty (which prohibits such agreements) be allowed very liberally, provided that certain minimum conditions are fulfilled. It refuses to countenance the discriminatory split between the Community and the rest of Europe which would result from over-regulation, and at the same time opposes any nascent cut-throat competition on major routes, and rejects the need for any new supranational authority or additional powers for the Commission.

2.1.124. On 26 September the Economic and Social Committee gave its opinion on the civil aviation memorandum and all four proposals accompanying it (→ point 2.5.30).

Energy

Specific problems

Solid fuels

New state aid rules

2.1.125. On 27 September the Commission sent to the Council a communication on new Community rules for State aid to the coal industry together with two draft decisions for which it requested the Council's assent (→ point 1.4.1 *et seq.*). The ECSC Consultative Committee and Parliament are also being consulted.

Market situation

2.1.126. The Commission produced a revised version of its report on the solid fuels market in 1984 and the outlook for 1985¹ in the light of market trends in 1985 as they appeared at mid-year. The ECSC Consultative Committee delivered an opinion on the revised report (→ point 2.5.34).

The new forecasts for coal show a 5% reduction in availabilities in 1985 compared with 1983 (a 14% reduction in Community production and a 29% increase in imports). The difference of 15 million tonnes is likely to be offset by the use of 12 million tonnes from pithead stocks.

Nuclear energy

2.1.126a. On 17 September the Commission sent the Council a communication on the implementation of the verification agreement concluded by Euratom and its non-nuclear-weapon Member States with the International Atomic Energy Agency. This communication follows up the report sent to the Council on 8 August 1983.²

¹ Bull. EC 3-1985, point 2.1.135; OJ C 177, 15.7.1985; Bull. EC 6-1985, point 2.1.158.

² Bull. EC 7/8-1983, point 2.1.190.

IAEA General Conference

2.1.127. The Commission's delegation to the 29th annual General Conference of the International Atomic Energy Agency, which was held in Vienna from 23 to 27 September, was led by Mr C.J. Audland, Director-General for Energy, representing the Community. Mr Audland made a statement to the Conference on the likely role of nuclear power in the energy pattern of the enlarged Community, the Community's nuclear R&D programme and energy cooperation between the Community and developing countries.

Alternative energy sources and energy saving

Demonstration projects

2.1.128. On 13 September Parliament gave its opinion¹ on two proposals for Regulations to provide financial support under five-year programmes beginning on 1 January 1986 for demonstration projects relating to the exploitation of alternative energy sources, energy saving and the substitution of hydrocarbons, and for industrial pilot projects and demonstration projects relating to the liquefaction and gasification of solid fuels.² Having approved the multiannual nature of the programmes and the estimates of funding required, Parliament welcomed the simpler decision-making procedure for the selection of projects for Community support. It would, however, like the Commission to take steps to ensure that Community aid was granted solely to projects which would in all likelihood not have been undertaken without such support.

Research and development

Community R&D policy

2.1.129. On 1 October the Commission transmitted to the Council a communication concerning Community action on

technological research and development. This is in implementation of the memorandum entitled 'Towards a European Technology Community' which was sent to the European Council meeting in Milan in June (→ point 1.2.1 *et seq.*).

Coordination of national policies

2.1.130. The Scientific and Technical Research Committee (Crest) met in Brussels on 12 and 13 September and held a preliminary discussion on the Commission's proposals for multiannual research programmes in the field of raw materials and advanced materials,³ and in environmental protection, climatology and major technological hazards.⁴ Although the Committee reached a consensus on the need for Community action in these areas, it has not yet formally expressed an opinion on the content or manner of execution.

The Committee was also informed of the progress of the Eurotra computer-aided translation project.⁵ The first phase, covering the organization of the project, preparation of contracts of association, definition and solution of problems concerning intellectual property rights, participation of non-Community countries and working methods, is now complete.

Crest also signified its agreement to a one-year extension of the current concerted-action project on shore-based maritime navigation aid systems.⁶

International cooperation

COST projects

2.3.131. On 26 September the Commission asked⁷ the Council to conclude an

¹ OJ C 262, 14.10.1985.

² OJ C 109, 3.5.1985; Bull. EC 2-1985, point 2.1.121.

³ Bull. EC 7/8-1985, point 2.1.224.

⁴ Bull. EC 7/8-1985, point 2.1.230.

⁵ OJ L 317, 13.11.1982.

⁶ OJ L 378, 31.12.1982.

⁷ COM(85) 456 final.

agreement on a concerted-action project in the field of artificial intelligence and pattern recognition (COST 13) between the Community and Austria, Finland, Norway, Spain, Sweden, Switzerland and Yugoslavia.

Sectoral R&D activities

Energy

Nuclear fusion energy

JET

2.1.132. The Council of JET (Joint European Torus) met in Culham, United Kingdom, on 20 September to appoint a replacement for Mr H.O. Wüster, the Director, who died on 30 June.

Mr P.H. Rebut, formerly Deputy Director, was appointed Director.

Mr R. Bickerton, formerly Associate Director, was appointed Deputy Director.

Nuclear fission energy

Safety of nuclear power stations

2.1.133. On 18 and 19 September the Commission held an international seminar in Brussels on the problems of radioactive emissions from the core of a light-water reactor in the event of a serious accident resulting in damage to the fuel.

Some 80 experts from the Community countries and the United States discussed the state of the art in the light of about twenty specific studies undertaken by the Commission in recent years, especially since the accident at Three Mile Island in the United States in 1979. In line with the results obtained, special emphasis was laid on the fact that the quantity of fission products (source term) in the atmosphere of the reactor containment is significantly lower in such an accident than was estimated in earlier safety studies. Most of the radioactivity,

in particular the radioactive iodine, would in fact be retained in the reactor water. Owing to the complexity of the phenomena, further studies on the subject are required.

Measurement of the thermal conductivity of uranium oxide in the molten state

2.1.134. Knowledge of the thermal properties of molten uranium oxide, particularly its thermal conductivity, is necessary for evaluating the possibilities of heat removal from a damaged reactor core.

The thermal conductivity values for molten UO_2 previously obtained by means of non-steady-state measurements on samples encapsulated in tungsten were in the region of 10 W/cm.degC , i.e. much higher than those for the thermal conductivity in the solid state at temperatures near the melting point — an apparent contradiction which was difficult to explain. Further experiments were therefore carried out at the Karlsruhe Establishment of the JRC, using a steady-state measurement method and a technique in which the liquid phase is in contact with solid uranium oxide.

The data thus obtained (values below 3 W/cm.degC) accord well with the theoretical values and can be regarded as providing a firm basis for extrapolations and practical applications.

Vapour-pressure measurements on uranium oxide at very high temperature

2.1.135. As a result of uranium oxide vapour-pressure measurements at very high temperature, carried out at the Karlsruhe Establishment of the JRC, it was possible to reconcile the differences between the measured UO_2 vapour-pressure values at very high temperature and the values obtained by thermodynamic extrapolation. The differences were attributed to the thermal emission of positive ions at the surface of the sample.

Hence there is now a physical basis that can be used with confidence for calculations relating to problems of reactor safety.

Reactor safety programme

2.1.136. On 17 September the Commission published¹ a call for proposals for the shared-cost research programme (1985-87) on reactor safety, responsibility for which had been assigned by the Council to the Joint Research Centre.²

The work under this programme is to be carried out by national organizations within the Community by way of research contracts under which the Commission's financial contribution will normally not exceed 50% of the total cost of the projects.

This call for proposals concerns activities relating to the study of abnormal behaviour of cooling systems, describes the objectives and content of the work and indicates the Commission's expected financial contribution.

Industry

Information technology and telecommunications

Esprit programme

2.1.137. The second Esprit Technical Week was held in Brussels from 23 to 27 September. There were some 600 participants, and this year's programme included an open day on the subject of 'Competitiveness through cooperation', with eminent speakers from the Community, the United States and Japan.

On this occasion, the initial results of the 1985 Esprit call for proposals³ were announced: from among the 389 proposals received, 95 new projects were selected, two thirds of them being submitted by firms that are newcomers to the programme. Of these 95 new projects, some contribute to previous projects, so that the total number of Esprit projects launched or selected to date is 173, involving a total of 448 information technology organizations throughout the Community.

Special steps were taken at the Technical Week to encourage the preparation of Spanish and Portuguese participation in the programme from 1986 on.

2.1.138. On 19 September the Commission published a supplementary call for proposals in software technology as part of the Esprit programme.⁴

RACE definition phase

2.1.139. On 1 October the Commission published a call for proposals concerning RACE definition phase, Part II (technology evaluation and exploration).⁵ An advance notice on the subject had been issued in April.⁶

Textiles and clothing

2.1.140. The results of the second R&D programme in the field of textiles and clothing (1981-83)⁷ were presented at a symposium held in Luxembourg on 18 and 19 September. Allocated a total of 3.9 million ECU, the programme was performed on the basis of 35 research contracts concluded with 24 institutions from seven Member States.

There were four main topics:

New spinning technologies in the wool industry

The research has prepared the ground for application of the new spinning technologies (open-end, hollow-spindle, etc.), defined checks to be made on raw material during the production process and produced an industrial prototype for fibre preparation and carding.

¹ OJ C 236, 17.9.1985.

² OJ C 250, 19.9.1983; Bull. EC 12-1984, point 1.7.2.

³ OJ C 340, 20.12.1984.

⁴ OJ C 238, 19.9.1985; OJ C 252, 3.10.1985.

⁵ OJ C 249, 1.10.1985.

⁶ OJ C 105, 26.4.1985; Bull. EC 4-1985, point 2.1.115.

⁷ OJ L 367, 23.12.1981; Bull. EC 12-1981, point 2.1.167.

Upgrading of linen

The basic aim of the research being to encourage the revival of a raw material in which the Community could become self-sufficient, efforts have been directed towards the improvement of growing techniques and presentation through mechanization, better retting, increased hackling output, the upgrading of by-products and industrial fibre preparation geared to new processing techniques.

Quality of knitted fabrics and knitted articles

The focus in this case was on quality—how to achieve it and how to maintain it. Significant results were obtained as regards the 'dimensional' aspect, i.e. the ability to satisfy the customer by producing knitted garments of the right shape and size which will not alter when worn or cleaned. The research was also successful in connection with the objective evaluation of quality by means of new types of equipment.

Garment physiology and construction

It proved possible to quantify the various parameters involved and to establish a garment 'comfort-rating' (based on thermal and physiological factors and heat and moisture exchanges).

Research concerned with the optimization of garment design and production demonstrated the importance of having a thorough understanding of the relationships between fabric properties, design and making-up when it came to developing automated systems and robots in the garment industry.

A study of the technological horizons open to the Community's textile industry indicates that, as far as spinning and weaving are concerned, it could become competitive at world level in four to five years. The outlook for the clothing industry, however, looks much less bright.

*Health and safety**Radiation protection*

2.1.141. Cell transformation has become a valuable tool for studying the various stages of development of cancer and its relation to oncogene activation, chromosome aberrations and the presence of viruses.

In-vitro transformation of cells through abnormal multiplication is now widely used to study the risks of cancer caused by radiation and other factors. When the process is better understood, it may provide an additional basis for epidemiological studies on laboratory animals.

Directly related to this research was a workshop on the subject of cell transformation in radiation biology that was held in Oxford from 9 to 11 September and was organized jointly by the Commission, MRC Harwell, and the United States Department of Energy and National Cancer Institute.

However, the qualitative and quantitative extrapolation of the data to radiation induced cancers calls for yet more research into the mechanisms of cell transformation and into human cancer in particular, in order to better evaluate the risks, find ways of recognizing cancer during its latency period and prevent its development.

2. Enlargement and bilateral relations with Spain and Portugal

2.1.1. On 11 September Parliament adopted a resolution (→ point 2.5.11)¹ approving the terms and conditions of the Portuguese and Spanish accession treaty signed on 12 June² and calling on the 12 Contracting Parties to ratify it by 31 December.

Spain

2.2.2. On 13 September Parliament approved (→ point 2.5.11)¹ the October

1984 Commission proposal³ to grant aid to help with the restructuring of the Spanish fishing industry, and made a number of suggestions concerning the capacity reductions in the Spanish fishing fleet advocated by the Commission.

¹ OJ C 262, 14.10.1985.

² Bull. EC 6-1985, points 1.1.1 to 1.1.10.

³ OJ C 298, 9.11.1984; Bull. EC 10-1984, point 2.2.4.

3. External relations

Commercial policy

Implementing the common commercial policy

Commercial policy instruments

Easing of restrictive measures

2.3.1. Under the Council Regulation of 14 November 1983 on import arrangements for products originating in State-trading countries, not liberalized at Community

level,¹ the Commission decided to open quotas for the following:

Italy-Soviet Union: threaded or threadable tubes (gas pipe), welded, other than zinc-coated.²

Trade protection

2.3.2. The trade protection measures taken in September are shown in Table 9.

¹ OJ L 346, 8.12.1983.

² OJ C 250, 2.10.1985.

Table 9

Council	Commission
<p><i>Anti-dumping proceedings</i></p> <p><i>Change of definitive anti-dumping duty on imports of:</i></p> <ul style="list-style-type: none"> • certain polyester yarn originating in the United States of America OJ L 246, 13.9.1985 (notice of review: OJ C 257, 26.9.1984) 	<p><i>Anti-dumping proceedings</i></p> <p><i>Partial refund of anti-dumping duties collected on certain imports of:</i></p> <ul style="list-style-type: none"> • hardboard originating in Sweden OJ L 237, 4.9.1985 (provisional duty and acceptance of undertakings: OJ L 361, 24.12.1983) <p><i>Notice of reopening of an anti-dumping proceeding concerning imports of:</i></p> <ul style="list-style-type: none"> • ball bearings and tapered roller bearings originating in Poland OJ C 238, 19.9.1985 (acceptance of undertaking: OJ L 152, 11.6.1981) <p><i>Acceptance of an undertaking entered into under an anti-dumping proceeding concerning imports of:</i></p> <ul style="list-style-type: none"> • container corner fittings of worked cast steel originating in Austria, and terminating the proceeding. OJ L 256, 27.9.1985 (notice of opening: OJ C 56, 2.3.1985)

Treaties and trade agreements: extension or automatic renewal

2.3.3. On 16 September the Council authorized the extension or automatic renewal of certain trade agreements between Member States and other countries, for which the date for giving of termination falls between 1 August and 31 October 1985 (third batch).¹

Sectoral commercial policy measures²

Textiles

Agreements and arrangements with non-member countries

MFA countries

2.3.4. On 24 September the Commission presented to the Council a recommendation

for a decision concerning the adaptation of certain bilateral textile agreements following the accession of Spain and Portugal.³ This adaptation has to be made by the end of the year in order that the agreements may be applied to the new Member States from the date of accession.

Mediterranean preferential countries

2.3.5. From 10 to 12 September the Community and Turkey held further consultations in Brussels with a view to reaching agreement on a comprehensive administrative cooperation arrangement covering a number of categories of clothing.⁴ Following the negative outcome of these talks the Community was obliged to resort to safeguard action under the terms of the Regu-

¹ OJ L 251, 20.9.1985.

² For steel products, see point 2.1.30.

³ COM(83) 478 final.

⁴ Bull. EC 7/8-1985, point 2.3.9.

lation implementing the Additional Protocol to the Association Agreement.¹

Accordingly, on 20 September quantitative restrictions at Community level on imports from Turkey of six categories of clothing were introduced, to have effect from the following day to 31 July 1986.² Regional limits on three other products were also introduced for the same period.

Relations with industrialized countries

Multilateral aspects

A new round of GATT trade negotiations

2.3.6. At the request of the United States a special session of the Contracting Parties was held from 30 September to 2 October to discuss the subject matter and modalities of a new round of multilateral trade negotiations. The Community, acting on the Council Decision of 19 March,³ advocated a meeting of senior officials to be convened on the basis of a consensus—the traditional method in GATT. However, since no consensus could be obtained, the Member States voted for the American proposal for a special session, which also won the support of a large majority of the Contracting Parties.

This session saw the beginning of preparations for a new series of multilateral trade negotiations. The Contracting Parties agreed that a decision should be taken on the setting up a Preparatory Committee to establish the basis for the launching of a new round of negotiations.

Despite the achievements of this session, fundamental difficulties remain, particularly as regards services, and these will be the subject of further efforts in Geneva leading up to the regular session in November.

The following communiqué was issued at the end of the special session:

The Contracting Parties agreed as follows:

- a preparatory process on the proposed new round of multilateral trade negotiations has now been initiated;
- in order to further this process, a group of senior officials, open to all Contracting Parties, is established; it will meet for the first time on 14 October;
- this group will report to the Contracting Parties at their November session;
- at that session of the Contracting Parties, a decision will be taken on the establishment of a Preparatory Committee to prepare the basis for the launching of a new round.

It is understood that:

- the senior officials' group will examine the subject matter and modalities of the proposed negotiations in the light of the GATT Work Programme and priorities for the 1980s as contained in the Ministerial Declaration of 1982 and the continuing consideration of changes in the trading environment so as to ensure that the GATT is responsive to these changes;
- the work of the senior officials' group will not prejudice the ongoing work of the GATT in terms of the 1982 Work Programme, and will not prejudice the work on services in terms of the 1982 and 1984 decisions and agreed conclusions of the Contracting Parties; the November session will also receive reports on this ongoing work.

United States⁴

2.3.7. In a speech delivered on 23 September President Reagan set out the guidelines of his Administration's trade policy.

Commenting on the speech, Mr Delors welcomed the President's intention to resist protectionist trends in the United States by vetoing restrictive trade bills, and also to strengthen GATT and shortly to seek the powers needed in order to initiate multilateral trade negotiations.

Mr Delors said that he was encouraged by the fact that the President had recognized in his speech the interconnection between

¹ OJ L 192, 26.8.1971.

² OJ L 252, 21.9.1985.

³ Bull. EC 3-1985, point 2.2.12.

⁴ For relations with the United States on steel, see point 2.1.29.

trade, monetary and financial policies, and the need to strengthen and improve the operation of the world monetary system.

President Reagan's trade strategy rested on the principle that free trade must also be fair trade. Defining fair trade raised difficulties which could be resolved only by negotiation and compromise. It was tempting to think that it was always the 'other side' that was guilty of unfair practices. It appeared, therefore, that the best course was to stick as closely as possible to the GATT rules, since these—although they might not be perfect—provided the only alternative to unilateral action.

Japan

2.3.8. The fourth EEC-Japan symposium on industrial cooperation, organized by the Commission and Japan's Ministry of International Trade and Industry, was held in Tokyo on 30 September and 1 October. Meetings were chaired by Mr Narjes, Member of the Commission with special responsibility for industrial affairs, and Mr Murata, the Japanese Minister of International Trade and Industry. The discussions between European and Japanese businessmen were concerned mainly with obstacles to two-way investment and technology transfer, the need to encourage cooperation between small and medium-sized firms in Europe and Japan, and the growing importance of the technological factor in international investment flows.

Australia and New Zealand

2.3.9. Mr Frans Andriessen, Vice-President of the Commission with special responsibility for agriculture, visited New Zealand from 3 to 8 September and Australia from 9 to 13 September. In both countries he met the prime minister and the agriculture and trade ministers.

Positive discussions of a general nature took place in an atmosphere of constructive cooperation.

Topics discussed in New Zealand included cooperation on dairy products and Community exports of beef and veal to Asia.

In Australia the discussions were concerned more with the current situation and prospects on the international market for various farm products, and with the situation of agriculture in the Community and Australia.

European Free Trade Association

Meeting between Mr Delors and the EFTA ambassadors

2.3.10. Mr Delors met the EFTA ambassadors on 23 September for a general exchange of views on developments within the Community and in its external relations.

He emphasized the particular importance of relations with EFTA and expressed his personal commitment to the creation of a continent-wide economic area in Western Europe.

In this context he specifically referred to:

- the priority he attached to a speedy and concrete follow-up of the Luxembourg Declaration;¹ work by experts in the different trade-linked areas (standards, rules of origin, trade documentation) was progressing and should soon result in practical proposals;
- the breakthrough towards closer cooperation in the field of research and development, e.g. Eureka and the framework agreements; he reiterated his personal attachment to an opening-up of Community programmes (e.g. Esprit, Brite, RACE) to EFTA firms;
- closer cooperation in the monetary field.

Finland

2.2.11. On 19 September Mr Jermu Laine, the Finnish Minister of Trade, visited the

¹ Bull. EC 4-1984, point 1.2.1 *et seq.*

Commission—mainly in his capacity as Chairman of the EFTA Council. Some bilateral questions were discussed, but talks centred on the implementation of the Luxembourg Declaration,¹ future EEC-EFTA cooperation and the adaptation of the free trade Agreements in consequence of the accession of Spain and Portugal.

With regard to the implementation of the Luxembourg Declaration, both sides underlined the very favourable trend in cooperation in the field of research and development, which was illustrated by the imminent conclusion of framework agreements between the Community and five EFTA countries and also the fact that five of the EFTA countries were participating in the Eureka programme.

Relations with other countries and regions

Mediterranean countries

Overall Mediterranean policy²

2.3.12. On 26 September the Commission transmitted to the Council a communication proposing guidelines for enhanced Community cooperation with Mediterranean non-member countries (→ point 1.3.1 *et seq.*).

Proposals were laid before the Council in July concerning the need to maintain the Mediterranean countries' traditional agricultural exports to the Community;³ both these and the cooperation proposals follow the Council's 30 March declaration on the Mediterranean policy of the enlarged Community.⁴

Malta

2.3.13. On 27 September the Commission called on the Council to approve the newly

negotiated second Financial Protocol to the EEC-Malta Association Agreement.⁵

The first Financial Protocol expired on 31 October 1983, and on 17 October of that year the Council authorized the Commission to open negotiations for its renewal.

Following lengthy negotiations, the two parties agreed that Malta would receive a total of 29.5 million ECU of financial and technical assistance over the period to 31 October 1988.

EIB loans will make up 16 million ECU of that, plus 3 million ECU in the form of special soft loans (40 years at 1% interest) and a further 10.5 million ECU of grants.

Algeria

2.3.14. Mr Cheysson, the Member of the Commission with special responsibility for Mediterranean policy, visited Algeria on 21 and 22 September at the invitation of the Algerian Government.

He met President Chadli Bendjedid and spoke to senior members of the Government, including the Prime Minister, Mr Abdelhamid Brahimi, and the Foreign Minister, Mr Ahmed Taleb Ibrahim. He also met the President of the National People's Assembly, Mr Rabat Bitat.

Talks centred on relations between Algeria and a Community about to take in Spain and Portugal, and on the prospects for closer medium- and long-term cooperation.

Countries of the Gulf and the Arabian Peninsula

Gulf Cooperation Council

2.3.15. On 8 and 9 September Mr Cheysson, the Member of the Commission with

¹ Bull. EC 4-1984, point 1.2.1 *et seq.*

² For financial and technical cooperation with the southern and eastern Mediterranean countries, see point 2.3.27.

³ Bull. EC 7/8-1985, points 1.3.1 to 1.3.4.

⁴ Bull. EC 3-1985, point 2.2.19.

⁵ Bull. EC 2-1985, point 2.2.21.

special responsibility for North-South relations, visited Saudi Arabia, where he had discussions with Prince Saud, Minister of Foreign Affairs, Mr Al-Zamil, Minister of Industry and Electricity, and Mr Abdulla Bishara, Secretary-General of the Gulf Cooperation Council (GCC).

The talks centred on the development of cooperation between the GCC and the Community. Following discussions within the respective Councils of Ministers of the two regions, the way is now open for the holding of a ministerial meeting to give a political impetus to further discussions on the possibility of a cooperation agreement. It was agreed that the aim would be to hold this meeting in early October.

Discussions also took place on the question of petrochemical exports from the Gulf countries to the Community.

Latin America

Central America

2.3.16. A Community delegation met representatives of Central American countries (Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua and Panama) and regional organizations from 16 to 20 September, to begin negotiations for the economic cooperation agreement envisaged at the San José ministerial meeting in September 1984.¹

The two sides exchanged views on the shape of a future agreement.

Uruguay

2.3.17. Mr Roberto Vázquez Platero, Uruguay's Minister of Agriculture and Fisheries, visited the Commission on 20 September for talks with Mr Andriessen, the Member of the Commission with special responsibility for agriculture and fisheries. He sought the Commission's support on the issue of agricultural exports in particular, given Uruguay's currently difficult situation, and also pointed out the problems

which CAP measures on meat and other products present for Uruguay.

The Commission noted Mr Vázquez Platero's concern. It said it wanted to strengthen EEC-Uruguay relations, and was willing to look at ways of solving the problems which had been raised.

Mexico

2.3.18. On 20 September the Commission approved emergency aid for victims of Mexico's devastating earthquake (→ point 2.3.22).

State-trading countries

2.3.19. Following the exchange of ratification instruments, the new EEC-China cooperation agreement signed in Brussels in May² came into force on 1 October.³

Development

Food aid

Annual programmes

2.3.20. On 18 September the Commission proposed⁴ that the Council adopt the implementing rules for the 1982 Regulation on food aid policy and food aid management⁵ and decide on the total quantities of the products to be made available in 1986 to certain developing countries and non-governmental and international organizations.

These rules and quantities constitute the general framework in which specific

¹ Bull. EC 9-1984, point 1.3.1 *et seq.*; Bull. EC 5-1985, point 2.2.37.

² Bull. EC 5-1985, point 1.5.1 *et seq.*

³ OJ L 250, 19.9.1985.

⁴ COM(85) 482 final.

⁵ OJ L 352, 14.12.1982.

decisions are to be taken by the Commission on the allocation and management of food aid.

Emergency aid

The fight against hunger in Africa

2.3.21. Under the Dublin Plan to combat the famine in Africa, the Commission decided in September to grant 4.1 million ECU to the Office of the UN High Commissioner for Refugees for its operations in Sudan and 4 million ECU to the International Committee of the Red Cross for its programmes in Ethiopia and Angola.

With this decision the emergency fund of 175 million ECU allocated for implementation of part of the Plan¹ has been fully committed. The breakdown is as follows:

	<i>million ECU</i>
Ethiopia	55.30
Angola	5.70
Mali	11.80
Mauritania	3.00
Niger	11.75
Chad	12.50
Mozambique	4.50
Sudan	67.60
(of which 18.6 via UNHCR)	
Regional operations	2.85
	175.00

In addition, again under the Dublin Plan, 308 000 tonnes of Community food aid has been delivered or is on its way to the eight countries hardest hit by the drought. The Member States have also supplied 590 000 tonnes of food aid.

The Commission and the Member States have taken special steps to facilitate delivery of this aid. Among other things, the Commission participated in the airlift in Ethiopia and the Italian airlift between Dakar and Mali. It also organized road transport in Sudan and a Community airlift for which Member States and other donors are currently providing eight aircraft. Govern-

mental, non-governmental and international organizations together with the Community aid teams have played a considerable role in ensuring the success of operations in the different countries.

Mexico

2.3.22. On 20 September the Commission approved emergency aid of 500 000 ECU for Mexico following the violent earthquake (8 on the Richter scale) which caused damage to Mexico City in particular.

The aid will be used to supply basic necessities through the League of Red Cross Societies and possibly other relief agencies.

Trade promotion

2.3.23. Between September 1982 and June 1985 the Commission organized and partly financed 48 trade, investment and research missions from developing countries. Trade missions for which data are available are estimated to have led to direct orders worth USD 64 million and sales under negotiation worth USD 272 million. Most of the missions came from Asia and Latin America and more than half were aimed at markets other than Europe.

ACP Protocols

Sugar

2.3.24. On 9 September the Commission proposed to the Council that the intervention price for raw Community sugar for 1985/86 should be increased by the same percentage as for white sugar.² This will enable the Community to conclude negotiations with the ACP States and India on guaranteed prices for preferential sugar for the delivery period beginning on 1 July 1985.

¹ Bull. EC 12-1984, points 1.2.7 and 2.2.42 *et seq.*

² COM(85) 498 final.

Financial and technical cooperation

ACP States and OCT

2.3.25. With the third Lomé Convention due to enter into force at the beginning of 1986,¹ the Commission sent a draft Finan-

cial Regulation for the sixth EDF to the Council on 24 September.²

2.3.26. In September the Commission decided on total financing of 10 400 000 ECU for projects and programmes administered by it under the third, fourth and fifth EDFs (Table 10).

¹ Bull. EC 11-1984, point 1.1.1 *et seq.*; Bull. EC 12-1984, point 1.5.1 *et seq.*

² COM(85) 460 final.

Table 10

	Project	million ECU	
		Grants	Loans
<i>Rural production</i>			
Senegal	Irrigated areas	1.0	
<i>Economic infrastructure</i>			
Central African Rep.	Roads	0.9	
Burundi (N. Corridor)	Roads	2.2	
Vanuatu	Roads	1.2	
<i>Industrialization</i>			
Mali	Cement supplies		
Madagascar	Projects mainly concerning energy	1.0	3.0
<i>Social development</i>			
French Polynesia	Education infrastructure	0.5	
<i>Trade information</i>			
Sao Tome and Principe, Equatorial Guinea, Gabon and Cameroon	Development of trade links	0.6	

Southern and eastern Mediterranean countries

2.3.27. In the framework of financial and technical cooperation with the southern and eastern Mediterranean countries, the Commission approved the financing of the following projects:

- Jordan: Sahab vocational training centre, 1 million ECU as a grant;
- Morocco: 13 vocational qualification centres and 10 applied technology institutes, 19 million ECU as a grant;

- Tunisia: technical/economic study on establishment of date palm plantations in the Régime Maatoug region in the southwest of the country, 1 900 000 ECU as a grant.

Cooperation via non-governmental organizations

2.3.28. In the period 1 January to 30 September the Commission committed a total of 23 million ECU for the cofinancing of 178 projects presented by 97 NGOs.

The Commission also contributed a total of 2 391 510 ECU to 42 campaigns to raise awareness of development issues among the European public.

2.3.29. Cooperation between the Community and NGOs working in development started in 1976. Between 1976 and 1984 the Community cofinanced 1 807 projects at a total cost of 143 million ECU.

The Commission also cooperates with NGOs in distributing food aid. In 1984 more than 63 000 tonnes worth 47.4 million ECU were distributed in developing countries through European NGOs. In the same period eleven emergency food aid operations (about 9 million ECU) were carried out in seven African countries through NGOs.¹

Emergency aid (including medicines, shelters, etc.) to the value of some 46 million ECU was channelled directly or indirectly through NGOs in 1984.

Institutions

ACP-EEC

Joint Assembly

Inaugural meeting

2.3.30. The ACP-EEC Joint Assembly, which replaces the Consultative Assembly and Joint Committee of the previous ACP-EEC Conventions, held its inaugural meeting in Inverness, Scotland, from 23 to 27 September. The meeting was co-chaired by Mr Giovanni Bersani, Member of the European Parliament, and Mr Emile Mworoha, President of Burundi's National Assembly. The Commission was represented by Mr Lorenzo Natali.

HRH Princess Anne made the opening address, emphasizing the need to ensure that aid was effective.

As a new unitary body, the Joint Assembly had to ratify most of the resolutions

adopted at the last meeting of the Joint Committee in Bujumbura in January.²

The general report (rapporteur, HE Mr Raymond Chasle of Mauritius), charting the ACP States' objectives and disappointments before and after the negotiations, was finalized and, when viewed as a whole, proved notably more positive in tone than the Bujumbura provisional version. Discussions centred on putting the Convention into effect. There have been very few ratifications to date, and a number of speakers appealed for the process to be speeded up.

Other debates concerned desertification, the creation of banks of biogenetic material, the role of women in development, human rights, sugar and the food situation in the ACP States.

A greatly awaited debate at Inverness was that on southern Africa, which took place against a backcloth of the recent disturbances in South Africa, the visit of the 'troika' to Pretoria³ and the political cooperation decisions taken in Luxembourg (→ point 2.5.1). There were three noteworthy events in connection with the debate: the African National Congress's representative in London, Mr Solly Smith, was authorized to attend the meeting and to speak; Mr Timothy Raison, the UK Minister for Overseas Development, informed the Assembly of his Government's decision to join the other Member States in backing the boycott measures against South Africa adopted at the political cooperation meeting in Luxembourg; and the Representative of Senegal to the EEC, Mr Seydina Sy, made a speech setting out the pros and cons of economic sanctions against South Africa which was very well received. Despite the impact of this speech on European parliamentarians of all shades of opinion, the European members were unable to agree on a common text. The traditional split thus took place during the vote on the resolution

¹ Report on cooperation with the NGOs in 1984: COM(85) 348 final.

² Bull. EC 1-1985, point 2.2.37.

³ Bull. EC 7/8-1985, point 2.5.1.

on southern Africa, to which 84 amendments were lodged.

2.3.31. Resolutions were adopted on the Chasle report and on the following: measures to halt deforestation and desertification; the creation of biogenetic reserves and the rational management of stocks of animal and vegetable living matter (both terrestrial and marine); the role of women in the development process; human rights; the least-developed countries; and southern Africa.

Resolutions adopted in Bujumbura¹ on the following subjects were ratified: the North-South Dialogue; security and cooperation in Africa and Europe; aid to refugees in the ACP States; environmental issues under Lomé III and information on the Convention's environment provisions; ACP-EEC cooperation to develop fisheries in the ACP States' lakes and rivers; the negotiations on the fourth International Cocoa Agreement; chocolate manufacture; and landlocked ACP countries.

Consultation of the economic and social sectors in the ACP States and the Community

2.3.32. On 19 and 20 September the Joint Assembly held its annual round of consultations within the framework of the Lomé Convention at the headquarters of the Economic and Social Committee in Brussels. Groups represented included employers, trade unions, farmers and chambers of commerce. The Commission was represented by Mr Natali, Vice-President, the Council of ACP Ministers by its current President, Mr Imro Fong Poen, and the Council of the European Communities by Mr Joseph Weyland.

The talks concerned the role and contribution of the economic and social sectors to the implementation of Lomé III, particularly in the rural, industrial and social spheres.

A final statement was adopted and sent to the Joint Assembly, specifying for what ends and by what means these sectors

wanted to be associated in the implementation of Lomé III and calling of the ACP-EEC Council of Ministers to consult them in accordance with the Convention's provisions.

*

Visits

Rwanda

2.3.33. Talks between the President of Rwanda, Mr Juvénal Habyarimana, and the President of the Commission, Mr Delors, and Mr Natali on 19 September focused on the forthcoming programming of Lomé III, the current crisis in tin-mining and progress in bilateral cooperation under Lomé II.

President Habyarimana reaffirmed the need for Rwanda to pursue a food strategy policy, a policy that the Community will continue to encourage and support under Lomé III. As regards mining, the Community reiterated that no Sysmin aid could be envisaged until such time as it could be based on a coherent recovery plan.

The President was satisfied with the volume and the quality of cooperation with the Community, which is in line with Rwanda's development priorities.

The Community will continue to give support to any regional policy which helps increase trade and improve the joint development of natural resources on a regional scale.

*

2.3.34. At its September part-session, Parliament showed its concern about the deteriorating economic situation in many developing countries by adopting two resolutions calling on the Community to take steps on the matter within the United Nations (→ point 2.5.11).²

¹ Bull. EC 1-1985, point 2.2.37.

² OJ C 262, 14.10.1985.

2.3.35. In September the Economic and Social Committee adopted its opinion on the review of the Community's generalized preferences system (→ point 2.5.33).

International organizations and conferences

United Nations

General Assembly

*Opening of the 40th session*¹

2.3.36. The United Nations officially celebrates its 40th anniversary on 24 October. At the 40th session of the General Assembly, which opened on 17 September, the Secretary-General and the President of the Assembly expressed the hope that this would be an occasion for renewed commitment on the part of members of the organization, while the Security Council held a formal commemorative meeting of Foreign Ministers on 26 September.

On behalf of the Community and its Member States Mr Poos, as President of the Council, made a speech on 24 September in which he laid stress on the importance the Community attached to human rights and called for the establishment of an office of high commissioner for human rights (→ point 3.5.1).

He went on to state the position of the Ten on South Africa, the Middle East, Asia and Latin America, and welcomed the resumption of East-West dialogue.

Mr Poos noted that the effects of economic recovery were beginning to spread from the industrialized world to the developing countries. A great deal had been done for Africa and the least-developed countries, but further action was needed at national and international level, taking into account the fact of economic interdependence and the interrelationship of various problems, including efforts to strengthen multilateral

financial institutions, improve the working of the international monetary system and take a differentiated approach to various debt problems within the existing institutional framework. Mr Poos also stressed the importance for trade of the continuation of GATT's work programme, and the need to resist protectionism.

International Atomic Energy Agency

2.3.37. The International Atomic Energy Agency held its General Conference in September (→ point 2.1.127).

Organization for Economic Cooperation and Development

Trade Committee

2.3.38. The OECD's Trade Committee met on 18 September to consider what contribution member countries could make to the second stage of the 'roll-back' exercise designed to dismantle barriers to trade². The Committee also reviewed recent trade developments and the prospects for a new round of trade negotiations.

Council of Europe

Meeting of deputies

2.3.39. The annual discussion³ between the Commission's Secretary-General and the Council of Europe Ministers' deputies took place in Strasbourg on 20 September.

The meeting was devoted to a review of cooperation between the Community and the Council of Europe in the course of the year, notably on legal, social and cultural matters, and a preliminary assessment of the Commission's collaboration with the Council of Europe Secretariat, initiated in

¹ Opening of the 39th session: Bull. EC 9-1984, point 2.2.41.

² Eighteenth General Report, point 651.

³ Bull. EC 6-1984, point 2.2.74.

July in response to the resolution adopted by the Committee of Ministers on 25 April.¹

Diplomatic relations

2.3.40. The President of the Council and the President of the Commission received

HE Mr John William Middendorf II, Head of the United States Mission to the European Communities, who presented his letters of credence, to take effect on 1 August 1985.

¹ Bull. EC 4-1985, point 2.2.51.

4. Financing Community activities

Budgets

General budget

1986 budget

Establishment of draft budget by the Council

2.4.1. Before commencing its reading of the preliminary draft budget for 1986,¹ the Council met a Parliament delegation led by the President, Mr Pflimlin, which gave Parliament's initial reactions. The two par-

ties then held an exchange of views on the subject.

2.4.2. On 18 September, having discussed in detail all the questions placed before it, the Council established the draft general budget of the European Communities for 1986 by a qualified majority.

In fixing appropriations for commitments at 33 952.3 million ECU and appropriations for payment at 31 791.1 million ECU, the Council reduced the Commission's preliminary draft¹ by approximately 2 400 million ECU and 3 300 million ECU respectively.

¹ Bull. EC 6-1985, points 1.6.7 to 1.6.14 and 2.4.3 (Tables 7 and 8); Bull. EC 7/8-1985, point 2.4.1.

(million ECU)

	Approps for commitments	Approps for payments
EAGGF Guarantee	21 012	21 012
Non-compulsory expenditure	8 778.3	6 533.4
Compulsory expenditure other than EAGGF Guarantee	4 162	4 245.7
Total	33 952.3	31 791.1

Table 11 — *Community expenditure by sector*
Appropriations for commitments

(ECU)

	1986 preliminary draft budget		1986 draft budget		Change (3:1)	
	Amount (1)	% (2)	Amount (3)	% (4)	Amount (5)	% (6)
1. Support for agricultural markets						
EAGGF Guarantee (Ch.10 to 29)	21 012 000 000 ¹	57.79	21 012 000 000	61.89	—	—
Total 1	21 012 000 000	57.79	21 012 000 000	61.89	—	—
2. Structural policies						
EAGGF Guidance (Ch. 30 to 34)	934 000 000	2.57	783 830 721	2.31	— 150 169 279	— 16.08
Specific agricultural measures (Ch. 38)	75 620 000	0.21	61 769 618	0.18	— 13 850 382	— 18.32
Fisheries (Ch. 40 to 46)	279 676 500	0.77	214 875 654	0.63	— 64 800 846	— 23.17
Regional Fund (Ch. 50 to 51)	3 433 000 000	9.44	2 705 000 000	7.97	— 728 000 000	— 21.21
EMS (Ch. 52)	p.m.		p.m.	—	—	—
Supplementary measures (UK) (Ch. 53)	p.m.		—	—	p.m.	—
Mediterranean programmes (Ch. 55)	200 000 000	0.72	230 000 000	0.68	— 30 000 000	— 11.54
Misc. regional measures (Ch. 54 and 56)	29 176 500	0.08	26 062 500	0.08	— 3 114 000	— 10.67
Transport (Ch. 58)	122 575 000	0.34	16 950 000	0.05	— 105 625 000	— 86.17
Social Fund (Ch. 60 and 61)	2 441 000 000	6.71	2 183 000 000	6.43	— 258 000 000	— 10.57
Misc. social measures (64, 65 and 69)	69 226 363	0.19	64 049 588	0.19	— 5 176 775	— 7.48
Education and culture (Ch. 63 and 67)	34 814 125	0.10	24 147 750	0.07	— 10 666 375	— 30.64
Environment and consumers (Ch. 66)	39 130 345 ²	0.11	23 134 595	0.07	— 15 995 750	— 40.88
Total 2	7 718 218 833	21.23	6 332 820 426	18.65	— 1 385 398 407	— 17.95
3. Research, energy and industry						
Energy (Ch. 70 and 71)	185 985 000	0.51	134 767 500	0.40	— 51 217 500	— 27.54
Research and investment (Ch. 72 and 73)	704 197 995	1.94	623 353 000	1.84	— 80 844 995	— 11.48
Information and innovation (Ch. 75)	23 445 300	0.06	16 832 625	0.05	— 6 612 675	— 28.20
Industry and internal market (Ch.77)	75 351 500	0.21	57 152 000	0.17	— 18 199 500	— 24.15
Total 3	988 979 795	2.72	832 105 125	2.45	— 156 874 670	— 15.86

4. Refunds and reserves									
Refunds to the Member States (Ch.80)	1 239 920 000	3.41	1 239 920 000	3.65	—	—	—	—	—
Other refunds (Ch. 82, 86 and 87)	2 053 438 117	5.65	1 791 961 394	5.28	—	261 476 723	—	—	12.73
Misc. gntees (Ch. 79, 83, 84 and 85)	p.m.	—	p.m.	—	—	—	—	—	—
Reserves (Ch. 101)	400 000 000	1.10	5 000 000	0.01	—	395 000 000	—	—	98.75
Total 4	3 693 358 117	10.16	3 036 881 394	8.94	—	656 476 723	—	—	17.77
5. Development cooperation and non-member countries									
EDF (Ch. 90 and 91)	p.m.	—	—	—	—	p.m.	—	—	—
Food aid (Ch. 92)	683 900 000	1.88	635 594 800	— 1.87	—	48 305 200	—	—	7.06
Cooperation with Latin American and Asian dev. countries(Ch. 93)	341 510 000	0.94	291 580 750	— 0.86	—	49 929 250	—	—	14.62
Specific and exceptional measures (Ch. 94 and 95)	78 285 000	0.22	74 253 550	0.22	—	4 031 450	—	—	5.15
Cooperation with Mediterranean countries(Ch. 96)	106 746 000	0.29	81 446 000	0.24	—	25 300 000	—	—	23.70
Misc. coop. measures (Ch. 97, 98 and 99)	68 623 000	0.19	64 000 000	0.19	—	4 623 000	—	—	6.74
Total 5	1 279 064 000	3.52	1 146 875 100	3.38	—	132 188 900	—	—	10.33
6. Staff and administrative appropriations									
Section III A	1 097 873 620	3.02	1 041 135 365	3.07	—	56 738 255	—	—	5.17
Sections I, II, IV and V	569 565 340	1.57	550 466 888	1.62	—	19 098 452	—	—	3.35
Total 6	1 667 438 960	4.59	1 591 602 253	4.69	—	75 836 707	—	—	4.55
Grand total	36 359 059 705	100.—	33 952 284 298	100.—	+	2 406 775 407	+	—	6.62

¹ Including appropriations for food aid refunds.

² Including appropriations for Item 3880 transferred back to Chapter 66.

Table 12 — *Community expenditure by sector*
Appropriations for payments

(ECU)

	1986 preliminary draft budget		1986 draft budget		Change (3:1)	
	Amount (1)	% (2)	Amount (3)	% (4)	Amount (5)	% (6)
1. Support for agricultural markets						
EAGGF guarantee (Ch. 10 to 29)	21 012 000 000 ¹	59.94	21 012 000 000	66.09	—	—
Total 1	21 012 000 000	59.94	21 012 000 000	66.09	—	—
2. Structural policies						
EAGGF Guidance (Ch.30 to 34)	865 000 000	2.47	704 588 260	2.22	— 160 411 740	— 18.54
Specific agricultural measures (Ch. 38)	70 430 000	0.22	61 769 618	0.19	— 14 660 382	— 19.18
Fisheries (Ch.40 to 46)	236 026 500	0.67	184 075 654	0.58	— 51 950 846	— 22.01
Regional Fund (50 to 51)	2 600 000 000	7.42	1 668 000 000	5.25	— 932 000 000	— 35.85
EMS (Ch. 52)	p.m.		p.m.	—	—	—
Supplementary measures (UK) (Ch. 53)	p.m.		—	—	p.m.	—
Mediterranean programmes (Ch. 55)	151 000 000	0.43	93 000 000	0.29	— 58 000 000	— 38.41
Misc. regional measures (54 and 56)	41 876 500	0.12	37 362 500	0.12	— 4 514 000	— 10.78
Transport (Ch. 58)	73 575 000	0.21	36 950 000	0.12	— 36 625 000	— 49.78
Social Fund (Ch. 60 and 61)	2 399 000 000	6.84	1 447 000 000	4.55	— 952 000 000	— 39.68
Misc. social measures (64, 65 and 69)	65 876 363	0.19	61 099 588	0.19	— 4 776 775	— 7.25
Education and culture (Ch. 63 and 67)	34 814 125	0.10	24 147 750	0.08	— 10 666 375	— 30.64
Environment and consumers (Ch. 66)	27 840 345 ²	0.08	19 934 595	0.06	— 7 905 750	— 28.40
Total 2	6 571 438 833	18.75	4 337 927 965	13.65	— 2 233 510 868	— 33.99
3. Research, energy and industry						
Energy (Ch. 70 and 71)	50 235 000	0.14	45 180 000	0.14	— 5 055 000	— 10.06
Research and investment (Ch. 72 and 73)	637 724 995	1.82	618 635 000	1.95	— 19 089 995	— 2.99
Information and innovation (Ch. 75)	21 295 300	0.06	17 832 625	0.06	— 3 462 675	— 16.26
Industry and internal market (Ch. 77)	69 338 500	0.20	55 089 000	0.17	— 14 249 500	— 20.55
Total 3	778 593 795	2.22	736 736 625	2.32	— 41 857 170	— 5.38

4. Refunds and reserves							
Refunds to the Member States (Ch. 80)	1 239 020 000	3.54	1 239 920 000	3.90	—	—	
Other refunds (Ch. 82, 86 and 87)	2 053 438 117	5.86	1 791 961 394	5.64	—	261 476 723	— 12.73
Misc. gntees (Ch. 79, 83, 84 and 85)	p.m.	—	p.m.	—	—	—	—
Reserves (Ch. 101)	400 000 000	1.14	5 000 000	0.02	—	395 000 000	— 98.75
Total 4	3 693 358 117	10.54	3 036 881 394	9.55	—	656 476 723	— 17.77
5. Development cooperation and non-member countries							
EDF (Ch.90 and 91)	p.m.	—	—	—	p.m.	—	—
Food aid (Ch. 92)	630 000 000	1.80	507 861 900	1.60	—	122 138 100	— 19.39
Cooperation with Latin American and Asian dev. countries(Ch. 93)	235 715 000	0.67	192 795 250	0.61	—	42 919 750	— 18.21
Specific and exceptional measures (Ch. 94 and 95)	74 785 000	0.21	73 253 550	0.23	—	1 531 450	— 2.05
Cooperation with Mediterranean countries(Ch. 96)	318 704 300	0.91	238 035 800	0.75	—	80 668 500	— 25.31
Misc. coop. measures (Ch. 97, 98 and 99)	68 623 000	0.20	64 000 000	0.20	—	4 623 000	— 6.74
Total 5	1 327 827 300	3.79	1 075 946 500	3.38	—	251 880 800	— 18.97
6. Staff and administrative appropriations							
Section III A	1 097 873 620	3.13	1 041 135 365	3.27	—	56 738 255	— 5.17
Sections I, II, IV and V	569 565 340	1.63	550 466 888	1.73	—	19 098 452	— 3.35
Total 6	1 667 438 960	4.76	1 591 602 253	5.01	—	75 836 707	— 4.55
Grand total	35 050 657 005	100.—	31 791 094 737	100.—	—	3 259 562 268	— 9.30

¹ Including appropriations for food aid refunds.

² Including appropriations for Item 3 880 transferred back to Chapter 66.

2.4.3. The main features of the draft, by broad sector, are as follows (amounts proposed by the Commission shown in brackets):

(i) *Structural Funds* (other than EAGGF Guidance Section). The appropriations entered by the Council are as follows: ERDF, 2 705 million ECU (3 433 million) in commitment appropriations and 1 668 million ECU (2 600 million) in payment appropriations) European Social Fund, 2 183 million ECU (2 441 million) in commitment appropriations and 1 447 million ECU (2 399 million) in payment appropriations.

(ii) *Food aid*. The same level of appropriations as in 1985, namely: 635.6 million ECU in commitment appropriations (883.9 million) and 507.9 million ECU in payment appropriations (630.0 million). The Council considered that the appropriations entered in the draft budget under this heading constitute an appropriate basis for implementing Community food aid projects. It committed itself to monitoring developments in the countries concerned closely and declared itself ready to review the arrangements it had made in the light of requirements.

(iii) *Energy, research, industry and innovation*. The Council entered 832.1 million ECU (988.9 million) in commitment appropriations and 736.7 million ECU (778.6 million) in payment appropriations. This chapter of the draft budget shows a 10% increase in payment appropriations for research over the 1985 budget.

(iv) *Integrated Mediterranean programmes*. The Council entered 230 million ECU in commitment appropriations (260 millions) and 85 million ECU—to which must be added 8 million ECU for financing operations and preparatory studies—in payment appropriations (151 million ECU) for initial implementation of the programmes.

(v) *Cost of the past* (appropriations needed to honour commitments from previous years). The Council gave the Presi-

dency a brief to explore this question with the Commission in the light of the viewpoint of the other arm of the budget authority and to work out the broad outlines of a solution.

2.4.4. After the Council's first reading of the 1986 budget, the Vice-President of the Commission with special responsibility for the budget, Mr Henning Christophersen, said:

'The draft budget of the Council for 1986 does in no way live up to the situation and the challenge with which the Community is confronted ... The Commission had presented a preliminary draft budget which especially took into account the necessary appropriations for enlargement and new payments needed to meet the outstanding commitments facing the Community. The appropriations for enlargement were carefully tailored to the basis on which the negotiations with the two new member countries had been concluded.

This objective is now seriously questioned with reductions of about 2 400 million ECU in appropriations and about 3 300 million ECU in payments, particularly in the field of structural Funds (and new policies). This will not only lead to disappointment and doubt within the countries concerned and their peoples but it also questions the credibility of the Council as a decision-making institution...'

2.4.5. replying to this statement and the comments of the Portuguese and Spanish Ministers, especially those concerning the appropriations necessary for enlargement, the Council issued the following communiqué at the end of its meeting on 1 October:

'The Council noted the comments made by the Spanish and Portuguese Ministers concerning the results of the Budget Council on 17 and 18 September 1985, at which the draft budget of the European Communities for 1986 was adopted.

In concluding its exchange of views on this issue, the Council reaffirmed the undertaking agreed upon at the Budget Council to reconsider the appropriations entered under the ERDF—the European Regional Development Fund—and the ESF—the European Social Fund—at the second reading of the draft budget on 26 November 1985, in the light of the European Parliament's discussions, in order to ensure that the amounts necessary to honour the Commitments arising from the accession negotiations *vis-à-vis* the two

new Member States are made available to the countries in question, bearing in mind the spirit in which the negotiations were conducted and the estimates supplied by the Commission at that time.⁷

Budget discharge

2.4.6. On 4 September, in accordance with the Financial Regulation of 21 December 1977,¹ the Commission sent the Council an interim report² on action taken in response to the comments made in the resolution accompanying the decision granting discharge in respect of the implementation of the 1983 budget.³

Financial operations

ECSC

Loans raised

2.4.7. During August and September the Commission made a number of private placings in German marks, Luxembourg francs, sterling, US dollars and French francs for the equivalent of 244.13 million ECU.

Loans paid out

2.4.8. Acting under Articles 54 and 56 of the ECSC Treaty, the Commission made the following loans in September totalling 44.74 million ECU:

Industrial loans

2.4.9. An industrial loan (Article 54) totalling 44.43 million ECU was paid out for a thermal power station in France.

Subsidized housing

2.4.10. Loans for the building of subsidized housing for steelworkers amounted to 310 000 ECU.

Euratom

Loans raised

2.4.11. During August and September the Commission made a number of private placings in Belgian and Luxembourg francs for the equivalent of 72.05 million ECU.

EEC-NCI

Loans raised

2.4.12. During August and September the Commission made two bond issues: one of DM 150 million for ten years carrying a coupon of 6.5% and issued at 99% and the other of BFR 4 000 million for twelve years carrying a coupon of 10.25% and issued at 100.3%.

EEC-NCI

Loans paid out

2.4.13. One loan was signed in September for 10.5 million ECU under the first tranche of NCI III.⁴

Italy

2.4.14. A global loan of 10.5 million ECU was made to Ente Finanziario Interbancario SpA—the second instalment of a second global loan from the resources of the NCI to promote small and medium-scale investment programmes in industry and related services in northern and central Italy.

¹ OJ L 356, 31.12.1977.

² COM(85) 413 final.

³ OJ C 122, 20.5.1985; OJ L 132, 21.5.1985; Bull. EC 4-1985, point 2.3.6.

⁴ OJ L 164, 23.6.1983; Bull. EC 6-1983, point 2.1.6.

5. Political and institutional matters

Political cooperation

2.5.1. The Ministers responsible for political cooperation met in Luxembourg on 10 September. At the end of the meeting, the President of the Council, Mr Poos, read a press release on South Africa, the text of which was agreed by nine of the Member States.

Press release on South Africa

'The Ministers of the Ten, Spain and Portugal heard the report of the European mission which visited South Africa from 30 August to 1 September 1985.¹

They noted with satisfaction that this mission had been able to carry out its task, which was to express to the South African Government the grave concern of the Ten, Spain and Portugal at the lack of any specific steps towards abolishing apartheid and at the resulting deterioration of the situation.

The European delegation called for the lifting of the state of emergency, the immediate and unconditional release of Mr Nelson Mandela and the other political prisoners, an end to detention without trial and forced relocation, a firm commitment by the South African Government to end apartheid and to dismantle discriminatory legislation, particularly the pass laws and the Group Areas Act, and lastly real negotiations with the true representatives of the South African people, including those currently in prison.

The European delegation had very useful discussions with representatives of the churches and trade unions, leading businessmen, journalists and leaders of the Progressive Federal Party (PFP), Inkatha and the Azanian People's Organization (Azapo).

To supplement these contacts, on 10 September the President of the Council and the Member of the Commission responsible for external relations met representatives of the African National Congress (ANC).

It was on the basis of the information gathered in this way that the Ministers today discussed the policies to be pursued towards South Africa, in particular measures to be taken which should be immediate and harmonized.

The Ten, together with Spain and Portugal, noted that the situation had continued to deteriorate dramatically since their Helsinki meeting.

With regard to the views expressed to the European delegation by the South African authorities on 1 September, the Ministers wish to point out that the objective of the Ten, Spain and Portugal, is the complete abolition of apartheid as a whole and not just of certain components of the system. There can be no such thing as a good and a bad apartheid. They consider that all the citizens of South Africa should enjoy equal rights and that the protection of the minorities must be ensured. To achieve these objectives a genuine dialogue with the representatives of the black population is necessary.

They will therefore pursue their efforts until this has been achieved.

The conclusions which emerge from the visit of the three Foreign Ministers and today's discussions can be summarized in two points.

1. The Ten, together with Spain and Portugal, take note of the declaration of the South African Government and expect of it that it take specific steps.

2. Meanwhile they will maintain their pressure on South Africa.

The Ten and Spain and Portugal have decided to harmonize their attitudes on the following measures.

Restrictive measures

- (i) A rigorously controlled embargo on exports of arms and para-military equipment to the RSA;

- (ii) A rigorously controlled embargo on imports of arms and para-military equipment from the RSA;

- (iii) Refusal to cooperate in the military sphere;

- (iv) Recall of military attachés accredited to the RSA, and refusal to grant accreditation to military attachés from the RSA;

- (v) Discouraging cultural and scientific agreements except where these contribute towards the ending of apartheid or have no possible role in supporting it; and freezing of official contacts and international agreements in the sporting and security spheres;

¹ Bull. EC 7/8-1985, points 2.5.1 to 2.5.4.

- (vi) Cessation of oil exports to the RSA;
- (vii) Cessation of exports of sensitive equipment destined for the police and armed forces of the RSA;
- (viii) Prohibition of all new collaboration in the nuclear sector.

Positive measures

- (i) Code of conduct: adaptation, reinforcement and publicity;
- (ii) Programmes of assistance to non-violent anti-apartheid organizations, particularly to the churches;
- (iii) Programmes to assist the education of the non-white community, including grants for study at the universities in the countries originating the programmes;
- (iv) Intensification of contacts with the non-white community in the political, trade union, business, cultural, scientific and sporting sectors, etc.;
- (v) Programmes to assist the SADCC and the front-line States;
- (vi) Programme to increase awareness among the citizens of Member States resident in the RSA.

The question of other measures, including sanctions, remains. As the Ten, together with Spain and Portugal, stated on 22 July of this year,¹ they may have to re-examine their attitude in the absence of significant progress within a reasonable period, and they will assess the situation regularly.

In addition, the departments responsible have been asked to examine the possibility of increasing social and educational assistance from the European Community to the non-white population and to political refugees.

Lastly, the Ministers wish once again to express their grave concern at the spread of violence and the increasing number of casualties in South Africa.

They see these developments as confirmation of the fears and warnings they have been expressing for so long.

There is an urgent need for the South African Government finally to take measures of the kind called for by the European delegation, in order to create a new political climate by opening up a prospect of profound, peaceful change.

The United Kingdom had issued the following statement separately:

'The United Kingdom is able to support the general statement and the positive measures but wishes to give further consideration to the other measures proposed and believes it premature to come to a decision today on these matters.'

On 25 September the United Kingdom announced that, having examined the measures in detail, it had decided to join with its partners and endorse them.

2.5.2. At their 10 September meeting the Ministers also adopted declarations on Central America and Chile and issued a press release on the Middle East.

Declaration on Central America

2.5.3. 'Confirming Europe's support for the principles and the activities of the Contadora Group, the Ministers for Foreign Affairs of the Ten, Spain and Portugal meeting in Luxembourg express their satisfaction at the succour given to it as of now by four democratic South American countries.

Two months before the EEC — Central America ministerial meeting, they call upon the countries of that region, which have been discussing the revised act of peace and cooperation, to come to an agreement that allows for a peaceful, global and verifiable solution.

The Ten firmly desire that all interested countries abstain from any action that could prejudice the Contadora peace process and strive for adequate solutions to the matters in dispute that may exist in the region so as to facilitate a global solution.'

Declaration on Chile

'The Ministers for Foreign Affairs of the Ten, Spain and Portugal welcome the adoption by a broad cross-section of Chilean opinion of the document entitled "Acuerdo nacional para la transición a la plena democracia", following the efforts made by the Cardinal Archbishop of Santiago, Monsignor Juan Francisco Fresno, to promote national reconciliation in Chile.

The Ten are convinced that this praiseworthy initiative is of the greatest importance for the political future of the country and express the hope that the steps recently taken can be followed in the near future by others contributing to an accelerated return to democracy in Chile.

¹ Bull. EC 7/8-1985, points 2.5.1 to 2.5.4.

In the wake of recent events which have caused the deaths of several people and the arrest of several hundred demonstrators, the Ministers for Foreign Affairs of the Ten call once again upon the Chilean authorities to respect human rights and not to continue impeding the restoration of democracy in accordance with the aspirations of the Chilean people.'

Press release on the Middle East

'We have had an exchange of views on the situation in the Middle East. Those Ministers who have recently been to the region presented the conclusions they have drawn from their contacts there.

The Ministers have reaffirmed their previous position on the Jordano-Palestinian agreement of 11 February 1985, and their view that the agreement represents an important step towards a peaceful and comprehensive solution to the Israeli-Arab conflict.

They stressed the importance of avoiding violence and expressed the hope that the search for a peaceful solution would be continued. They repeated their readiness to support all constructive efforts towards peace in the region.

With respect to Lebanon, they welcomed the efforts of President Gemayel to promote a policy of national reconciliation in order to safeguard the unity, sovereignty and territorial integrity of Lebanon with the assistance of all parties concerned.'

2.5.4. On 17 September the Ten issued the following declaration on the incursion of South African forces into Angola.

Declaration on the incursion of South African forces into Angola

'The 10 Member States of the European Community, together with Spain and Portugal, continue to be seriously concerned about the persistence of conflicts and the existence of grave threats to the sovereignty and development of the countries of southern Africa.

They stress their firm opposition to the latest actions by South African forces in Angola, which undermine the sovereignty of that country, and they reaffirm their political and economic support for the front-line States and the people of Namibia.'

2.5.5. On 26 September the Ten issued the following declaration on the abduction of the daughter of the President of El Salvador.

Declaration on the abduction of the daughter of President Duarte in El Salvador

'More than a fortnight after the abduction of Mrs Inés Guadalupe Duarte-Durán and Mrs Ana Cecilia Villeda, the 10 Member States of the Community, together with Spain and Portugal, wish to reaffirm their condemnation of this heinous act, which has been universally condemned by international public opinion, and appeal urgently for the immediate and unconditional release of the two women.

The Ten, together with Spain and Portugal, fervently hope that their appeal will be heeded and that this criminal abduction will not constitute yet another obstacle to efforts towards national reconciliation in El Salvador.

They offer their sympathy to President Duarte, and to the families of Mrs Inés Guadalupe Duarte-Durán and Mrs Ana Cecilia Villeda.'

2.5.6. Parliament passed a number of resolutions on political cooperation and human rights at its September part-session (→ point 2.5.12).¹

European policy and relations between the institutions

European policy

Intergovernmental Conference

2.5.7. The first meeting of the Intergovernmental Conference that is to amend the EEC Treaty and frame a new foreign policy and security policy treaty was held in Luxembourg on 9 September, with Mr Jacques Poos, Foreign Minister of Luxembourg, in the chair. Mr Delors and Mr Ripa di Meana, the Member of the Commission with special responsibility for institutional matters, represented the Commission, which played an active part in the Conference with a speech by Mr Delors and the presentation of initial proposals (→ point 1.1.1 *et seq.*).

¹ OJ C 262, 14.10.1985.

Institutions and organs of the Communities

Parliament¹

Strasbourg: 9 to 13 September

2.5.8. Parliament's agenda in September contained many items to which the House attaches special importance, such as its involvement in the proceedings of the Intergovernmental Conference, ratification of the Accession Treaty, the text of which it approved by an overwhelming majority, the situation in South Africa and air transport.

In the air transport debate Parliament came out in favour of maintaining the general *status quo* and against both the complete deregulation of tariffs and capacities sought by two groups (the European Democrats and the Liberals) and the moderate liberalization proposed by the Commission in its second memorandum.²

Air transport: yes to reform, no to deregulation

2.5.9. While there was no question of deregulating air transport as had been done in the United States, there was a need to reform European civil aviation. This was the keynote of the speech by the rapporteur, Mr Jan Klinkenborg (*Soc/D*), who reminded the House that ever since the Hoffman report in 1980³ on the Commission's first memorandum,⁴ Parliament had been advocating a number of principles to guide the preparation of proposals on air transport. Among those principles were better services for users, the establishment of rational framework conditions for viable and well-run airlines, job security, improved safety, a reduction in the damage caused to the environment by this type of transport, and energy savings. Surveying the four subjects (market access, market control, tariffs, agreements between companies) dealt with in the Commission's second memorandum,² Mr Klinkenborg

proposed that the airlines be no longer required to conclude agreements for sharing capacity and revenue. Instead, the Member States should authorize any additional capacity requested by an airline designated by another Member State provided that this did not appreciably compromise the viability of its own airlines' scheduled services. As for tariffs, they should be at a level which allowed airlines to earn sufficient revenue to finance the purchase of modern aircraft, assure their employees remuneration commensurate with services rendered and offer a satisfactory standard and frequency of transport on the less-frequented routes. The basis for calculating tariffs should be the cost of services per kilometre. Finally, Mr Klinkenborg called on the Commission to work out Community arrangements for the mutual recognition of qualifications required in air transport; the elimination of distortions of competition resulting from airport and security charges; harmonization of taxation on airlines; the reorganization of air routes so as to avoid time- and energy-consuming detours.

Speaking for the Socialists, Mr Benjamin Visser (NL) endorsed the Klinkenborg report. As he saw it, the aim must be to have European rules which benefit the consumer, uphold the social rights and privileges of airline employees, make for easier access to the market and put a premium on safety while avoiding the excesses of bureaucracy. Mr Karl-Heinz Hoffmann (*EPP/D*) confirmed his group's acceptance of the 'Klinkenborg compromise' but at the same time highlighted two other important aspects: consideration of airline employees' interests, particularly in the matter of job security, and the fixing of tariffs that would enable airlines to cover their costs. the Ital-

¹ The complete texts of the resolutions adopted by Parliaments are reproduced in OJ C 262, 14.10.1985, and the report of the proceedings is contained in OJ Annex 2-326. 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).

² OJ C 182, 9.7.1984; Bull. EC 2-1984, point 2.1.149.

³ OJ C 197, 4.8.1980; Bull. EC 7/8-1980, point 2.3.13.

⁴ Supplement 5/79 — Bull. EC.

ian Communists, declared Mr Angelo Carossino, rejected the *status quo* demanded by the airlines in order to safeguard their privileges and were against unlimited liberalization, which, though it might bring prices down, might also jeopardize safety; he welcomed what he called the brave and realistic Klinkenborg compromise. Too much competition led to bankruptcies and wastage of economic and human resources, added Mr Patrick Lalor (EDA/IRL), who supported the Klinkenborg report but insisted that it was 'axiomatic that airlines must cover their costs and provide a fair return on investment'.

In contrast, Mr Petrus Cornelissen (EPP/NL), while opposing deregulation, contended that the Klinkenborg report ought to go further and, in particular, make room for private airlines. While the commission's second memorandum was a step, albeit a small one, in the right direction, the Klinkenborg report, claimed Mr William Newton-Dunn (ED/UK) was too kind to the big airlines, protecting their monopoly to the detriment of consumer interest. Mr Florus Wijsenbeek (Lib/NL) found the Klinkenborg report disappointing. It did no more than the absolute minimum and elected to protect vested interests. Referring to the possible disappearance of a national airline, he quoted the example of Scandinavian Airlines (SAS), which represented three countries. Mr François Musso (EDA/F) attacked the Klinkenborg report for putting Community policy under the thumb of the State by upholding the disgraceful advantages enjoyed by some national airlines. Turning to those members who 'live in small outlying Community countries' he said they were wrong to fear the disappearance of national monopolies, for their own national airlines would benefit from access to the whole Community market. Winding up the debate, Lord Bethell (ED/UK) described the Klinkenborg report as 'one of the most shocking ever to have been put before the House' in the 11 years he had been in it; any minimal flexibility in fares that might be gained was no more than cosmetic.

Replying for the Commission, Mr Stanley Clinton Davis, the Member with special responsibility for transport, considered that the services rendered by the airlines were good (regular and convenient schedules, frequent flights, the possibility of buying tickets from one airline and flying with another). Nevertheless, the Commission would make proposals to enable the citizens of Europe to enjoy a wider range of services at lower prices. So although he was opposed to deregulation of air transport as implemented in the United States, he believed that Parliament's motion would not create sufficient impetus to bring about effective changes. The Commission had proposed that governments might only intervene in capacity arrangements when the share of their airlines fell to 25%. Mr Clinton Davis agreed that certain inter-airline practices should continue only if government interference was reduced. In conclusion, he declared that Commission policy was to safeguard not monopolies and cartels but consumers' interests.

At the end of the proceedings Parliament adopted the Klinkenborg report, with several amendments, by 198 votes to 66 with 8 abstentions. This victory was the result of a seldom-seen coalition of the left and the centre, as the compromise constituted by the report was approved by the EPP, the Socialist Group and some Communist members, whereas the European Democrats and the Liberals, supported by the European Right Group, were firmly opposed to it. On top of these unusual misgivings over a Commission bid to encourage competition came the refusal, again exceptional on Parliament's part, to give the Commission the necessary prerogatives to enable it to ensure that the market worked effectively.

One of the amendments adopted was the compromise tabled by Mr Klinkenborg and Mr Carossino asking the Commission to prepare a directive that would require Member States—as part of transfrontier scheduled air services within the Community—to allow any Community airline access to the market and to permit any route and number of flights requested—except

on routes between the biggest airports—for aircraft of up to 50 seats. Concerning tariffs, this same amendment recognized that it was to the air transport user's advantage to obtain the benefit of low air fares which excluded incomprehensible fluctuations, while allowing the airline to cover its costs and secure a proper return on investment. Another amendment adopted was the one tabled by Mr Manfred Ebel (*EPP/D*), which considered it desirable for a zone of flexibility to be introduced at Community level within which companies may at their discretion determine the capacities to be used. Earlier, during the explanations of vote, Mr John Marshall (*ED/UK*), Mr William Newton Dunn (*ED/UK*) and Lord Bethell (*ED/UK*) announced that they would be voting against what they called a shameful report. Mr Emmanuel Maffre-Baugé (*Com/F*) said that to their great regret the French Communists could not vote for Mr Klinkenborg's sensible report because of the amendments adopted; they were therefore obliged to abstain.

2.5.10. Parliament gave opinions on the following Commission proposals:

(i) a Regulation laying down the conditions for access to the arrangements under the Revised Convention for the Navigation of the Rhine relating to vessels belonging to Rhine Navigation (→ point 2.1.122);

(ii) a Regulation on the promotion, by the granting of financial support, of demonstration projects relating to the exploitation of alternative energy sources and to energy saving and the substitution of hydrocarbons, and a Regulation on the promotion, by the granting of financial support, of pilot industrial projects and demonstration projects relating to the liquefaction and gasification of solid fuels (→ point 2.1.128);

(iii) a Regulation on the granting of specific financial aid to facilitate and accelerate the adjustment of fishing capacity in Spain (→ point 2.2.2).

2.5.11. Parliament also passed resolutions on the following subjects.

Certain legal problems relating to the consultation of the European Parliament on the granting of VAT relief to German farmers to compensate for the dismantling of MCAs. Parliament held that the Council Decision of 30 June 1984¹ to grant aid—in the form of a higher rate of VAT refund—to German farmers constituted a modification—on the basis of the third subparagraph of Article 93(2) EEC—of the Council Regulation of 31 March 1984 on the calculation and the dismantlement of monetary compensatory amounts applying to certain agricultural products.² The House pointed out that the provisions of the regulation of 31 March 1984 were very substantially different from those of the proposal on which Parliament had given its opinion on 15 March 1984,³ in which it had expressly asked to be given the opportunity to deliver a new opinion if the Council were to make any fundamental change to the Commission's proposal; the House also stated that its opinion⁴ on the proposal for the twentieth VAT Directive⁵—which implements the Council Decision of 30 June 1984⁶—was clearly contingent on a finding that the Council decision of June 1984 was validly based on the third subparagraph of Article 93(2), which has not been found to be the case. Parliament affirmed that it must be consulted on the substantial elements of the proposals to be approved by the Council and inferred from this that where the proposal about to be adopted by the Council was substantially different from that initially presented, Parliament must be reconsulted. This obligation to reconsult constituted an essential procedural requirement, in the absence of which the measure in question was void. The Commission was therefore urged, in pursuance of Article 155, to institute infringement proceedings against the Council under Article 173 in order to have the twentieth VAT Directive

¹ OJ L 185, 12.7.1984; Bull. EC 6-1984, point 2.1.88.

² OJ L 90, 1.4.1984; Bull. EC 3-1984, points 1.2.3 and 2.1.117.

³ OJ C 104, 16.4.1984; Bull. EC 4-1984, point 2.1.120.

⁴ OJ C 122, 20.5.1985; Bull. EC 4-1985, point 2.1.46.

⁵ OJ C 214, 14.8.1984; Bull. EC 7/8-1984, point 2.1.83.

⁶ OJ L 192, 24.7.1985; Bull. EC 7/8-1985, point 2.1.74.

declared invalid.¹ The House also took the view that the twentieth VAT Directive clearly had 'appreciable financial implications' within the meaning of the Joint Declaration of 4 March 1975 and condemned the Council's repeated refusal to enter into the conciliation procedure it had requested on this proposal.²

Action to combat drug abuse. In three resolutions Parliament called on the Council to implement effective coordination of police and customs actions against the drug traffic and asked the Commission to launch a campaign to warn young people of the dangers of drugs and to study the link between drug abuse, unemployment and delinquency. In a fourth resolution the House urged the Commission to propose that the Community sponsor one of the eight projects in Thailand for the conversion of farmland hitherto used for growing poppies. Finally, in a fifth resolution the Community was asked to make a contribution to strengthening international cooperation in the fight against this scourge.

The unusually high incidence of cancer in the vicinity of the Sellafield reprocessing plant in the United Kingdom. Parliament called on the British Government to ensure that operations at Sellafield were at all times fully safe for both the workforce and the surrounding local population. The Commission was urged to participate in certain additional safety measures and in the evaluation of the findings of various studies called for or currently in progress.

A regional incentive scheme for the development of less-favoured regions of the Community. Recommending that the Commission pay particular attention to certain schemes—mainly connected with taxation—Parliament set out the criteria and objectives which it believed must be adopted: proposed measures should be restricted to the Community's least-advantaged regions and they should be temporary, with priority for industries and sectors which exploited the natural resources and potential of the region concerned. The House emphasized that Community regional policy should, as

a general rule, complement action taken at national level.

The bad weather in Ireland. Parliament urged both the Commission and the Council to recognize the seriousness of the present farming crisis in the wake of last summer's disastrous storms. The Member States were asked to demonstrate solidarity by supporting special measures of assistance to all Irish farmers.

The collapse of the Steva di Tessoro dam in Italy. The House called on the Commission to use the various instruments at its disposal to grant emergency aid to the victims.

Forest fires in the Community. In four resolutions Parliament expressed its concern over the destruction of hundreds of thousands of hectares of forest in Italy, Greece and France, with all the substantial economic losses incurred and the serious damage done to the ecological balance. The Council was therefore urged to adopt without delay the proposal for a Regulation, pending since 1983³ on Community measures to combat forest fires and acid rain. After welcoming the success of a safety exercise mounted by several Member States with the support of the Commission ('Florac 85'),⁴ the House asked the Commission to take steps to improve the information given to the public and to implement preventive measures.

*The judgment of the Court of Justice on the common transport policy and the guidelines for that policy.*⁵ The House expressed its satisfaction with this judgment, which it considered to be a major political event in view of its great institutional importance. The judgment constituted acceptance by the Court of Parliament's argument that establishment of a common transport policy was a requirement deriving directly from the

¹ OJ L 192, 24.7.1985; Bull. EC 7/8-1985, point 2.1.74.

² OJ C 214, 14.8.1984; Bull. EC 7/8-1984, point 2.1.83.

³ OJ C 187, 13.7.1983; Bull. EC 6-1983, point 2.1.123; OJ C 208, 8.8.1984; Bull. EC 7/8-1984, point 2.1.112.

⁴ Bull. EC 2-1985, point 2.1.63.

⁵ Bull. EC 5-1985, point 1.1.1 *et seq.* The judgment is summarized at point 3.4.1.

Treaty. Parliament therefore expected the Council to take all necessary steps to comply with the judgment by adopting the Community provisions necessary for freedom to provide services in transport and introducing the harmonization measures which must accompany this liberalization. At the same time the Commission was asked to draw up as soon as possible a proposal for a legislative framework to ensure optimum coordination—at Community level—of the role of each mode of transport, with a binding timetable for the Council and the Member States; finally, the House specified what it saw as the priorities for a common transport policy.

Airline and railway safety. Parliament called on the airlines and the relevant public authorities to consider urgently certain matters of safety. With regard to the railways the House proposed the introduction of automatic warning systems on certain lines and insisted that all speed limits must be observed. The Council was urged to take the necessary steps and to entrust the Commission with specific and concrete tasks in order to develop a comprehensive air safety policy.

Ratification of the Treaty of Accession with Spain and Portugal. Recalling its earlier position in favour of Spanish and Portuguese accession,¹ Parliament recorded its approval of the terms and conditions of the instruments signed on 12 June² and recommended that the contracting States ratify them by 31 December 1985. The House also expressed the conviction that measures must be taken to offset the impact of enlargement on non-member Mediterranean countries and that prompt action was needed to speed up reform of the Community's decision-making procedures so as to render them more effective and democratic.

Community measures within the framework of the United Nations. In two resolutions Parliament called for the Community to give a lead in finding solutions to the problem of developing countries' indebtedness.

2.5.12. In the fields of political cooperation and human rights Parliament passed resolutions on the following subjects.

The importance of the Non-Proliferation Treaty Review Conference. In one resolution Parliament expressed the hope that the third NPT Review Conference now sitting in Geneva would result in a stronger preventive role for the Treaty; in a second resolution the House asked the parties to the London Guidelines³—which includes all the Member States—to conduct jointly a policy of non-proliferation.

The attack on the Greenpeace ship 'Rainbow Warrior'. Parliament called on the French Government to give a full explanation of the incident and to cooperate with the New Zealand Government.

Moves towards democracy in Chile. In two resolutions Parliament condemned the military regime's repression of the Chilean people and urged the Council to take the same line.

Developments in northern Cyprus. Parliament condemned as illegal the institutional moves purporting to establish an independent Turkish-Cypriot state in the Turkish-occupied section of Cyprus. It called on the parties concerned to find a just and lasting solution of the problem in Cyprus, a country associated with the Community.

The fate of the four French hostages held in Lebanon. Having pointed out that only the immediate and unconditional release of the hostages would constitute a genuine solution to the problem, Parliament called on the Foreign Ministers meeting in political cooperation to work concertedly for their release.

The trial of Mr Ronald Van den Bogaert in Zaire. Parliament asked that this member of its temporary staff, accused of plotting against the State by the Government of

¹ OJ C 141, 10.6.1985; Bull. EC 5-1985, points 2.2.2 and 2.4.8.

² Bull. EC 6-1985, point 1.1.1 *et seq.*

³ Bull. EC 11-1984, points 1.3.7 and 2.4.3.

Zaire, be swiftly deported on humanitarian grounds.

The fate of political prisoners in Indonesia. Outraged by the death sentences that have been carried out on four political prisoners and alarmed for the other 17 also condemned to death, Parliament urged the Council to bring all possible pressure to bear on the Indonesian Government to prevent these executions.

Abduction and disappearance of Father Rudi Romano in the Philippines. Recalling the arrest of this priest by the Philippine security forces, Parliament called on the Foreign Ministers meeting in political cooperation to intervene with the Philippine authorities with a view to securing the return of Father Romano. The Commission was asked to halt all aid to the Philippine Government until his release and to consider a review of trade relations with the Philippines.

Situation of Miss Benazir Bhutto in Pakistan. Parliament was amazed to learn that after attending the burial of her brother, the son of former Prime Minister Bhutto, during which no hostile demonstrations took place, Miss Bhutto, who lives in Lon-

don, had been placed under house arrest. It called on the Pakistan Government to order Miss Bhutto's unconditional release forthwith.

The situation of Yuri Badzyo, imprisoned in a Soviet labour camp. Recalling its earlier resolution on the situation of this Ukrainian political prisoner,¹ held since 1979, Parliament noted that conditions in the camp had deteriorated and that Mr Badzyo's condition had worsened. Fearing for his life, Parliament urged the Soviet authorities to free Mr Badzyo and ensure that he received hospital treatment.

Council

2.5.13. The Council held three meetings in September. The table below lists the number, place and date of each meeting, the names of the Council President and Commission representatives and the main items of business. A more detailed account of specific items can be found in the sections of the Bulletin referred to in the footnotes.

¹ OJ C 104, 16.4.1984; Bull. EC 3-1984, point 2.4.18.

Table 13 — *Council meetings in September*

Number, place and date of meeting	Subject	President	Commission	Main items of business
1027th Luxembourg 16 September	Agriculture	Mr Fischbach	Mr Andriessen	Cereal and rapeseed prices ¹ Sugar ¹ Guaranteed prices for ACP sugar ² Forest protection Minimum standards for protection of laying hens in batteries Christmas butter Imitation milk products Egg marketing standards Beef and veal market De-acidification Hormones

Number, place and date of meeting	Subject	President	Commission	Main items of business
1028th Luxembourg 17 and 18 September	Budget	Mr Juncker	Mr Christophersen	Meeting between Parliament delegation and Council ³ 1986 budget ³
1029th Luxembourg 27 september	Fisheries	Mr Steichen	Mr Andriessen	Conservation measures TACs and quotas for 1985 ⁴ Underuse of quotas Compensatory allowances for sardines ⁴ Relations with certain non-member countries and international organizations

¹ Agriculture.

² Development.

³ Financing Community activities.

⁴ Fisheries.

Commission

Activities

2.5.14. Mr Delors and Mr Ripa di Meana attended the opening meeting of the Inter-governmental Conference which the Milan European Council agreed to hold. A number of the ministers who spoke referred to the policy guidelines which the Commission had prepared (→ point 1.1.1 *et seq.*).

Decisions, communications and proposals

2.5.15. The Commission approved a communication to the Council on the future of economic cooperation with countries in the southern and eastern Mediterranean area after the enlargement of the Community (→ point 1.3.1 *et seq.*).

It also sent the Council a communication on Community action on research and technological development with particular reference to possible links between Community action and the Eureka project (→ point 1.2.1 *et seq.*).

Since the rules for State aids to the coal industry, which were introduced in 1976,

will expire at the end of this year, the Commission sent the Council a draft decision on new rules to come into force on 1 July 1985 (→ point 1.4.1 *et seq.*). The existing rules will be extended for the first half of 1986 to provide sufficient time for the institutions to give their opinion (Parliament and the ECSC Consultative Committee) or assent (the Council), as required.

In accordance with the guidelines presented by the Commission to the Council last July on arrangements for the steel industry from 1986, the Commission referred the new arrangements to the ECSC Consultative Committee and asked the Council for its assent.

Appointment of Director-General

2.5.16. The Commission appointed Mr Silvio Ronchetti Director-General of the Statistical Office, a post he had occupied in an acting capacity since last year. Mr Ronchetti was appointed a Director in the Statistical Office in 1968.

Silvio Ronchetti

Born 11 July 1922

Diploma in statistics, Milan University

Degree in actuarial and statistical sciences, Rome University	1954	Joined Statistical Division, ECSC High Authority
Diploma, College of Europe, Bruges Expert in research department, Interdepartmental Committee for Reconstruction, Rome	1962	Head, Wages Statistics Division, Statistical Office of the European Communities
Assistant to Prof. Wagenführ, College of Europe, Bruges	1968	Director, External Trade and Transport Directorate, SOEC

Court of Justice

2.5.17. New cases

Case	Subject	Basis
Freedom of establishment and freedom to provide services 258/85 Pugnali and Others v Regione Lazio and USL	Do Articles 3(c) and 57(3) EEC require all the Member States to lay down certain conditions for admission to medical studies?	Article 177 EEC
Competition 272/85 Association nationale des travailleurs indépendants de la batellerie (ANTIB) v Commission ¹	Annulment of the Commission Decision of 10 July 1985 relating to a proceeding under Article 2 of Council Regulation No 1017/68 applying rules of competition to transport by rail, road and inland waterway (IV-31029—French inland waterway charter traffic: EATE levy)	Article 173 EEC
State aids 282/85 Comité de Développement et de Promotion du Textile et de l'Habillement (CDPTH) v Commission ²	Annulment of the Commission Decision of 5 June 1985 concerning an aid scheme in favour of the textile and clothing industry in France funded by means of parafiscal charges	Article 173 EEC
Social policy 281/85 Germany v Commission ³ 283/85 France v Commission ³ 284/85 Netherlands v Commission ³ 285/85 Denmark v Commission ³ 287/85 United Kingdom v Commission ³	Annulment of the Commission Decision of 8 July 1985 setting up a prior communication and consultation procedure on migration policies in relation to non-member countries	Article 173 EEC

Case	Subject	Basis
<p>Free movement of persons</p> <p>268/85 Bozdag v Stadt Backnang</p>	<p>1. Do Article 12 of the Association Agreement between the EEC and Turkey and Article 36 of the Additional Protocol, in conjunction with Article 7 of the Association Agreement, at present contain a directly applicable prohibition against the introduction, by means of an amendment to existing administrative practice, of new restrictions on the freedom of movement of Turkish workers legally residing in a Community country?</p> <p>2. Must the principle of freedom of movement enshrined in the Association Agreement be taken to include the right of a Turkish worker residing in a Member State to be joined by the worker's spouse and children who have not reached the age of majority?</p>	<p>Article 177 EEC</p>
<p>Agriculture</p> <p>254/85 Irish Grain Board Trading (in liquidation) v Minister for Agriculture⁴</p>	<p>Interpretation of Regulations Nos 974/71, 1380/75 and 3094/76 in relation to the payment of MCAs in respect of exports of commodities which have not been released into the economy of the importing Member State due to fraud or other irregularity on the part of the purchasers of the said commodities</p>	<p>Article 177 EEC</p>
<p>265/81 1. Van den Bergh en Jurgens and 2. Van Dijk Food Products (Lopik) v Commission⁵</p>	<p>Claim for compensation for damage suffered by the applicants in their sales of margarine as a result of Christmas butter being placed on the market at a reduced price</p>	<p>Article 215 EEC</p>
<p>289/85 and 289/85 R Italy v Commission</p>	<p>Annulment of Article 3 of Decision 85/341, as amended by Decision 85/403 of 19 July 1985, concerning certain protective measures against African swine fever in Belgium. Application to stay implementation of the Article until the Court has ruled on the substance of the case</p>	<p>Article 173 EEC and Article 83 of the Rules of Procedure of the Court of Justice</p>
<p>Convention on Jurisdiction and the Enforcement of Judgments in Civil and Commercial Matters</p> <p>266/85 Shenavai v Kreischer</p>	<p>For the purposes of Article 5(1) of the Convention, is the place of performance, in the specific case of a claim for fees by an architect engaged solely in planning work, to be determined by reference to the contractual obligation which forms the actual basis of the legal proceeding (in this case a debt payable under German law at the place where the defendant is domiciled), or by reference to the service typical of the contract and characterizing the contractual relationship as a whole (that is to say the place where the architect has his practice and/or the site of the planned building)?</p>	

Commission

Case	Subject	Basis
Commercial policy		
273/85 and 273/85 R Silver Seiko, Silver Reed (UK) and Silver Reed International v Council Intervener: Commission	Annulment of Council Regulation No 1698/85 of 19 June 1985 (imposing a definitive anti-dumping duty upon imports of electronic typewriters originating in Japan) in so far as it applies to the applicants. Application to stay implementation of the Regulation until the Court has ruled on the substance of the case.	Article 173 EEC and Article 83 of the Rules of Procedure of the Court of Justice
277/85 Canon France, Canon Rechner Deutschland and Canon (UK) v Council ⁶	Annulment of Council Regulation No 1698/85 of 19 June 1985 (imposing a definitive anti-dumping duty upon imports of electronic typewriters originating in Japan) in so far as it applies to the applicants	Article 173 EEC
Infringements		
274/85 Commission v Ireland ²	Action seeking a declaration by the Court that the Irish system of taxation on tyres (one rate for tyres manufactured in Ireland and another—higher—rate for imported tyres) is contrary to Article 95(1) EEC	Article 169 EEC
275/85 Commission v Italy ⁶	Failure to apply Commission Directive 82/57 laying down certain provisions for implementing Council Directive 79/695 on the harmonization of procedures for the release of goods for free circulation	Article 169 EEC
278/85 Commission v Denmark ⁶	Failure on the part of Denmark to fulfil its obligations, by not adopting the implementing measures required for compliance with Council Directive 79/831 (classification, packaging and labelling of dangerous substances)	Article 169 EEC

Disputes between the Community and its staff

v Council

279/85 Misset v Council

v Commission

267/85 Luttgens v Commission

269 to 271/85 Zocchi Fontana and Others v Commission—Annulment of the provisions whereby the Commission, for the purposes of the acquisition of Community pension rights, has taken only partial account of the periods worked in its employment by the applicants prior to their appointment as members of the temporary staff⁷

276/85 Cladakis v Commission

v European Parliament

257/85 Dufay v European Parliament

280/85 Mouzourakis v European Parliament

¹ OJ C 256, 8.10.1985.

² OJ C 270, 22.10.1985.

³ OJ C 273, 24.10.1985.

⁴ OJ C 238, 19.9.1985.

⁵ OJ C 253, 4.10.1985.

⁶ OJ C 266, 17.10.1985.

⁷ OJ C 257, 9.10.1985.

2.5.18. Judgments

Date and case	Held
<p>ECSC — Steel</p> <p>19.9.1985: 63/84 and 147/84 Finsider v Commission</p>	<p>Application dismissed (annulment of Commission Decision 234/84 of 31 January 1984 and the Commission's individual decision of 18 April 1984—production quotas)</p>
<p>Free movement of goods</p> <p>25.9.1985: 11/84, 34/84, 79/84, 80/84, 114/84, 115/84, 149/84, 201/84, 202/84, 215/84 Procureur de la République and Others v Gratiot and Others¹</p>	<ol style="list-style-type: none"> 1. 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. 2. Article 30 prohibits such rules where the minimum price is fixed on the basis solely of the ex-refinery prices of the national refineries and where those ex-refinery prices are in turn linked to the ceiling price which is 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. 3. Legislation fixing a minimum price for fuel cannot be regarded as meeting an objective of public policy for the purposes of Article 36 EEC.
<p>Customs union</p> <p>26.9.1985: 1166/84 Thomasdünger v Oberfinanzdirektion Frankfurt am Main²</p>	<p>Establishment of the criteria for classifying products under CCT headings Nos 26.02 and 31.03 (tariff classification of slag)</p>
<p>Approximation of laws</p> <p>26.9.1985: 187/84 Criminal proceedings against Caldana²</p>	<p>Council Directive 67/548 (approximation of laws on the labelling of dangerous substances), as amended by Directive 79/831, requires the labelling of dangerous substances as such; it does not require preparations containing one or more of those substances to be labelled</p>
<p>Competition</p> <p>17.9.1985: 25 and 26/84 Ford Werke and Ford of Europe v Commission³</p>	<p>Application dismissed (annulment of Commission Decision 83/560 of 16 November 1983 relating to a proceeding under Article 85 EEC)</p>
<p>State aids</p> <p>19.9.1985: 172/83 and 226/83 Hoogovens Groep v Commission⁴</p>	<ol style="list-style-type: none"> 1. The provisions of Article 2(1) of Commission Decision 83/398/ECSC of 29 June 1983 concerning the aids that the Netherlands Government proposes to grant to the steel industry, which relate to the assessment of the reduction in production capacity proposed by the Netherlands Government, are declared void. 2. The remainder of the conclusions in Cases 172/83 and 226/83 are dismissed.

Date and case	Held
Agriculture	
19.9.1985: 192/83 Greece v Commission	The Court of Justice, interpreting Article 103(3) of the Greek Act of Accession, ruled that Regulation No 1615/83 is void in so far as the system of coefficients results in inadequate compensation for Greek producers in respect of the extra cost incurred by the use of different packaging from the standard packaging prescribed by Regulation No 1618/83 and, consequently, in an inappropriate amount of aid for certain products
19.9.1985: 194 to 206/83 Asteris and Others v Commission	Application dismissed (application for compensation for the alleged damage suffered as a result of the calculation of production aids for tomato concentrates)
24.9.1985: 181/84 Man (Sugar) v Intervention Board for Agricultural Produce ¹	Article 6(3) of Regulation No 1880/83 is invalid inasmuch as it prescribes forfeiture of the entire security as the penalty for failure to comply with the time limit imposed for the submission of applications for export licences
25.9.1985: 71 and 72/84 Surcouf and Others v Council and Commission ²	Application dismissed (application for compensation for the damage suffered on account of the maintenance of MCAs for pork calculated on the basis of a theoretical price, contrary to Regulations Nos 974/71 and 2579/75)
10.7.1985: 257/84 Ireland v Commission ⁵	Ordered removed from the Court Register (failure to act: Regulation No 856/84 amending Regulation No 804/68)
18.9.1985: 161/85 Hellenic Grain Company v Commission	Ordered removed from the Court Register (annulment of Regulation No 1279/85)
Transport	
18.9.1985: 144/85 Société Nationale des Chemins de Fer Luxembourgeois	Ordered removed from the Court Register (Article 19 of Council Regulation No 1191/69)
European Development Fund	
19.9.1985: 33/82 Murri Frères, a <i>de facto</i> partnership v Commission ⁵	Application dismissed (the Commission, as manager of the EDF, was alleged to have failed to honour the undertakings given by its delegate concerning compensation for the <i>de facto</i> partnership, Murri Frères, thus causing the said partnership to suffer damage equivalent to the amount of the compensation)
Infringements	
18.9.1985: 276/83 Commission v Greece	Ordered removed from the Court Register (national provisions authorizing the sale on credit terms of motor cars only where they have been manufactured or finished in Greece)

Date and case	Held
18.9.1985: 97/84 Commission v France	Ordered removed from the Court Register (Council Decision 74/393 establishing a consultation procedure for cooperation agreements with respect to the agreements with Poland, Mexico and South Korea)
18.9.1985: 140/84 Commission v France	Ordered removed from the Court Register (Council Directive 79/622 — roll-over protection structures of wheeled agricultural or forestry tractors)

Disputes between the Community and its staff

v Commission

26.9.1985: 231/84 Valentini v Commission² — Application inadmissible

¹ OJ C 266, 17.10.1985.

² OJ C 270, 22.10.1985.

³ OJ C 253, 4.10.1985.

⁴ OJ C 257, 9.10.1985.

⁵ OJ C 256, 8.10.1985.

Economic and Social Committee

229th plenary session

2.5.19. The Economic and Social Committee held its 229th plenary session on 25 and 26 September with Mr Gerd Muhr in the chair.

The Committee endorsed the main objectives of two important Commission documents, one on television and the other on cinema and television co-productions, and adopted opinions on the Commission's memorandum on air transport and various other Commission proposals.

Own-initiative opinion

2.5.20. By a large majority the Committee adopted an own-initiative opinion on the Commission Green Paper on the establishment of a common market in broadcasting, especially broadcasting by satellite and cable.¹

The Committee considered that the Green Paper provided an excellent analysis of the

legal problems involved in unrestricted broadcasting and the creation of a Community broadcasting market. However, it felt that economic, social, consumer and cultural problems should have been discussed in greater depth. The Committee endorsed the creation of a multilingual European television channel and the development of minimum Community standards, particularly on advertising and protection of young people.

Opinions on Commission proposals and communications

2.5.21. In an opinion adopted by a large majority, the Committee endorsed the proposal for a Regulation on a Community aid scheme for non-documentary cinema and television co-productions;² it nevertheless pointed out that the proposal had a number of shortcomings, particularly as to its practical feasibility. The Committee suggested that the Regulation be subdivided into two distinct parts, one governing the selection

¹ Bull. EC 5-1984, points 1.3.1 to 1.3.54.

² OJ C 125, 22.5.1985; Bull. EC 4-1985, point 1.3.1.

criteria and aid arrangements for television and the other doing the same for the cinema.

2.5.22. The Committee unanimously endorsed two proposals for Council Directives, one on standardization in the field of information technology and telecommunications and the other on mutual recognition of type approval for telecommunications terminal equipment.¹

In its opinion, the Committee called on the Member States to take all necessary measures, by developing the technology on a Community scale, to create a large market which would ensure that European industry was competitive on the world market. In the Committee's view, Community directives such as those proposed by the Commission, while clearly not enough in themselves to achieve such an objective, could provide an effective back-up.

2.5.23. The Committee unanimously adopted an opinion on the Commission's proposal that operations under the New Community Instrument (NCI) be continued.²

The Committee approved the Commission's intention to borrow 1 500 million ECU under the NCI; at the same time, it stressed the constant need to improve coordination of Community financial and budgetary instruments to ensure they are used as efficiently as possible.

The Committee also made several suggestions as to how NCI IV could best be used.

2.5.24. The Committee endorsed the proposal for a Council Directive on cross-border mergers of public limited companies,³ while suggesting a number of improvements. The opinion—the result of compromise between the groups represented on the Committee—stressed the importance of the proposed Directive as a step towards creating a uniform and durable internal Community market.

2.5.25. The Committee adopted an opinion on the proposal for a Council Directive on the approximation of the laws of the

Member States relating to infant formulae and follow-up milks.⁴

The Committee endorsed the Commission's proposal and the view that all the Member States should comply with the WHO code (rather than the voluntary code drawn up by national manufacturers of dietary foods). However, it asked the Commission to study the norms in the Codex Alimentarius and amend its proposal if necessary.

2.5.26. In its unanimously adopted opinion on the Commission's proposals relating to detergents,⁵ the Committee rejected an extension of the derogation period until 31 December 1990 except for industry. It considered that such a derogation was not necessary in the case of domestic dishwashing detergents.

2.5.27. The Committee endorsed the Commission's proposal on revision of tax exemptions on imports of goods,⁶ It nevertheless regretted that the adjustment of the allowance failed to provide full compensation for the increase in consumer prices since 1978. It therefore urged that the proposal for a further increase (from 35 ECU to 45 ECU) should genuinely take account of inflation.

2.5.28. The Committee unanimously endorsed the Commission's proposal amending the ERDF Regulation to take account of enlargement,⁷ subject to certain comments concerning, in particular, the resources allocated to the Fund.

2.5.29. Also in the field of regional policy, the Committee approved the broad lines of four new proposals for specific Community regional development measures;⁸ it also

¹ OJ C 232, 12.9.1985; Bull. EC 5-1985, point 2.1.21.

² OJ C 163, 3.7.1985; Bull. EC 5-1985, point 2.1.3.

³ Supplement 3/85 — Bull. EC; OJ C 23, 25.1.1985; Bull. EC 12-1984, point 2.1.21.

⁴ OJ C 28, 30.1.1985; Bull. EC 12-1984, point 2.1.17.

⁵ OJ C 139, 7.6.1985; Bull. EC 5-1985, point 2.1.11.

⁶ OJ C 167, 6.7.1985; Bull. EC 6-1985, point 2.1.61.

⁷ OJ C 181, 19.7.1985; Bull. EC 6-1985, point 2.1.86.

⁸ OJ C 143, 12.6.1985; Bull. EC 5-1985, point 2.1.65.

endorsed the proposal for a Regulation giving them a specific legal basis.

2.5.30. The Committee adopted an opinion on the Commission memorandum on the progress of work on a Community policy for air transport, together with the relevant proposals.¹

The Committee noted that the memorandum did not propose US-style deregulation but was a step towards the introduction of a common air transport policy. It regretted, however, that the Commission had not taken more account of the recommendations made by the Committee in its earlier opinions. The Committee broadly endorsed the proposals made in the memorandum, with certain specific reservations.

For example, it considered that the desire for increased flexibility should not lead to the implementation of policies which might threaten the viability of the air transport system, particularly on less-popular routes. Moreover, while recognizing that the rules of competition should apply to Community air transport, the Committee repeated the point of view it had expressed in its opinion of January 1983 on Commission proposals in this field.² Particular account must be taken of the problems specific to international air transport and a balance be found between the various interests involved (users, companies, governments and workers in air transport).

2.5.31. The Committee unanimously adopted a favourable opinion, with certain reservations, on the broad outlines of a medium-term transport infrastructure policy contained in the Commission's communication of December 1984.³

2.5.32. It also adopted an opinion further to the one it gave in February on the harmonization of certain social legislation relating to road transport⁴ and the introduction of recording equipment in road transport.⁵ The additional opinion is intended to warn the Council not to adopt other parameters, particularly with regard to the length of the daily rest period.

2.5.33. Lastly, the Committee adopted by a large majority an opinion on revision of the generalized system of tariff preferences for the second half of the second 10-year period (1986-90).⁶

While endorsing continued operation of the system in this period, the Committee felt that the system should not be seen as having unlimited duration since its purpose was to help developing countries gradually to reach an economic level which would allow them to compete normally on world markets.

ECSC Consultative Committee

251st meeting

2.5.34. The ECSC Consultative Committee held its 251st meeting on 26 and 27 September. The Commission was represented by Mr Narjes, Vice-President with special responsibility for industrial affairs, and Mr Sutherland, Member with special responsibility for social affairs and competition.

The Committee gave opinions on the following matters: the two Commission communications on the steel industry after 1985 (→ points 2.1.18 to 2.1.20); the forward programme for steel for the fourth quarter of 1985 (→ point 2.1.28); consideration of the medium-term steel research guidelines (1986-90);⁷ amendment of the Commission Decision on coking coal and coke for use in the Community iron and steel industry⁸ and the revision of prospects for the Community solid fuels market for 1985 (→ point 2.1.126).

The European steel industry after 1985

2.5.35. The Committee had been consulted under Article 58 of the ECSC Treaty

¹ OJ C 182, 9.7.1984; Bull. EC 2-1984, point 2.1.149.

² OJ C 77, 21.3.1983; Bull. EC 1-1983, point 2.4.47.

³ Bull. EC 12-1984, point 2.1.199.

⁴ OJ C 104, 25.4.1985; Bull. EC 2-1985, point 2.4.25.

⁵ OJ C 100, 12.4.1984; Bull. EC 3-1984, point 2.1.168.

⁶ Bull. EC 5-1985, point 2.2.42.

⁷ Bull. EC 7/8-1985, point 2.1.228.

⁸ Bull. EC 7/8-1985, point 2.1.200.

about the establishment of a system of production quotas, and under Article 95 about the rules applicable to aids and financial transfers to the steel industry after 31 December 1985.

Mr Narjes spoke on the organization of the steel market after 1985, and Mr Sutherland spoke on aids.

These two speeches were followed by a debate. The views expressed varied very considerably, some advocating the maintenance of all of the crisis measures and others going so far as to demand their termination. There was some scepticism about closure subsidies, since their use in accordance with the objectives pursued could not be adequately guaranteed. If abuse could not be prevented, the door would once again be opened to distortions of competition. To this Mr Sutherland replied that in no case could closure subsidies be used for other purposes, and he promised to ensure that this rule was observed.

One speaker suspected that the new measures proposed by the Commission were really only a further restructuring under another name. Mr Narjes stressed that this transitional phase would last no more than three years. After two years there would only be limited supervision. Hence it was quite wrong to regard them as merely the old measures under another name.

Replying to criticisms of the two Commission communications, Mr Narjes stated that the Commission did have an industrial policy but did not exercise central planning. It was still not possible to remove all production quotas, and a two- or three-year transitional period was essential. Indeed, simultaneous liberalization and the retention of subsidies was the result of a compromise within the Commission. The aim was to reduce overcapacity and distortions of competition to a minimum. This was indeed a situation of conflicting objectives.

Forward programme for steel

2.5.36. The Committee had been consulted about the forward programme for steel for the fourth quarter of 1985.

Various opinions were expressed, some broadly approving the Commission position, others more sceptical. Overall there was a fear that American import controls would have adverse effects. Moreover, the situation on the wire rod market was much less favourable than generally believed.

The Commission representative noted that the programme for the fourth quarter was similar to that for the preceding quarter. The situation was more or less stable, and there was even evidence of a slight upswing. Finally, he stressed that the current fall of the dollar would not have a negative effect on external trade.

European Investment Bank

Operations in September

2.5.37. Loans granted in September for investments within the Community included 160.5 million ECU¹ in France, 34.7 million ECU in Greece, 33.1 million ECU in the Netherlands, 28.2 million ECU in the United Kingdom and 4.5 million ECU in Germany. Outside the Community the Bank lent 35.5 million ECU to Mediterranean countries and 22.5 million ECU to countries party to the second Lomé Convention.

Community

France

2.5.38. The Bank lent FF 1 100 million for roads, motorways, small and medium-scale infrastructure projects and local energy-saving projects. Of this sum, FF 700 million will assist 10 road improvement schemes designed to improve communications in regional development areas or strengthen Community trunk routes. The loan was made to the Fonds spécial de grands tra-

¹ The conversion rates at 28 June used by the EIB in statistics for the third quarter were 1 ECU = BFR 45.27, DKR 8.07, DM 2.24, DR 99.97, FF 6.85, HFL 2.53, IRL 0.72, LFR 45.27, LIT 1 433, UKL 0.57, USD 0.73.

vaux, a public agency set up to further capital works in the fields of public transport, roads, motorways and the harnessing of energy resources. The schemes are located in northern and eastern France, Brittany, the Midi-Pyrénées Region and the Massif Central. Most of the works are also to receive grants from the European Regional Development Fund.

A further FF 400 million was made available to the Caisse d'aide à l'équipement des collectivités locales in the form of two global loans. Of this sum FF 250 million will be onlent to finance small and medium-scale capital works in areas facing problems of modernization and industrial conversion.

The remaining FF 150 million will be onlent for energy-saving projects. In accordance with the Community's energy objectives, the investments financed will be concerned with the use of renewable sources of energy (geothermal and biomass), the replacement of oil by fuels such as coal, electricity distribution, heat recovery, district heat grids and the construction of small hydroelectric plants.

Greece

2.5.39. Almost DR 3 500 million was lent for infrastructure projects contributing to regional development and the protection of the environment. A loan of DR 2 000 million to the Ministry of Public Works will assist construction of a drainage network and waste treatment plant on Psittalia, in the Saronic Gulf, as part of the scheme to give the Athens area a more effective network for the collection and treatment of waste water. DR 1 350 million will be used to improve the road between Thessaloniki and Alexandroupoulos, including work on minor and feeder roads, to reduce congestion around Thessaloniki. The remaining DR 120 million will be used to install sprinkler and surface irrigation systems covering more than 4 500 ha in Macedonia.

Netherlands

2.5.40. A loan of about HFL 84 million was made to KLM for the purchase of an

Airbus A-310. The funds were lent to a group of French banks, headed by Crédit Lyonnais and Banque de Neuflyze, Schlumberger, Mallet, which will purchase the Airbus and lease it to KLM. The Dutch national airline has decided to modernize its fleet, mainly to comply with the rules on noise tolerances at European airports coming into force in 1987. This aircraft will be in regular service on routes within the Community.

United Kingdom

2.5.41. A loan of UKL 16 million will assist projects to improve the environment in south-west England and road and rail improvements in Wales and on Merseyside.

The UKL 10 million loan to the Wessex Water Authority will improve the quality of coastal water by installing sewage disposal schemes in Avon, Dorset and Somerset. A UKL 3 million loan to West Glamorgan Council will be used to upgrade the Swansea Valley road and the Carmarthen Road corridor and to replace the Lohor Bridge on the Swansea-Llanelli route. A UKL 3 million loan to the Merseyside County Council will assist re-signalling, electrification and other improvements, including a new station, to the railway line linking Liverpool with the industrial and commercial areas on the south bank of the Mersey.

Germany

2.5.42. A DM 10 million loan will strengthen the European gasline network by financing a compressor station on the Deudan line, which links the Danish network to Germany and the rest of the Community. If Denmark's supplies from its own deposits are interrupted, the station, located at Quarnstedt in Schleswig-Holstein, will permit supplies to be imported from Germany.

Outside the Community

Mediterranean countries

2.5.43. The Bank made a 20 million ECU loan to Portugal for the construction of 38

km of motorway between Mealhada and Albergeria to serve an important industrial area in central Portugal. Completion is scheduled for 1987, and the motorway will form part of the main coastal road route between Lisbon and Oporto.

In Morocco and EIB loan of 8.5 million ECU will finance small and medium-scale on-farm investments and agro-industrial ventures aimed at improving agricultural production. This global loan to the Caisse nationale de crédit agricole will be onlent for farm investments such as the purchase of livestock and equipment and the construction of buildings and for small and medium-scale agro-industrial projects. The Moroccan Government gives high priority to these investments, which are also receiving aid from the World Bank, the European Community, the Kreditanstalt für Wiederaufbau, the African Development Bank and the Arab Fund for Economic and Social Development.

A loan of 7 million ECU in Tunisia will assist small-scale investments designed to increase agricultural productivity, one of the Tunisian Government's priorities. The funds have been lent to the banque nationale de développement agricole, which will onlent them for investments by agricultural cooperatives. The loan carries a 3% interest subsidy from Community budgetary resources.

ACP States

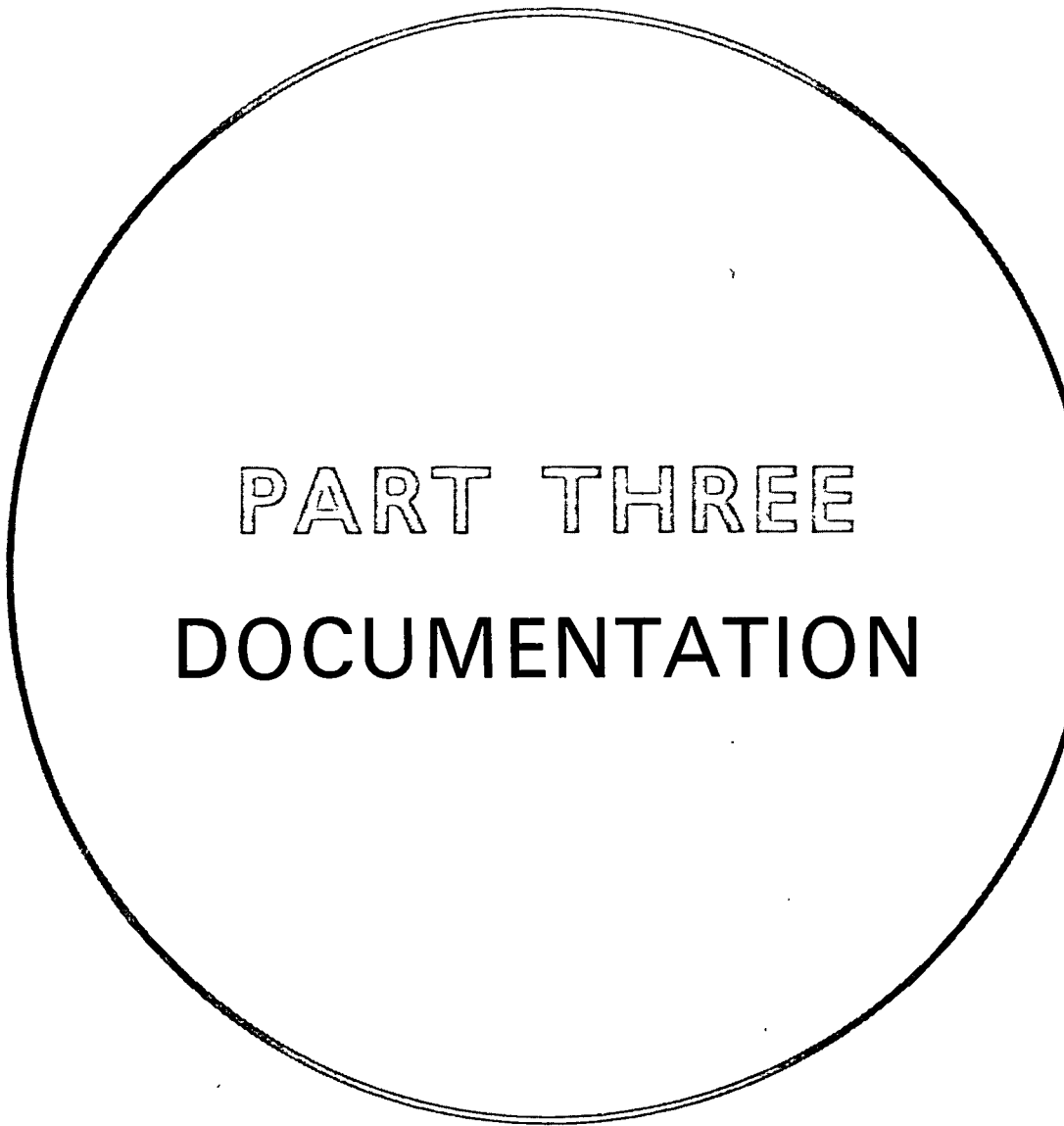
2.5.44. The EIB announced loans to four ACP States during September. A 12 million ECU loan will be used to improve the elec-

tricity grids in Trinidad and Tobago by laying a new submarine cable between the islands and installing a 2.2.7 mW generating set. The loan carries a 3% interest subsidy from the European Development Fund. The scheme, costed at almost 40 million ECU, includes 67 km of overhead power lines between Point Lisas power station (700 mW) and the Port of Spain area and a 45-km submarine cable between the main network in Trinidad and Tobago and the generating set at the Scarborough power station.

A 7 million ECU loan was made to Mauritania for the Société nationale d'eau et d'électricité to improve and extend electricity generating and distribution and water treatment and supply at Nouadhibou, Mauritania's main port and economic centre.

The project forms part of a public sector rehabilitation programme to which the International Development Association, France's Caisse centrale de coopération économique and Fonds d'aide et de coopération, and the Community are also contributing. The investments will be used to increase the output of the Nouadhibou thermal power station, to improve and extend the town's electricity supply grid and to rehabilitate the water catchment area, the main water supply conduit, the treatment plant and the distribution network.

The Bank lent 500 000 ECU from its risk capital to pay for a feasibility study in Zambia on future rehabilitation of the oil pipeline from Dar-es-Salaam to the Ndola refinery.



PART THREE

DOCUMENTATION

1. ECU

Values in national currencies of one ECU

30 September ¹	
Belgian franc and Luxembourg franc (convertible)	44.8803
Belgian franc and Luxembourg franc (financial)	45.1943
German mark	2.21245
Dutch guilder	2.49411
Pound sterling	0.589526
Danish krone	8.04946
French franc	6.75146
Italian lira	1 494.63
Irish pound	0.715963
Greek drachma	108.590
United States dollar	0.826221
Swiss franc	1.81025
Spanish peseta	135.583
Swedish krona	6.66347
Norwegian krone	6.59613
Canadian dollar	1.13234
Portuguese escudo	138.805
Austrian schilling	15.5743
Finnish mark	4.75449
Japanese yen	179.083
Australian dollar	1.17062
New Zealand dollar	1.50633

¹ OJ C 249, 1.10.1985

NB. Explanatory notes on the ECU and 'green' rates can be found in Bull. EC 7/8-1982, points 3.1.1 to 3.1.3, and Bull. EC 10-1984, point 3.1.1.

Representative rates ('green' rates)

Conversion rates into national currencies for the ECU used in connection with the common agricultural policy

September	
National currency	Value in national currency of one ECU
Belgian franc and Luxembourg franc	46.4118
Danish krone	8.41499
German mark	2.39792 ¹ 2.41047 ² 2.38516 ³
Greek drachma	77.2479 ⁴ 102.345 ⁵ 90.5281 ³
French franc	7.00089 ⁶ 6.49211 ³ 7.10590 ⁷ 6.86866 ³
Irish pound	0.725690 ⁴ 0.750110 ³
Italian lira	1 341.00 ⁴ 1 482.00 ⁵ 1 432.00 ³
Dutch guilder	2.70178 ¹ 2.71620 ² 2.68749 ³
Pound sterling	0.618655

¹ For cereals and durum wheat.

² For milk and milk products.

³ For other products.

⁴ For seeds.

⁵ For milk and milk products, beef/veal, sheepmeat and goatmeat, sugar, durum wheat, cereals, eggs and poultrymeat, pigmeat, rice and wine.

⁶ For beef/veal, sheepmeat and goatmeat, sugar, durum wheat, cereals, eggs and poultrymeat, and rice.

⁷ For milk and milk products, 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 11-1984

Point 2.1.10

Proposal for a Council Directive on the approximation of the laws of the Member States relating to roll-over protection structures incorporating two pillars and mounted in front of the driver's seat on narrow-track wheeled agricultural or forestry tractors

OJ C 222, 2.9.1985

Bull. EC 3-1985

Point 2.2.38

Council Decision of 26 March 1985 on the application of the International Agreement on Tropical Timber 1983

OJ L 236, 3.9.1985

Bull. EC 5-1985

Point 2.1.21

Proposal for a Council Directive on standardization in the field of information technology and telecommunications

Proposal for a Council Directive concerning the first phase of the establishment of the mutual recognition of type approval for telecommunications terminal equipment

OJ L 232, 12.9.1985

Bull. EC 6-1985

Point 2.1.97

Proposal for a Council Directive amending Directive 70/220/EEC on the approximation of the laws of the Member States relating to measures to be taken against air pollution by gases from the engines of motor vehicles

OJ C 245, 26.9.1985

Bull. EC 7/8-1985

Point 2.1.112

Proposal for a Council Directive on the dumping of waste at sea

OJ C 245, 26.9.1985

3. Infringement procedures

Initiation of proceedings for failure to implement directives

3.3.1. In September the Commission sent letters of formal notice for failure to incorporate directives into national law (the Commission not having been informed of national implementing measures) in the following 20 cases:

Internal market and industrial affairs

Commission Directive of 10 June 1982¹ adapting to technical progress the Council Directive of 4 June 1973 on the approximation of Member States' laws, regulations and administrative provisions relating to the classification, packaging and labelling of dangerous preparations (solvents)² (Greece).

Agriculture

Third Commission Directive of 22 December 1982³ amending the Annex to the Council Directive of 2 April 1979 on the marketing of compound feedingstuffs⁴ (Belgium, Netherlands, Italy).

Council Directive of 7 February 1983⁵ amending the Council Directives of 12 December 1972 on health and veterinary inspection problems upon importation of bovine animals and swine and fresh meat from third countries,⁶ and of 21 December 1976 on the examination for trichinae upon importation from third countries of fresh meat derived from domestic swine⁷ (Belgium, Netherlands, Italy).

Commission Directive of 7 June 1984⁸ amending the Annexes to the Council Directive of 21 December 1976 on the examination for trichinae upon importation from third countries of fresh meat derived from domestic swine⁷ (Belgium, Netherlands, Italy).

Council Directive of 11 December 1984⁹ amending the Council Directive of 22 January 1980 introducing Community measures for the control of classical swine fever¹⁰ (Belgium, Italy, Greece).

Commission Directive of 23 June 1982 laying down the categories of ingredients which may be used for the purposes of labelling compound feedingstuffs for pet animals¹ (Netherlands, Italy).

Commission Directive of 14 March 1983¹¹ amending the Annex to the Council Directive of 21 December 1978 prohibiting the placing on the market and use of plant protection products containing certain active substances¹² (Netherlands, Italy).

Council Directive of 11 December 1984⁹ amending the Council Directives of 26 June 1964¹³ and 12 December 1972⁶ as regards certain measures relating to foot-and-mouth disease and swine vesicular disease (Italy, Greece).

Transport

Council Directive of 12 November 1974 on admission to the occupation of road haulage operator in national and international transport operations¹⁴ (Greece).

Council Directive of 12 November 1974 on admission to the occupation of road passenger transport operator in national and international transport operations¹⁴ (Greece).

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 establishment¹⁵ (Greece).

Council Directive of 25 July 1983 concerning the authorization of scheduled inter-regional air services for the transport of passengers, mail and cargo between Member States¹⁶ (Ireland).

Environment, consumer protection and nuclear safety

Council Directive of 3 December 1982 on procedures for the surveillance and monitoring of environments concerned by waste from the titanium dioxide industry¹⁷ (Belgium, France).

Council Directive of 3 December 1982 on a limit value for lead in the air¹⁷ (France).

¹ OJ L 213, 21.7.1982.

² OJ L 189, 11.7.1973.

³ OJ L 386, 31.12.1982.

⁴ OJ L 86, 6.4.1979.

⁵ OJ L 59, 5.3.1983.

⁶ OJ L 302, 31.12.1972.

⁷ OJ L 26, 26, 31.1.1977.

⁸ OJ L 167, 27.6.1984.

⁹ OJ L 339, 27.12.1984.

¹⁰ OJ L 47, 21.2.1980.

¹¹ OJ L 91, 9.4.1983.

¹² OJ L 33, 8.2.1979.

¹³ OJ L 121, 29.7.1964.

¹⁴ OJ L 308, 19.11.1974.

¹⁵ OJ L 334, 24.12.1977.

¹⁶ OJ L 237, 26.8.1983.

¹⁷ OJ L 378, 31.12.1982.

Commission Directive of 29 July 1983¹ adapting to technical progress for the fifth time the Council Directive of 27 June 1967 on the approximation of laws, regulations and administrative provisions relating to the classification, packaging and labelling of dangerous substances² (Belgium, France).

Second Commission Directive of 30 March 1983³ adapting to technical progress Annexes II, III, IV and V to the Council Directive of 27 July 1976 on the approximation of the laws of the Member States relating to cosmetic products⁴ (Belgium, France).

Third Commission Directive of 29 June 1983⁵ adapting to technical progress Annexes II, III and V to the Council Directive of 27 July 1976 on the approximation of the laws of the Member States relating to cosmetic products⁴ (Belgium, France).

Fourth Commission Directive of 22 September 1983⁶ adapting to technical progress Annex IV to the Council Directive of 27 July 1976 on the approximation of the laws of the Member States relating to cosmetic products⁴ (Belgium, France).

Third Commission Directive of 27 September 1983 on the approximation of the laws of the Member States relating to methods of analysis necessary for checking the composition of cosmetic products⁷ (Belgium, France).

Council Directive of 26 October 1983⁸ amending for the third time the Council Directive of 27 July 1976 on the approximation of the laws of the Member States relating to cosmetic products⁴ (Belgium, France).

Reasoned opinions

3.3.2. The Commission delivered reasoned opinions in the following cases:

Internal market and industrial affairs

Regulations on the name 'genever' (Netherlands).

Difficulties in importing particle board (Germany).

Difficulties in importing Belgian beers (Italy).

Change of registration for second-hand motor vehicles from other Member States (France).

Quality standards for fruit and vegetables (Italy).

Regulations on public supply contracts (Greece).

Biarritz by-law French nationality a condition for certain activities (France).

Failure to inform the Commission of national measures to give effect to the Commission Directive of 3 July 1984⁹ adapting to technical progress the Council Directive of 6 February 1970 on the approximation of the laws of the Member States relating to the permissible sound level and the exhaust system of motor vehicles¹⁰ (Luxembourg).

Failure to inform the Commission of national measures to give effect to the Council Directive of 17 December 1982 amending the directives on the approximation of the laws of the Member States on wheeled agricultural or forestry tractors¹¹ (France).

Failure to incorporate correctly into national law the Council Directive of 22 March 1977 to facilitate the effective exercise by lawyers of freedom to provide services¹² (France).

Failure to inform the Commission of national measures to give effect to the Council Directive of 31 March 1982¹³ on the approximation of the laws of the Member States relating to methods of testing the biodegradability of non-ionic surfactants and amending the Council Directive of 22 November 1973¹⁴ (Belgium, France, Luxembourg).

Failure to inform the Commission of national measures to give effect to the Council Directive of 31 March 1982¹³ amending the Council Directive of 22 November 1973 on the approximation of the laws of the Member States relating to methods of testing the biodegradability of anionic surfactants¹⁴ (Belgium, France, Luxembourg).

Failure to inform the Commission of national measures to give effect to the Commission Directive of 5 October 1981¹⁵ adapting to technical progress the Council Directive of 7 November 1977 on the approximation of the laws, regulations and administrative provisions of the Member States relating to the classification, packaging and labelling of paints, varnishes, printing inks, adhesives and similar products¹⁶ (Belgium, France, Luxembourg).

Failure to inform the Commission of national measures to give effect to the Council Directive of

¹ OJ L 257, 16.9.1983.

² OJ L 196, 16.8.1967.

³ OJ L 109, 26.4.1983.

⁴ OJ L 262, 27.9.1976.

⁵ OJ L 188, 13.7.1983.

⁶ OJ L 275, 8.10.1983.

⁷ OJ L 291, 24.10.1983.

⁸ OJ L 332, 28.11.1983.

⁹ OJ L 196, 26.7.1984.

¹⁰ OJ L 42, 23.2.1970.

¹¹ OJ L 378, 31.12.1982.

¹² OJ L 78, 26.3.1977.

¹³ OJ L 109, 22.4.1982.

¹⁴ OJ L 347, 17.12.1973.

¹⁵ OJ L 342, 28.11.1981.

¹⁶ OJ L 303, 28.11.1977.

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 services¹ (Greece).

Failure to inform the Commission of national measures to give effect to the 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 services² (Greece).

Employment and social affairs

Discriminatory practice in housing (Germany).

Agriculture

Inspection of oilseeds imported from non-Community countries (Italy).

Transport

Failure to inform the Commission of national measures to give effect to the 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 transport operators, including measures intended to encourage these operators effectively to exercise their right to freedom of establishment³ (Italy).

Environment, consumer protection and nuclear safety

Failure to inform the Commission of national measures to give effect to the Second Commission Directive of 14 May 1982 on the approximation of the laws of the Member States relating to methods of analysis necessary for checking the composition of cosmetic products⁴ (France).

Failure to inform the Commission of national measures to give effect to the Council Directive of 17 May 1982⁵ amending for the second time the Council Directive of 27 July 1976 on the approximation of the laws of the Member States relating to cosmetic products⁶ (Belgium, France).

Failure to inform the Commission of national measures to give effect to the Council Directive of 21 April 1983⁷ amending the Council Directive of 20 December 1979 on the limitation of noise emissions from subsonic aircraft⁸ (Belgium).

Failure to incorporate correctly into national law the Council Directive of 27 July 1976⁶ on the approximation of the laws of the Member States relating to cosmetic products⁶ (Belgium).

Taxation and financial institutions

Failure to inform the Commission of national measures to give effect to the First Council Directive of 24 July 1973 on the coordination of laws, regulations and administrative provisions relating to the taking-up and pursuit of the business of direct insurance other than life assurance⁹ (Netherlands).

Failure to inform the Commission of national measures to give effect to the Council Directive of 30 May 1978 on the coordination of laws, regulations and administrative provisions relating to Community co-insurance¹⁰ (Italy).

¹ OJ L 167, 30.6.1975.

² OJ L 176, 15.7.1977.

³ OJ L 334, 24.12.1977.

⁴ OJ L 185, 30.6.1982.

⁵ OJ L 167, 15.6.1982.

⁶ OJ L 262, 27.9.1976.

⁷ OJ L 117, 4.5.1983.

⁸ OJ L 18, 24.1.1980.

⁹ OJ L 228, 16.8.1973.

¹⁰ OJ L 151, 7.6.1978.

4. Common transport policy

Obligations of the Council

Summary of the judgment given by the Court of Justice of the European Communities in Case 13/83¹

European Parliament, supported by the Commission of the European Communities, v Council of the European Communities, supported by the Kingdom of the Netherlands

3.4.1. On 24 January 1983 Parliament brought proceedings pursuant to the first paragraph of Article 175 of the EEC Treaty, seeking a declaration that by failing to introduce a common policy for transport and in particular to lay down the framework for such a policy in a binding manner the Council had infringed the EEC Treaty (especially Articles 3(e), 61, 74, 75 and 84), and that it had infringed the Treaty also by failing to reach a decision on 16 proposals on transport matters presented to it by the Commission.

The adoption of a common transport policy is one of the steps to be undertaken by the Community under Article 3 of the Treaty with a view to establishing a common market and progressively approximating the economic policies of Member States.

According to Article 75(1) the Council must, on a proposal from the Commission and after consulting the Economic and Social Committee and Parliament, lay down:

- '(a) common rules applicable to international transport to or from the territory of a Member State or passing across the territory of one or more Member States;
-)b) the conditions under which non-resident carriers may operate transport services within a Member State;
- (c) any other appropriate provisions.'

Admissibility

The Council, the defendant in the case, raised an objection of inadmissibility on two grounds: it argued first that the applicant had no right to bring proceedings on this point and secondly that the conditions laid down in Article 175 regarding the procedure to be followed before the initiation of proceedings had not been complied with.

1. Right to bring proceedings

The Council explained that this action was a further chapter in Parliament's efforts to increase its influence in decision-making within the Community. Parliament had no supervisory authority over the Council such as to provide a basis for an action for failure to act.

It added that the scheme of the Treaty could not be interpreted in such a way as to give Parliament a right to bring proceedings.

Since the Treaty did not give Parliament any authority to supervise the legality of measures taken by the Council or by the Commission, it would be illogical to allow it a right of action where either of those institutions failed to act in accordance with its legal obligations.

Parliament and the Commission challenged the Council's reasoning and referred to the wording of Article 175, which, they said, could not be interpreted in such a way as to deny Parliament the right to bring an action for failure to act.

The Court emphasized that the first paragraph of Article 175 expressly gives 'the other institutions of the Community' *inter alia* the right to bring an action against the Council or the Commission for their failure to act. This gives all the Community institutions the same right to initiate proceedings.

The first ground of inadmissibility was therefore rejected.

2. The conditions regarding the procedure to be followed before initiating proceedings

The Council took the view that the conditions laid down in Article 175 regarding the procedure to be followed before initiating proceedings had not been fulfilled. The letter of the President of the European Parliament of 21 September 1982 did not constitute a request to act as provided in Article 175; furthermore, the Council had 'defined its position' on that letter, within the meaning of Article 175, by providing Parliament with a complete analysis of the Council's activities in the field of the common transport policy, referred to by the letter of 21 September 1982.

The Council argued that it could be inferred from its reply to that letter that it had viewed the correspondence between the two institutions as a contri-

¹ Judgment of 22 May 1985. Bull. EC 5-1985, point 1.1.1 *et seq.*

bution to political dialogue and not as the first step in a legal dispute.

Parliament and the Commission took the view that Parliament's letter set out sufficiently clearly the measures requested by Parliament under the second paragraph of Article 175, and that the reply of the President of the Council, dated 22 November 1982, was significant precisely because it failed to define a position with regard to any of those measures, so that Parliament was left without a reply to its complaint that the Council had failed to act.

The Court held that the conditions required by the second paragraph of Article 175 were fulfilled. After expressly referring to that provision, Parliament had clearly stated in the letter from its president that it was requesting the Council to act, as referred to in Article 175, and had added a list of the measures which in its view the Council was obliged to take in order to compensate for its failure to act.

The Council's reply, however, simply summarized the action already taken by the Council in the transport sector but did not deal with 'the judicial aspects' of the correspondence initiated by Parliament.

The second ground of inadmissibility was also rejected.

Subject matter of the action

In its defence the Council submitted that Parliament had failed to address the key issue in the dispute—that is, whether the word 'act' as used in Article 175 can be interpreted as including the establishment of a common transport policy.

The Council took the view that the procedure provided in Article 175 was intended for cases where the institution in question was legally obliged to adopt a specific legal measure and that it was not well suited to the resolution of cases involving the establishment of a system of measures in a complex legislative process. According to Article 176 the institution which has failed to act is required 'to take the necessary measures' to comply with the judgment of the Court. The applicant had not however indicated the specific measures which the Council had failed to adopt.

Parliament accepted that a common transport policy would probably not be adopted at a single stroke but would have to be brought into existence by means of several successive measures. It considered it clear, however, that it was necessary to 'act' in one manner or another in order to estab-

lish, in accordance with a programme, the necessary set of measures.

The Court recalled that Parliament had made two separate claims: one concerning the failure to establish a common transport policy and to establish its framework, and another regarding the failure of the Council to reach a decision on 16 proposals on transport matters presented to it by the Commission. Only the first claim raised the issue whether the wording of Article 175 and its place in the system of legal remedies provided by the Treaty made it possible for the Court to declare that the Council had failed to act, in breach of its obligations under the Treaty.

The substance of the Council's objection was therefore the question whether in this case Parliament had in its first claim indicated with sufficient precision the measures which it asserted the Council had failed to adopt, so that if the Court upheld Parliament's claim it would render a judgment which could be complied with by the Council, under Article 176.

It followed that even if Parliament's first claim was well founded, it could only be upheld to the extent to which the Council's alleged failure to adopt a common transport policy amounted to a failure to adopt measures sufficiently specific in nature to enable them to be individually identified and implemented in accordance with Article 176. It was therefore necessary to examine the arguments of the parties regarding the alleged lack of a common transport policy.

The first claim: Failure to establish a common transport policy

1. The common transport policy in general

Parliament accepted that the Treaty allowed the Council a wide discretion with regard to the content of the common transport policy. That discretion was, however, limited in two respects: first, it did not permit the Council to ignore the time limits laid down by the Treaty and in particular that established in Article 75(2); secondly, the Council was required to lay down a common framework consisting of a coherent set of principles, taking general account of the complex economic factors at work in the transport sector.

In those circumstances, it said, the basic principles which the Council should have adopted should at least observe certain objectives and cover certain areas.

The Commission stated that there were still large gaps in all areas of transport policy, in spite of the numerous proposals it had put to the Council over a period of more 20 years. It referred to the inadequacy of the measures taken regarding the transport of goods by road, the obstacles presented by the large number of border controls, the unsatisfactory situation of railway accounts, the large structural overcapacity in the area of waterborne transport and the almost total absence of Community action with regard to sea and air transport.

The Council did not dispute the existence of the gaps referred to. However, it did raise a series of arguments intended to show that those gaps could not be considered tantamount to a failure to act as referred to in Article 175 of the Treaty.

The Council went on to give details of the action it had already taken in the field, a summary of which had been provided to Parliament.

The Court concluded from those arguments that the parties were in agreement that there was not yet a consistent set of regulations which could be regarded as a common transport policy within the meaning of Articles 74 and 75 of the Treaty. That conclusions could be based on the lack of a coherent framework for the implementation of such a policy, referred to by Parliament, on the fact that the main problems in the area of transport remained unresolved, as the Commission had pointed out, on the failure to abide by the 1965 and 1967 decisions establishing a timetable for action in the area, or on the continued existence of obstacles to the freedom to provide services in the area of transport, as the Netherlands Government had submitted.

It was therefore necessary to decide whether, in the absence of a set of measures which could be regarded as a common transport policy, the Council's failure to act was one for which it could be held to account under Article 175 of the Treaty.

The Council's argument based on its discretion was, in principle, correct. According to the scheme of the Treaty it was for the Council, in accordance with the procedural rules laid down in the Treaty, to establish the objectives of the common transport policy and decide upon the means of achieving them.

Similarly, it was for the Council to set priorities in the harmonization of legislation and administrative practice in this sector and to decide what the content of such harmonization should be.

Failure to adopt a common policy provided for by the Treaty, therefore, is not necessarily a failure to act sufficiently specific in nature to fall within the purview of Article 175. This applies in the case at issue, even if it is true that work under Article

75 must be carried on continuously in order to make the progressive establishment of a common transport policy possible, and although it is also that according to Article (75)2 a substantial portion of that work should have been completed before the end of the transitional period.

2. Freedom to provide services in the transport sector

Parliament and the Commission argued that the provisions of Article 75(1) (a) and (b) regarding the common rules applicable to international transport and the conditions under which non-resident carriers may operate transport services within a Member State were not only subject to a time limit but also imposed obligations on the Council of a sufficiently specific nature that they could provide the basis for a declaration of failure to act under Article 175. Both institutions emphasized the close link between those provisions and the freedom to provide services, the implementation of which is one of the principal tasks of the Community.

The Council disputed that contention, arguing that even in the context of Article 75(1) (a) and (b) the content and objectives of the rules to be adopted were not sufficiently precise.

The Commission and the Netherlands Government emphasized the importance of the freedom to provide services.

The Court was therefore led to give detailed attention to the arguments of the parties regarding freedom to provide services in the transport sector and its relationship to the establishment of a common policy in that sector.

The Commission took the view that Articles 59 and 60 are not directly applicable in the transport sector. Under Article 61 the freedom to provide services in the transport sector was to be implemented under the rules provided by Article 75(1) (a) and (b). That provision was intended to give the Council an appropriate period, which might if necessary extend beyond the end of the transitional period, to establish freedom to provide services in the transport sector within the framework of a common policy. That appropriate period could not, however, be extended indefinitely; more than 15 years after the end of the transition period it should be approaching expiry.

In those circumstances, the Commission argued, in its judgment the Court should, by way of admonition, indicate when the reasonable period provided for by Article 61 came to an end.

The Court pointed out that Article 61(1) provided that freedom to provide services in the field of transport was to be governed by the provisions of the Title relating to transport. According to the Treaty the application of the principles of freedom to provide services (Articles 59 and 60) was therefore to be ensured by the implementation of the common transport policy and more particularly by the establishment of common rules on international transport and the conditions under which non-resident carriers may operate transport services within a Member State, the rules and conditions referred to in Article 75(1) (a) and (b), which of necessity concern freedom to provide services.

Parliament, the Commission and the Netherlands Government were therefore correct to argue that the Council's obligations under Article 75(1) (a) and (b) included the obligation to establish freedom to provide services in the transport sector, and that the scope of that obligation was clearly defined by the Treaty.

It followed that the Council does not have the discretion in that regard which it has in other areas of the common transport policy. In those circumstances the obligations laid down by Article 75(1) (a) and (b), in so far as they are intended to establish freedom to provide services, are sufficiently precise to serve as the basis for a declaration of failure to act under Article 175. Under Article 75 the Council was required to extend freedom to provide services to the transport sector before the end of the transition period. Since the Council had failed to adopt the measures which should have been adopted before the end of the transition period, measures whose object and nature could be identified with sufficient precision, the Court held that the Council had failed to act.

The Court added that it was for the Council to introduce the measures which it considered necessary to accompany the required measures of liberalization, and to decide in what order such measures should be adopted.

*The second claim:
Failure to arrive at a decision
on 16 proposals presented
by the Commission*

Parliament's second claim concerns the Council's failure to make a decision regarding 16 proposals, listed in the application, presented to it by the Commission.

The Court held that in so far as the proposals based on Article 75(1) (a) and (b) were intended to contribute to the establishment of freedom to provide services in the transport sector, they were already covered by the Court's declaration that the Council had failed to act in that respect. In so far as they did not fall within that description, they belonged to the category of measures which might accompany the required liberalization measures, the adoption of which was a matter for the Council's discretion.

The Court held:

1. The Council has infringed the Treaty by failing to ensure freedom to provide services in the sphere of international transport and to lay down the conditions under which non-resident carriers may operate transport services in a Member State.
2. The remainder of the application is dismissed.
3. The parties and interveners are ordered to bear their own costs.'

5. The Community at the United Nations

Extracts from the address given on behalf of the Community and the Member States by Mr Jacques F. Poos, President of the Council, to the United Nations General Assembly on 24 September

3.5.1. 'The United Nations and the European Community were created at an interval of a few years. They came into existence following a conflict that shook the entire world and, particularly, Europe. The lofty ambitions of our Organization — to establish and maintain a climate of peace by reducing and overcoming divisions and tensions, some of them centuries-old — inspired the European Community.

Ten different nations, often bearing the heavy burden of a legacy marked by antagonisms and bloody conflicts, finally succeeded not only in living in peace, but in building a future together. This path of lasting and fruitful reconciliation was possible primarily because of our confidence in the principles of the United Nations Charter and thanks to a concept of the value and dignity of the human person.

On the strength of their experience, the Ten are convinced that universal and effective respect for all human rights and fundamental freedoms as contained in the Universal Declaration of Human Rights and in other international instruments constitutes the best guarantee for justice and peace. They are convinced that civil and political rights, as well as economic, social and cultural rights, are indivisible and intertwined and form an integral part of a global system of protection for the human person. These ambitions and aspirations, which are the main driving force of our Community of 10, soon to be 12, make us ready to listen to all those who suffer and to show our willingness to help seek solutions wherever human rights are threatened. The Ten are determined to promote the economic and social development of peoples and to protect and promote human rights everywhere in the world.

In the light of these aspirations the picture of the world situation I shall be drawing is hardly encouraging.

Recent developments in East-West relations, and particularly the decision by the United States and the Soviet Union to resume and pursue negotiations in Geneva with a view to preparing agreements aimed at preventing an arms race in outer space and ending the arms race on earth, limiting and reducing nuclear weapons and strengthening strategic stability, are a source of satisfaction for

the Ten. They welcome the resumption of a dialogue between the United States and the Soviet Union. This renewed dialogue gives ground for hopes of a more positive phase in East-West relations.

The Ten will continue to support these negotiations. They are aware that these will demand realism, flexibility and patience. Full respect for commitments entered into will certainly contribute to such a development.

The Ten hope that the new Soviet leaders will give concrete expression to a real desire to establish constructive relations between East and West.

The Ten regret the persistence of obstacles to genuine *détente*. The occupation of Afghanistan constitutes a particularly flagrant example of such obstacles. I shall return to this later.

They note with regret that human rights and fundamental freedoms continue to be the subject of grave and repeated violations in many Eastern European States despite the principles of the United Nations and the commitments solemnly undertaken in the Helsinki Final Act which were confirmed in Madrid. They remain preoccupied by the situation in Poland because of the resumption of political repression and particularly the increase in the number of detainees.

They deplore on the other hand the difficulties created elsewhere for minorities by attempts at forced political assimilation and the denial, purely and simply, of their existence.

They are, however, prepared to pursue their efforts to bring about a climate of mutual confidence and understanding between East and West. They hope to see an improvement in relations with the Warsaw Pact countries in so far as the policies pursued by those countries permits.

The Conference on Security and Cooperation in Europe presents an appropriate forum to tackle matters of common interest with these countries, as well as with all other participating countries. Two months ago, all the States participating in that Conference commemorated in Helsinki the tenth anniversary of the signing of the Final Act of the Conference. That was for us an opportunity to assess the results obtained so far and to look to the future to consider a number of still unresolved issues. The Ten emphasized the importance they attached to respect of all the principles of the Final Act and to the faithful implementation of its provisions. The recent meeting of human rights experts in Ottawa highlighted the gap that continues to exist between commitments freely entered

into by participating States and concrete results at the individual level.

They hope that two meetings scheduled to take place soon—the Budapest Forum on cultural exchanges and the Bern meeting on contacts between individuals and the reuniting of families—will make possible progress in the implementation of the commitments made at Helsinki and Madrid.

At the Stockholm Conference, an integral part of the Conference on Security and Cooperation in Europe, the Ten will continue their efforts to achieve concrete security—and confidence-building measures, in keeping with the mandate. The Ten appeal again for the dialogue begun within the framework of the Conference on Security and Cooperation in Europe to be strengthened and followed up by concrete and tangible results benefiting the peoples of all the participating countries.

The situation in Cyprus remains an important source of international concern. The Ten again express their support for the independence, sovereignty, territorial integrity and unity of Cyprus, in conformity with the relevant United Nations resolutions. They remind the Assembly that they rejected the statement of 15 November 1983 aimed at the establishment of a separate State in Cyprus. They reaffirm their statement of 10 June last reflecting their refusal to recognize the 'Turkish Republic of Northern Cyprus' and all so-called constitutional developments in that part of the island. The Ten attach particular importance to the good-offices mission entrusted to the Secretary-General of the United Nations and call on all interested parties to support his efforts to bring about a just and lasting solution to the Cyprus problem, and to avoid any action that could undermine the dialogue.

The Ten stress the importance of dialogue and cooperation because we believe that without them misunderstandings are created, tension is increased and the international political climate deteriorates. Indeed, it is that very conviction that is at the basis of the United Nations.

Some degree of openness and transparency is indispensable to the achievement of verifiable agreements on the limitation and reduction of armaments. The Ten believe that if greater attention were paid to that essential point a major condition would be met for the achievement of progress in the framework of various bilateral and multilateral discussions on disarmament, now under way.

Of course, there are still difficult problems to be solved before effective agreements on the limitation and reduction of armaments can be

achieved. The Ten stress that negotiations are needed for the achievement of concrete results, in the form of substantial, balanced and verifiable agreements and that these agreements must be implemented. In the opinion of the Ten, such agreements are and will continue to be a major, indeed indispensable, instrument for international peace and security.

Africa is confronting the world with a fundamental challenge: the right to exist and to exist in dignity are at stake there. In several parts of Africa, crises and tensions have led to violence and infringements of human dignity. To that must be added the extreme poverty created by food shortages, and particularly the famine in several regions of the continent. Quite obviously, such serious problems cannot be solved merely by economic measures; political solutions are also required.

In South Africa, the vast majority of South Africans are still denied the right to a dignified existence and to the exercise of the most elementary human rights. The continued tragic adherence of a part of the white population to the immoral system of apartheid causes a continued deterioration of the situation, which each day leads to more violence and injustice and takes an increasing toll of victims. The Pretoria Government must without delay engage in a policy that will lead rapidly to the abolition of the system of apartheid.

The Ten would remind the Assembly that their objective is the elimination of apartheid, pure and simple, and not just the elimination of some of its elements. They condemn the use of violence from whatever quarter. They reject the policy of bantustanization. It is imperative that all the citizens of South Africa enjoy equal rights; the minorities must be protected. The most recent expressions of intention by the Pretoria Government must now take form in concrete measures. Such measures must, above all, be convincing to the black population. The Ten regard as indispensable a greater determination to bring about reform and stronger indications of a desire for conciliation. The opening of a dialogue with the representatives of the black population is necessary. In order to improve the chances for such dialogue, measures should be taken to establish a climate of confidence; among such measures are those formulated by the Ten—that is, *inter alia*, the end of the state of emergency, the release of detainees and political prisoners, including Mr Mandela, and the elimination of discriminatory legislation.

This summer, and particularly on 22 and 31 July, the Ministers for Foreign Affairs of the Ten, as well as Spain and Portugal, spelled out their position within the present context. They decided to send a European ministerial mission to South Africa. That mission was in South Africa between

30 August and 1 September. In addition to contacts with the governmental authorities, other contacts took place, especially with representatives of the official and unofficial opposition. On that basis, the Ten decided on 10 September to keep up their pressure, and they harmonized their positions on a number of measures to be taken with regard to South Africa. The question of other measures, including sanctions, remains on the agenda. The Ten reserve their right to reconsider their position if there is not significant progress within a reasonable period.

The Government of South Africa cannot avoid the imperative need to abolish apartheid without delay. Some white inhabitants quite wrongly believe that they can refuse to face the facts. But they cannot escape them. Their responsibility is enormous, and nothing authorizes them to allow their country and its people to be engulfed in chaos.

The Ten are rightly concerned over the persistence of conflict situations and of serious threats to the sovereignty and development of the other States of southern Africa. In Namibia, it remains necessary to implement, without pre-conditions and without delay, Security Council Resolution 435 (1978) — still the only acceptable basis for a final settlement. South Africa's illegal occupation must cease, and the Namibian people must be allowed to exercise their right to self-determination as soon as possible. The Ten regard the interim Government established by South Africa as null and void. They reaffirm their support for the front-line States and the Namibian people in the political and economic spheres...

Drought and desertification, particularly in the Sudano-Sahelian region and in the Horn of Africa, have caused death, epidemic, exodus, destruction of traditional structures and delay in the development of all too many States. The assistance to be rendered by the Community, particularly in the framework of the Lomé III Convention, and its member States to the Africans will remain an important priority. I shall revert to this problem in the part of this statement dealing with economic matters. Over and above a rescue policy, the prevention and warning systems must be strengthened urgently, in order to confront food crises more effectively and to alleviate the phenomenon of refugees, affecting 5 million persons in Africa.

The Organization of African Unity is aware of the urgency of this approach, and the Ten support the efforts of that organization and its members to bring peace and prosperity to Africans despite the difficulties faced by the States of the continent, difficulties often caused or accentuated by natural disasters.

In the Middle East, a region seriously affected by mistrust and violence, there is still no peace or security. The sacrifices imposed there for so long now have led to despair, bitterness and hatred. An extraordinary effort is required to accept the enemy as a neighbour. None the less, the enemies of today must cease regarding each other as such.

Within the context of the Israel-Arab conflict, there is a ray of hope. Without haste or hesitation, the hearts and a sense of reason can bring about peace. The Ten consider that the peace efforts embarked upon, particularly with the Jordano-Palestinian agreement concluded on 11 February last, which contains a commitment to start negotiations in keeping with United Nations resolutions including those of the Security Council, are a positive development. The Ten believe that any movement in favour of a peaceful settlement of the conflict should be encouraged. It is necessary to encourage the movement which has begun and to facilitate a dialogue between all the parties to the conflict.

While a lasting solution should attract the participation of all the parties concerned, a real willingness to expand and support the movement toward peace should be expected from the region as a whole.

If the proposed peace initiatives do not find fertile ground, the problems in the area will only worsen. The parties directly concerned must recognize this fact and recognize each other. Denial of the opponent's existence is an act of blindness and is an admission of a lack of strong desire for peace. Recognition by the parties of their mutual existence and rights is a matter of priority.

The Ten wish to make a contribution to an overall settlement. We believe that an overall settlement should be based on Security Council Resolutions 242 (1967) and 338 (1973), including the right to existence and to security of all the States in the area, including Israel, and justice for all the peoples in the area and the right to self-determination of the Palestinian people, with all its implications.

Association of the Palestine Liberation Organization (PLO) with the negotiation process is necessary. The principle of the non-use of force and the non-acquisition of territory by the use of force must be respected, and the territorial occupation by Israel since 1967 must come to an end. The Ten would remind the Assembly that measures taken by Israel in the territories that it has occupied since 1967, which are aimed at altering the legal, geographical and demographic structure of the territory, are contrary to international law.

The commitment of the United Nations has often taken the form of a useful contribution to the

problems of the Middle East. The United Nations must be encouraged to persist in its work. This is true of the search for peace in the Israel-Arab conflict and in Lebanon, and in the Gulf crisis.

Confrontations in Lebanon have still not come to an end. Acts of violence and terrorism from which the civilian population of Lebanon and innocent foreign nationals, including citizens of the Community, have suffered have recently increased in number. The Ten are very seriously concerned by this state of affairs and we would call on all the parties concerned to endeavour to begin a dialogue between the various Lebanese communities.

In this context, they welcomed the efforts by President Gemayel to promote a policy of national reconciliation in the interest of safeguarding the unity, sovereignty, territorial integrity and independence of Lebanon, with the assistance of all the parties concerned. The Ten reiterate the need for the complete withdrawal of Israeli forces in keeping with the relevant resolutions of the Security Council, as well as of all the armed elements that are not there at the request of the Lebanese Government. The Ten urge that the observers be allowed to fully play their role, and we remind the Assembly of the importance that we ascribe to the full implementation of the mandate of the United Nations Interim Force in Lebanon (Unifil). We would call on all the parties to cooperate fully with these United Nations contingents.

The conflict between Iran and Iraq has now gone into its fifth year. The escalation of military actions against the populations and civilian targets, and the serious consequences of this for regional stability, as well as for the economy of both countries, have become intolerable.

The Ten would make a further appeal to Iran and Iraq for an immediate cease-fire and to enter without delay into negotiations in order to seek, in keeping with United Nations decisions, an honourable and acceptable settlement for both parties. We would support any mediation, including the efforts of the Secretary-General, and we would invite both countries to respect the commitment entered into in June 1984 to avoid the bombing of civilian targets. The Ten would draw the attention of both parties to the serious concern aroused on a humanitarian level, in particular by the treatment of prisoners of war. We condemn the use of chemical weapons anywhere and at any time, and we stress the need to respect the Geneva conventions and other rules of international law, including those regarding the security of civil aviation and shipping.

In Asia, the Soviet occupation of Afghanistan has now gone on for nearly six years. The Soviet Union seems to be insensitive to the constant appeals

of the international community to withdraw its troops, and it continues its offensive policies in this traditionally neutral and non-aligned country, flouting thereby the fundamental principles of the United Nations Charter.

The Ten would repeat once again their appeal to the Soviet Union to put an end to its military presence in that country, in keeping with the principles of non-interference and to promote the self-determination of the Afghan people as set forth in the relevant resolutions of the United Nations. The intensification of fighting by the Soviet forces and persistent violations of human rights have merely increased the sufferings of the Afghan people.

Sorely tested by the growing influx of Afghan refugees, Pakistan has been the victim of numerous attacks from Afghanistan against its territory. The Ten condemn these violations of the Pakistani borders, which will not contribute to a political settlement. Such actions and the shifting of confrontations along the border zone of Pakistan seriously run the risk of extending the conflict.

Considering the gravity of the situation, the Ten would remind the Assembly that a negotiated political solution is necessary to resolve the Afghan conflict in a just and lasting manner. We therefore support the good offices of the Representative of the United Nations Secretary-General, from which we expect speedy and real progress. In particular we hope for an agreement on a timetable for the withdrawal of Soviet troops, which remains a key element in the solution.

On the Indochinese peninsula, Kampuchea is still the target of attacks by Vietnam, which continues to threaten peace and stability in South-East Asia. The persistent violations of its territorial integrity, of its national identity, are part of a policy of *fait accompli*, an intolerable principle. Repeated violations of the sovereignty of Thailand have also been strongly condemned by the international community. The unprecedented dimensions of humanitarian problems in that region today require, more than ever before, a peaceful, speedy, lasting and comprehensive settlement.

The Ten support any initiative aimed at beginning constructive negotiations among the parties concerned, on the basis of the principles agreed to by the international conference on Kampuchea. In this connection we deplore the fact that Vietnam continues to be intransigent and refuses to abide by the various resolutions adopted by the General Assembly by vast majorities.

Aside from these two focal points of crisis, the stability of the Asian continent is continually being threatened by the division of the Korean peninsula. In this connection, the Ten observed with satisfac-

tion a few faint signs, which have emerged recently, regarding the resumed contacts between North and South, and in particular the exchange of family visits. A widespread inter-Korean dialogue can alone eventually lead to a peaceful reunification of Korea, which the whole population desires in order to be represented in the United Nations.

From this rostrum a year ago the Ten expressed the hope that the process of democratization which had already begun in Latin America would continue and spread. Today, with a few exceptions, such as Chile, Paraguay and Suriname, the nations of South America have democratic, pluralistic régimes. The Ten are very satisfied at this development. We are aware of the difficult tasks now facing these countries in consolidating their democratic institutions and dealing with the serious economic and social problems that confront them. The Ten stress their willingness to assist those countries as much as they can in their efforts to bring about economic stability and social justice in the interest of maintaining peace and democracy in that region.

The Ten are pleased that a broad range of trends of opinion in Chile have converged in national agreement on the transition to democracy. We appeal again to the Chilean authorities to respect human rights and to cease to impede the re-establishment of democracy in keeping with the aspirations of the Chilean people.

The Ten remain convinced that the conflicts in Central America cannot be resolved by the use of force but only through a peaceful negotiated settlement originating in the region itself and based on the principles of independence, non-interference and the inviolability of borders. The initiative of the Contadora Group, which the Ten have supported from the outset, offers the best path towards such a settlement. We welcome the support now being given to the Contadora Group by four democratic countries of South America. We urge the countries concerned to agree speedily, on the basis of the Contadora proposals, on a comprehensive, lasting settlement. To ensure mutual trust, the implementation of such a peace agreement must be accompanied by suitable verification and control measures.

The Ten believe that it is important for all the countries concerned to contribute actively to a reduction of tension in the area in order to facilitate the Contadora process. Similarly, we call on the countries of Central America to commit themselves to developing democratic systems and guaranteeing full respect for human rights in keep-

ing with the Contadora document which they have signed.

The San José conference on 28 and 29 September 1984 brought to the capital of Costa Rica the Ten, Spain, Portugal and the Commission of the European Communities, as well as the countries of Central America and of the Contadora Group. Since that conference the Ten have continued their efforts to strengthen their relations with the countries of the region. We hope that the signing of the agreement on cooperation and the institutionalization of the political dialogue between the countries of the European Community and those of Central America which is to take place at the ministerial meeting on 11 and 12 November in Luxembourg will contribute to the economic and social development of those countries and to a peaceful settlement arising from the region itself.

During this anniversary year there will be further opportunities for us to reflect on the achievements of the past and, above all, the future objectives of our Organization four decades after its creation. Of course, the United Nations system has not been able to fulfil all the immense initial hopes of its founders. But, in a world where hatred, contempt and intolerance continue to rage, the Charter, which should be our creed, remains a point of reference, a standard of measurement for all our actions. After so many years during which our membership has constantly increased, we must, of course, be flexible about how to ensure that the Organization works properly.

There is one particular area in which the Ten have always considered it very important that the United Nations play an active role: the promotion and protection of human rights and fundamental freedoms. We wish to reaffirm once more that it is the duty of the United Nations to ensure full respect for the principles contained in the Universal Declaration of Human Rights and to react promptly and appropriately to violations of human rights wherever they may occur. In this connection, the Ten sincerely hope that a post of high commissioner for human rights will be established so that the actions of the incumbent can reinforce our Organization's procedures.

The work of the United Nations can be carried out properly only if the fundamental principle of universality as set out in Article 4 of the Charter is fully respected wherever in the United Nations system the question arises. Respect for the rights of all, in keeping with the provisions of the Charter, should be the guarantee of that universality which is the only principle that can enable the Charter to serve as the universal conscience...'

