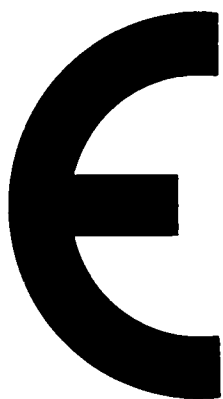


# Bulletin

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OF THE EUROPEAN  
COMMUNITIES

Commission



No 11 1985

Volume 18

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# Bulletin

## OF THE EUROPEAN COMMUNITIES

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

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PART ONE

SPECIAL FEATURES

## Bulletin information service

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## References in text and footnotes

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

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

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

ECU = European currency unit

BFR = Belgische frank / Franc belge

DKR = Dansk krone

DM = Deutsche Mark

DR = Greek drachma

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. Luxembourg European Council

1.1.1. The European Council, which met in Luxembourg on 2 and 3 December, reached agreement in principle on a reform of the Community's institutions designed to improve its efficiency and extend its powers and responsibilities.

The final agreement includes monetary cooperation, the internal market, economic and social cohesion, technological cooperation and the social dimension, which Mr Delors sees as constituting the basis of the Community's revival. 'The agreement gives the Community new horizons for the next 20 years'.

The agreement, secured after thirty hours of relentless discussion, includes wider use of majority voting in order to achieve a single large Community market between now and the end of 1992, extension of Community competence to cover new areas—monetary policy, research and technology, and the environment—stronger financial solidarity between Member States, increased powers for the European Parliament and a legal framework of cooperation on foreign policy.

The Italian Prime Minister, Mr Bettino Craxi, reserved his final agreement until the European Parliament had given its opinion, in the belief that the reform did not go far enough; the Danish Prime Minister, Mr Poul Schlüter, made his final agreement dependent on consultation with the Danish Parliament.

It is for the Foreign Ministers, who will meet again at the Intergovernmental Conference on 16 and 17 December, to settle a number of matters left unresolved by the Heads of State or Government. They will also consider the 'single act' containing amendments to the EEC Treaty and the text on political cooperation.

The agreement cannot come into force until the national parliaments of the enlarged Community have considered it with a view to ratification.

The conclusions of the President of the European Council on the proceedings of the

Conference, the conclusions of the Presidency, the texts agreed by the European Council on the revision of the EEC Treaty and the draft Treaty on European cooperation in the sphere of foreign policy are reproduced below.

## **Conclusions of the President of the European Council on the proceedings of the Conference of Representatives of the Governments of the Member States**

The President made the following statement:

I. The outcome of the deliberations of the European Council is to be considered the final decision on the matters dealt with.

Denmark has stated that it is unable to take a position.

Italy has made its final acceptance conditional upon examination by Parliament.

There are also a few reservations on specific points, namely:

(a) cohesion: reservations by Greece, Ireland and Italy;

(b) European Parliament: reservation by Italy;

(c) social policy: reservation by the United Kingdom.

II. The Conference will meet again at Foreign Minister level on 16 December 1985 to finalize the texts and take decisions, where appropriate, on those points on which the European Council has reached no decision and which are referred to the Ministers.

The Ministers will also determine the form in which the results of the Conference on the amendment of the Treaty establishing the EEC and the draft Treaty on political cooperation on foreign policy are to be presented.

The President of the European Council will communicate the texts to the European Parliament. The President of the European Council will also make an oral presentation of the results of the Conference and will take part in the debate to be organized by the European Parliament on that occasion.

## Conclusions of the European Council

### Conclusions of the Presidency

#### *Economic and social situation*

I. The European Council examined the economic and social situation in the Community on the basis of an initial statement of the strengths and weaknesses of the European economies which the President of the Commission had submitted at its request.

It stresses the importance of the progress already made by the European economies over the last ten years with a significant reduction in energy dependence and modernization of traditional industries, while maintaining a high degree of openness to international competition.

For the future, the Council reaffirms that the achievement of the full internal market by 1992 and increased technological cooperation in Europe will make it possible to lay the foundations for the international competitiveness of the European economies and to meet the challenges of the third industrial revolution.

II. The Council welcomed the very significant progress made by most of the Member States towards rationalization and economic recovery. It notes that this progress and the increased convergence of economic policies have already made it possible to stabilize the level of unemployment in the Community and even to reduce it in some countries.

The Council considers that, on this basis, the European economies are able to achieve better performance as regards growth and employment.

It took note of the strategy of cooperation for growth and employment outlined by the Commission in its annual economic report; it calls upon the Ecofin Council to examine, on that basis, the conditions for establishing non-inflationary growth leading to a substantial drop in unemployment.

The European Council stressed the role which the Community must play in the recovery of world trade, more especially with a view to the forthcoming GATT multilateral negotiations. It also again referred to the Community's responsibility towards countries of the Third World, which will through growth and economic development become active partners in world trade.

III. The Council also wished to emphasize that, apart from general economic policies, progress

was necessary to improve the environment for undertakings. Referring to its conclusions in Brussels in March 1985, the Council wanted a practical sign to be given of its desire to reduce the administrative and legal constraints which hold back the creation and development of small and medium-sized undertakings. In this connection, it noted with interest that the Commission was undertaking to:

(i) assess the implications each new proposal would have for undertakings and job creation;

(ii) commence examining the most important of the existing Community regulations in order to establish how far simplifying them might be beneficial to small and medium-sized undertakings and encourage an environment more favourable to job creation;

(iii) make arrangements for internal coordination of the preparation of initiatives designed to simplify the administrative, fiscal and legal environment for SMUs, with the wider aim of including the development of SMUs and employment among the priorities for work in the legal field.

The European Council attaches particular importance to those measures being given practical effect as soon as possible.

In the same spirit, the Council held an exchange of views on the numerous steps taken in each of the Member States to improve the functioning of the labour market. It agreed on the importance of measures to promote training, motivation, mobility and flexibility of the labour market. For this reason, it attaches major importance to the joint statement of intent by management and labour on a European scale regarding social dialogue and new technology.<sup>1</sup> It emphasized the usefulness of such contacts and would like these to continue with the assistance of the Commission, in the search for solutions to practical problems.

Finally, the Council asked the Commission to complete the work it had begun further to its requests in March and June 1985 and to report back to it in 1986.

#### *Monetary cooperation*

The European Council requested the Commission to let it have a progress report, before the end of 1987, on the European Monetary System and the liberalization of capital movements.

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<sup>1</sup> Joint statement by the Union of Industries of the European Community, the Economic and Social Committee and the European Centre of Public Enterprises, Val Duchesse, Brussels, 12 November 1985.

## *Fight against cancer*

On the initiative of France, the European Council in Milan stressed the importance of launching a European programme against cancer.

The European Council took note of a communication from the Italian and French Governments on this matter. It requested the Ministers for Foreign Affairs to examine at their next meeting the best way of quickly and effectively following up that initiative.

## **Texts from the European Council <sup>1</sup>**

### **Internal market**

#### *Article 1*

The Community shall adopt measures intended progressively to establish the internal market in the course of a period expiring on 31 December 1992, in accordance with the following provisions, without prejudice to the other provisions of the Treaty.

The internal market shall comprise an area without internal frontiers in which the free movement of goods, persons, services and capital is ensured in accordance with the provisions of the Treaty.

#### *Article 2*

1. In Articles 28; 57(2), second sentence;<sup>2</sup> 59, second paragraph; 70(1)<sup>2</sup> and 84 the terms 'unanimously' or 'unanimity' shall be replaced by 'by a qualified majority' or 'a qualified majority' respectively.

2. The provisions of Article 99 shall be replaced by the following: The Council shall, acting unanimously on a proposal from the Commission and after consulting the European Parliament, adopt provisions on the harmonization of legislation concerning turnover taxes, excise duties and other forms of indirect taxation to the extent that such harmonization is necessary to ensure the establishment and the operation of the internal market within the time limits laid down in Article 1.

3. Article 100a shall be inserted after Article 100.

#### *Article 100a*

By way of derogation from Article 100 and save where otherwise provided in this Treaty, the following provisions shall apply for the attainment of the objectives of Article 1. The Council shall,

acting by a qualified majority on a proposal from the Commission after consulting the European Parliament and the Economic and Social Committee, adopt the measures for the approximation of the provisions laid down by law, regulation or administrative action in Member States which have as their object the establishment and operation of the internal market.

The first paragraph shall not apply to fiscal provisions, to those relating to the free movement of persons nor to those relating to the rights and interests of employed persons.

The Commission's proposals for the approximation of laws on health, safety, environment protection and consumer protection will be based on a high level of protection.

If, after the adoption of a harmonization measure or a Decision pursuant to Article 6 by the Council acting by a qualified majority, a Member State deems it necessary to apply national provisions on grounds of major needs as referred to in Article 36, or relating to protection of the working environment and the natural environment, it shall notify the Commission of these provisions.

The Commission shall confirm the provisions involved after having verified that they are not a means of arbitrary discrimination or disguised restriction in trade between Member States.

By way of derogation from the procedure laid down in Articles 169 and 170, the Commission or any Member State may bring the matter directly before the Court of Justice if it considers that another Member State is making improper use of the powers provided for in this Article.

The harmonization measures referred to above shall, in appropriate cases, include a safeguard clause authorizing the Member States to take, for one or more of the non-economic reasons referred to in Article 36 of the Treaty, provisional measures subject to a Community control procedure.

#### *Article 3*

When drawing up its proposals with a view to achieving the objectives of Article 1, the Commission shall take into account the extent of the effort that certain economies showing differences

<sup>1</sup> The final texts emerging from the Intergovernmental Conference of 16 and 17 December will be published in the December Bulletin.

<sup>2</sup> The Conference signified its agreement to retention of the unanimity rule for measures affecting the fundamental principles of professional organization (*Berufsordnung*) and for measures constituting a step back with regard to liberalization of capital movements.

in development will have to sustain during the period of establishment of the internal market and it may propose appropriate provisions.

If these provisions take the form of derogations, they must be of a temporary nature and must cause the least possible disturbance to the functioning of the common market.

*Article 4*

Delegation of competence to the Commission to be regulated on the basis of the decision on the powers of execution of the Commission. The Commission has proposed an Advisory Committee.

*Article 5*

The Commission shall deliver a report to the Council before 31 December 1988 and again before 31 December 1990 on the progress made towards achieving the internal market within the time limit fixed in Article 1.

The Council, acting by a qualified majority on a proposal from the Commission, shall determine the guidelines and conditions necessary to ensure balanced progress in all the sectors concerned.

*Article 6*

During 1992, the Commission shall, together with each Member State, draw up an enumeration of national laws, regulations and administrative provisions which fall under Article 100a and which have not been harmonized pursuant to that Article.

The Council, acting in accordance with the provisions of Article 100a, may decide that the provisions in force in a Member State must be recognized as being equivalent to those applied by another Member State.

The Commission shall draw up the enumeration referred to in the first paragraph and shall submit appropriate proposals in good time so as to allow the Council to act before the end of 1992.

*Article 7<sup>1</sup>*

The preceding provisions shall not derogate from the stipulations of the Treaty of Accession of Spain and Portugal.

*Statements for inclusion in the record of the Conference*

*Re Article 1*

The Conference wishes by means of the provisions in Article 1 to firmly express its political will to

take the decisions necessary before 1 January 1993 to complete the internal market defined in the provisions in question. This particularly concerns decisions necessary to implement the Commission's programme described in the White Paper on the Internal Market.

By setting the date of 31 December 1992, the Member States have not created a legal obligation.

— *Unilateral statement by Greece*

Greece considers that the development of Community policies and actions, and the adoption of measures on the basis of Articles 70(1) and 84, must both take place in such a way as not to harm sensitive sectors of Member States' economies.

*Re Article 2(3)*

In its proposals pursuant to the first paragraph of Article 100a the Commission shall give precedence to the use of the instrument of a directive if harmonization involves the amendment of legislative provisions in one or more Member States.

*Re Article 6*

The Conference considers that, since Article 3 is of general application, it also applies to the proposals which the Commission is required to make under Article 6.

*General statement*

Nothing in these provisions shall affect the right of Member States to take such measures as they consider necessary for the purpose of controlling immigration from third countries, and to combat terrorism, crime, the traffic in drugs and illicit trading in works of art and antiques.

*Political declaration by the Government of the Member States*

In order to promote the free movement of persons the Member States shall cooperate, without prejudice to the powers of the Community, in particular as regards the entry, movement and residence of nationals of third countries. They shall also cooperate in the combating of terrorism, crime, the traffic in drugs and illicit trading in works of art and antiques.

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<sup>1</sup> This provision should be made to apply generally to all amendments made to the EEC Treaty.

## Monetary capacity

1. The reference to Economic and Monetary Union appears in the preamble to the text amending the Treaty of Rome, which reads as follows:

- Whereas the Heads of State or Government, at their Conference in Paris from 19 to 21 October 1972, approved the objective of the progressive achievement of Economic and Monetary Union;
- Considering the Annex to the conclusions of the Presidency of the European Council meeting in Bremen on 6 and 7 July 1978 and the Resolution of the European Council meeting in Brussels on 5 December 1978, concerning the setting-up of the European Monetary System (EMS) and related questions;
- Whereas, on the basis of that Resolution, the Community and the Central Banks of the Member States have taken a number of measures designed to implement monetary cooperation.

2. In Title II 'Economic Policy', the following should be added before the chapter on conjunctural policy:

Chapter 1 'Cooperation in economic and monetary policy' (Economic and Monetary Union)

New Article to be added before Article 103:

(1) In order to ensure the convergence of economic and monetary policies which is necessary for the further development of the Community, Member States shall cooperate in accordance with the objectives of Article 104. In doing so, they shall take account of the experience acquired in cooperation in the framework of the European Monetary System and in developing the ECU, and shall respect existing powers in this field.

(2) In so far as further development in the field of economic and monetary policy necessitates institutional changes, the procedure laid down in Article 236 shall be applicable. The Commission, the Monetary Committee and the Committee of Governors of the Central Banks shall be consulted regarding institutional changes in the area of monetary policy.

## Cohesion

### Article 1

In order to promote its harmonious development overall, the Community shall develop and pursue its actions leading to strengthening its economic and social cohesion.

In particular the Community shall aim at reducing disparities between the various regions and miti-

gating the backwardness of the least-favoured regions.

### Article 2

Member States shall conduct their economic policies, and shall coordinate them, in such a way as, in addition, to attain the objectives of Article 1. The implementation of the common policies and of the internal market shall take into account the objectives of Article 1 and of Article 3 and shall contribute to their achievement. The Community shall support the achievement of these objectives by the action it takes through the structural Funds (EAGGF (Guidance Section), Social Fund, ERDF), the EIB and other existing financial instruments.

### Article 3

The ERDF is intended to help redress the principal regional imbalances in the Community through participating in the development and structural adjustment of regions whose development is lagging and in the reconversion of declining industrial regions.

### Article 4

Once the Treaty enters into force the Commission shall submit a comprehensive proposal to the Council; the purpose of this proposal will be that the structure and operational rules of the existing structural Funds which are adequately financed so far as budgetary resources permit (EAGGF (Guidance Section), European Social Fund, ERDF) are to be amended as necessary to clarify and rationalize the Funds' tasks in order to contribute to the achievement of the objectives of Article 1 and Article 3 and to increase their efficiency and coordinate their activities between themselves and with the activities of the existing financial instruments. The Council shall act unanimously on this proposal within a period of one year, having beforehand consulted the European Parliament and the Economic and Social Committee.

### Article 5

After adoption of the decision referred to in Article 4, implementing decisions relating to the ERDF shall be taken by the Council acting by a qualified majority on a proposal from the Commission, after consulting the European Parliament.

With regard to the EAGFF (Guidance Section) and the Social Fund, the provisions of Articles 43, 126 and 127 shall remain applicable respectively.

## European Parliament

### Article 1

A cooperation procedure shall be introduced which shall apply to acts based on Articles 7, 49, 54(2), 56, 57 and 100a of the Treaty establishing the European Economic Community. The cooperation procedure shall also apply to acts based on Article 11(2) of the text on research and technological development and on Article 5 of the text on cohesion and also on acts to be taken by a qualified majority pursuant to Article 118.

### Article 2

The provisions of Article 149 of the Treaty establishing the European Economic Community shall be replaced by the following:

1. Where, in pursuance of this Treaty, the Council acts on a proposal from the Commission, unanimity shall be required for an act constituting an amendment to that proposal.

2. Where, in pursuance of this Treaty, a Council act is adopted in cooperation with the European Parliament, the following procedure shall apply:

(a) The Council, acting by a qualified majority under the conditions of paragraph 1 above, on a proposal from the Commission and after obtaining the opinion of the European Parliament, shall adopt a common position.

(b) The Council's common position shall be transmitted to the European Parliament. The Council and the Commission shall inform the Parliament fully of the reasons which led the Council to adopt its common position and also of the Commission's position.

If, within three months of such communication, the European Parliament approves this common position or has not taken a decision within that period, the Council shall definitively adopt the act in question in accordance with the common position.

(c) Within the period of three months referred to in paragraph 2(b), the European Parliament may, by an absolute majority of its constituent members, propose amendments to the Council's common position. The European Parliament may also reject the Council's common position by the same majority. The result of the proceedings shall be transmitted to the Council and the Commission.

If the Parliament has rejected the Council's common position, unanimity shall be required for the Council to act on a second reading.

(d) The Commission shall, within the period of one month, re-examine the proposal, on the basis of which the Council adopted its common pos-

ition, by taking into account the amendments proposed by the European Parliament.

(e) The Council, acting by a qualified majority, shall adopt the proposal re-examined by the Commission.

Unanimity shall be required for the Council to amend the Commission's re-examined proposal.

(f) The Council shall be required to act within a period of three months.

3. As long as the Council has not acted, the Commission may alter its original proposal at any time during the procedure.

### Article 3

The provisions of the first paragraph of Article 237 shall be replaced by the following:

Any European State may apply to become a member of the Community. It shall address its application to the Council which, after consulting the Commission, shall act unanimously after receiving the assent of the European Parliament which shall act by a majority of its members.

### Article 4

The provisions of the second paragraph of Article 238 shall be replaced by the following:

The agreements shall be concluded by the Council, acting unanimously and after receiving the assent of the European Parliament which shall act by a majority of its members.

\*

In respect of the cooperation procedure, the European Council instructed the Conference of Representatives of the Member States to:

(i) clarify the procedure to be followed in the event of the European Parliament rejecting the Council's position at its second reading;

(ii) spell out the procedure to be followed in order to avoid any legal vacuum, in the event of the Council not acting by the three-month deadline laid down in point (f), it being agreed that the Council will take the final decision.

## The Commission's management and implementing powers

### Article 145

To ensure that the objectives set out in this Treaty are attained, the Council shall, in accordance with the provisions of this Treaty:

- (i) ensure coordination of the general economic policies of the Member States;
- (ii) have power to take decisions;
- (iii) confer on the Commission, in the acts which it adopts, powers for the implementation of the rules it lays down. The Council may impose certain requirements in respect of the exercise of these powers. The Council may also reserve the right in specific cases to exercise implementing powers itself directly. The procedures referred to above must be consonant with principles and rules to be laid down in advance by the Council, acting unanimously on a proposal from the Commission and after obtaining the opinion of the European Parliament.

## Research and technological development

### Article 1

1. The Community's aim shall be to strengthen the scientific and technological basis of European industry and to encourage it to become more competitive at international level.
2. In order to achieve this, it shall encourage undertakings including small and medium-sized undertakings, research centres and universities in their research and technological development activities; it shall support their efforts to cooperate with one another, aiming, in particular, to enable undertakings to exploit the Community's internal market potential to the full, *inter alia* through the opening up of national public contracts, the definition of common standards and the removal of legal and fiscal barriers to that cooperation.
3. In the achievement of these aims, particular account shall be taken of the connection between the joint research and technological development effort, the establishment of the internal market and the implementation of joint policies, particularly as regards competition and trade.

### Article 2

In pursuing these objectives the Community shall carry out the following activities, complementing the activities carried out in the Member States:

- (a) implementation of research, demonstration and technological development (RDTD) programmes, by promoting cooperation with undertakings, research centres and universities;
- (b) promotion of cooperation with third countries and international organizations in the field of Community RDTD;

- (c) dissemination and optimization of the use of the results of Community RDTD activities;
- (d) stimulation of the training and mobility of researchers in the Community.

### Article 3

In liaison with the Commission, the Member States shall coordinate among themselves the policies and programmes carried out at national level. In close contact with the Member States, the Commission may take any useful initiative to promote such coordination.

### Article 4

The Community shall adopt a multiannual framework programme setting out all its activities. The framework programme shall lay down the scientific and technical objectives, define their respective priorities, set out the main lines of the activities envisaged and fix the amount deemed necessary, the detailed rules for financial participation by the Community in the programme as a whole and the breakdown of this amount between the various activities envisaged.

2. The framework programme may be adapted or supplemented, as the situation changes.

### Article 5

The framework programme shall be implemented through specific programmes developed within each activity. Each specific programme shall define the detailed rules for implementing it, fix its duration and provide for the means deemed necessary.

The Council shall define the detailed arrangements for the dissemination of knowledge resulting from the specific programmes.

### Article 6

In implementing the multiannual framework programme, supplementary programmes may be decided involving the participation of certain Member States only, which shall finance them subject to possible Community participation.

The Council shall adopt the rules applicable to supplementary programmes, particularly as regards the dissemination of knowledge and the access of other Member States.

*Article 7*

In implementing the multiannual framework programme, the Community may make provision, with the agreement of the Member States concerned, for participation in research and development programmes undertaken by several Member States, including participation in the structures created for the execution of those programmes.

*Article 8*

In implementing the multiannual framework programme, the Community may make provision for RTD cooperation with third countries or international organizations.

The detailed arrangements for such cooperation may be the subject of international agreements between the Community and the third parties concerned which shall be negotiated and concluded in accordance with Article 229.

*Article 9*

The Community may set up joint undertakings or any other structure necessary for the efficient execution of Community RDTD programmes.

*Article 10*

1. The detailed arrangements for financing each programme, including any Community contribution, shall be established at the time of the adoption of the programme.

2. The amount of the Community's annual contribution shall be laid down under the budget procedure, without prejudice to other possible methods of Community financing. The estimated cost of the specific programmes must not in aggregate exceed the financial provision in the framework programme.

*Article 11*

1. The Council shall, acting unanimously on a proposal from the Commission and after consulting the European Parliament, adopt the provisions referred to in Articles 4 and 9.

2. The Council shall, acting by a qualified majority on a proposal from the Commission and after consulting the European Parliament, adopt the provisions referred to in Articles 5, 6, 7 and 10. The adoption of the supplementary pro-

grammes shall also require the agreement of the Member States concerned.<sup>1</sup>

## Environment

*Article 1*

1. Action by the Community relating to the environment shall have the following objectives:

- (i) to preserve, protect and improve the quality of the environment;
- (ii) to contribute towards protecting human health;
- (iii) to ensure a prudent and rational utilization of natural resources.

2. Action by the Community relating to the environment shall be based on the principles that preventive action should be taken, that environmental damage should as a priority be rectified at source, and that the polluter should pay. Environmental protection requirements shall be a component of the Community's other policies.

3. In preparing its action relating to the environment, the Community shall take account of:

- (i) available scientific and technical data;
- (ii) environmental conditions in the various regions of the Community;
- (iii) the potential benefits and costs of action or of lack of action;
- (iv) the economic and social development of the Community as a whole and the balanced development of its regions.

4. The Community shall take action relating to the environment to the extent to which the objectives referred to in paragraph 1 can be attained better at Community level than at the level of the individual Member States. Without prejudice to certain measures of a Community nature, the Member States shall finance and implement the other measures.

5. Within their respective spheres of competence, the Community and the Member States shall cooperate with third countries and with the competent international organizations. The arrangements for Community cooperation may be the subject of agreements between the Community and the third parties concerned, which shall be negotiated and concluded in accordance with Article 228.

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<sup>1</sup> Following the adoption of this provision it will be necessary to make technical adjustments to the last paragraph of Article 4 of the Decision on own resources.



The previous paragraph shall be without prejudice to Member States' competence to negotiate in international bodies and to conclude international agreements.

#### Article 2

The Council, acting unanimously on a proposal from the Commission and after consulting the European Parliament and the Economic and Social Committee, shall decide what action is to be taken by the Community.

#### Article 3

The protective measures adopted in common pursuant to Article 2 shall not prevent any Member State from maintaining and introducing more stringent protective measures compatible with the Treaty.

#### *Declaration to be inserted in the record of the Conference*

The Community's activities in the sphere of the environment must not interfere with national policies regarding the exploitation of energy resources.

### Social policy

#### *Draft texts supplementing Article 118*

##### *(a) Working environment*

1. The Member States shall pay particular attention to encouraging improvements, especially in the working environment, as regards the health and safety of workers, and shall set as their objective the harmonization of conditions in this area, while maintaining the improvements.

2. In order to help achieve the objective laid down in the first paragraph, the Council, acting by a qualified majority on a proposal from the Commission and after consulting the European Parliament and the Economic and Social Committee, shall adopt, by means of Directives, minimum requirements for gradual implementation, having regard to the conditions and technical rules obtaining in each of the Member States.

3. The provisions adopted pursuant to this Article shall not prevent any Member State from retaining or introducing more stringent measures for the protection of working conditions compatible with the Treaty.

##### *(b) Dialogue between both sides of industry*

The Commission shall endeavour to develop the dialogue between management and labour at European level which could, if those two sides consider it desirable, lead to agreements.

### Draft Treaty on European cooperation in the sphere of foreign policy

#### Article 1

The High Contracting Parties, being members of the European Communities, shall endeavour jointly to formulate and implement a European foreign policy.

#### Article 2

1. The High Contracting Parties undertake to inform and consult each other on any foreign policy matters of general interest so as to ensure that their combined influence is exercised as effectively as possible through coordination, the alignment of their positions and the implementation of joint action.

2. Consultations shall take place before the High Contracting Parties decide on their final position.

3. In adopting its positions and in its national measures each High Contracting Party shall take full account of the positions of the other partners and shall give due consideration to the desirability of adopting and implementing common European positions.

In order to increase their capacity for joint action in the foreign policy field, the High Contracting Parties shall ensure that common principles and objectives are gradually developed and defined.

The determination of common positions shall constitute a point of reference for the policies of the High Contracting Parties.

4. The High Contracting Parties shall endeavour to avoid any action or position which impairs their effectiveness as a cohesive force in international relations or within international organizations.

#### Article 3

1. The Ministers for Foreign Affairs and a Member of the Commission shall meet at least four times a year within the framework of European political cooperation. They may also discuss foreign policy matters within the framework of political cooperation on the occasion of meetings of the Council of the European Communities.

2. The Commission shall be fully associated with the proceedings of political cooperation.

3. In order to ensure the swift adoption of common positions and the implementation of joint action, the High Contracting Parties shall, as far as possible, refrain from impeding the formation of a consensus and the joint action which this could produce.

#### *Article 4*

The High Contracting Parties shall ensure that the European Parliament is closely associated with political cooperation. To that end the Presidency shall regularly inform the European Parliament of the foreign policy issues which are being examined within the framework of political cooperation and shall ensure the views of the European Parliament are duly taken into consideration.

#### *Article 5*

The external policies of the European Community and the policies agreed in European political cooperation must be consistent.

The Presidency and the Commission, each within its own sphere of competence, shall have special responsibility for ensuring that such consistency is sought and maintained.

#### *Article 6*

1. The High Contracting Parties consider that closer cooperation on questions of European security would contribute in an essential way to the development of a European identity in external policy matters. They are ready to coordinate their positions more closely on the political and economic aspects of security.

2. The High Contracting Parties are determined to maintain the technological and industrial conditions necessary for their security. They shall work to that end both at national level and, where appropriate, in the framework of the competent institutions and bodies.

3. Nothing in this Treaty shall impede closer cooperation in the field of security between certain of the High Contracting Parties within the framework of the Western European Union or the Atlantic Alliance.

#### *Article 7*

1. In international institutions and at international conferences which they attend, the High Contracting Parties shall endeavour to adopt com-

mon positions on the subjects covered by this Treaty.

2. In international institutions and at international conferences in which not all the High Contracting Parties participate, those who do participate shall take full account of positions agreed in European political cooperation.

#### *Article 8*

The High Contracting parties shall organize a political dialogue with third countries and regional groupings whenever they deem it necessary.

#### *Article 9*

The High Contracting Parties and the Commission, through mutual assistance and information, shall intensify cooperation between their representation accredited to third countries and to international organizations.

#### *Article 10*

1. The Presidency of political cooperation shall be held by the High Contracting Party which holds the Presidency of the Council of the European Communities.

2. The Presidency shall be responsible for initiating action and coordinating and representing the positions of the Member States in relations with third countries in respect of political cooperation activities. It shall also be responsible for the management of political cooperation and in particular for drawing up the timetable of meetings and for convening and organizing meetings.

3. The political directors shall meet regularly in the Political Committee in order to give the necessary impetus, maintain the continuity of political cooperation and prepare Ministers' discussions.

4. The Political Committee or, if necessary, a ministerial meeting shall convene within 48 hours at the request of at least three Member States.

5. The European Correspondents' Group shall be responsible, under the direction of the Political Committee, for monitoring the implementation of political cooperation and for studying general organizational problems.

6. Working Parties shall meet as directed by the Political Committee.

7. A Secretariat based in Brussels shall assist the Presidency in preparing for and implementing the activities of European political cooperation and in

administrative matters. It shall carry out its duties under the authority of the Presidency.

#### Article 11

As regards privileges and immunities, the members of the European Political Cooperation Secretariat shall be treated in the same way as members of the diplomatic missions of the High Contracting Parties based in the same place as the Secretariat.

#### Article 12

1. This Treaty shall be open for signature by the Member States of the European Community. In accordance with the provisions peculiar to each State, it shall enter into force following the deposit of instruments of ratification or approval by all the High Contracting Parties.

2. Nothing in this Treaty shall affect the provisions of the Treaty establishing the ECSC, the Treaty establishing the EEC or the Treaty establishing the EAEC.

3. Five years after the entry into force of this Treaty the High Contracting Parties shall examine whether any revision thereof is required.

### Statements and comments

1.1.2. On 3 December, towards midnight, the President of the European Council, Mr Jacques Santer, told the press that the Council had been 'a unique, if not historic, opportunity to undertake a project of reform and point the Community towards new horizons'. Mr Santer announced that agreement had been reached on a number of texts, albeit still provisional as they were to be finalized by the Foreign Ministers on 16 and 17 December, when they would also resume discussion of several points that the Conference had been unable to go into in detail, in particular the possibility of a 'single act'.

After Mr Santer's comments, the President of the Commission, Mr Delors, told a press conference that the results of the European Council constituted a satisfactory whole that opened up new horizons. On 4 December, at a press conference in Brussels, he said that the Commission 'was hoping for something better' but that this was 'a

compromise which means progress' and that they would try 'to make it dynamic'. The outcome with regard to Parliament's powers was less positive; Mr Delors said he was disappointed about this and sorry that he had failed to persuade the participants to accept the Commission's second proposal, which he believed was closer to Parliament's desire for codecision. This said, Mr Delors did not feel he could advise Parliament to reject the European Council's conclusions, having stayed with the Conference right till the end. Parliament's reactions at the December part-session were awaited with interest and would be taken into account at the discussions on 16 and 17 December.

Mr Lorenzo Natali and Mr Carlo Ripa di Meana, who were both with Mr Delors at the press conference, made similar comments with regard to Parliament's powers.

Mr Delors was in favour of the adoption of a single act; although the Commission proposal had initially been greeted with 'scepticism and irritation', the principle was now secured and a single act would be drafted on 16 and 17 December. The President then ran through the elements of the basis for 'revitalization': the strengthening of economic and social cohesion ('a balance has been struck and it is a splendid opportunity for the Community to emerge from what it is at present—a free-trade area, plus budgetary transfers ... cohesion is a new idea, the idea that convergence of economic and social policies—and not merely budgetary transfers—will in ten years' time enable every Member State, including the poorest, to say that all in all Community life has been of benefit'); the social dimension that had been introduced thanks to a Danish proposal (the text which stressed the importance of the social dialogue should constitute a breakthrough if the words had any meaning); technology; the large market, which was a 'piece of good luck' for the Europeans, who must be able to make the most of it; and the monetary dimension—on this issue Mr Delors said that after a 'wildly irrational' debate the European Council had agreed a text which contained what the Commission regarded as the essen-

tials: references to economic and monetary union, the EMS and the ECU, and scope for the Commission to speak in that sphere.

Chancellor Helmut Kohl said that Germany would have been willing to go further, particularly with regard to Parliament's powers. As for the internal market, he conceded that its achievement would demand sacrifices from everyone but emphasized the 'enormous' opportunities it offered to German industry. He also welcomed the swiftness with which the European Council had managed to resolve the 'extraordinarily difficult' problem of monetary policy.

Mrs Thatcher thought that the European Council's conclusions were clear and decisive but pointed out that for the United Kingdom the Intergovernmental Conference had been quite unnecessary. Back in London, she said that what they had had to do was reduce grossly exaggerated expectations to reasonable proportions. And this they had done.

Mr Wilfried Martens, the Belgian Prime Minister, expressed his country's satisfaction. On the issue of the single market he said that he had asked his colleagues to vote on the procedure to be followed in the event of derogations, a move which would have advanced the discussion.

For the Dutch Prime Minister, Mr Ruud Lubbers, the results obtained in respect of the internal market were quite substantial considering the scale of the problems involved.

At the other extreme, Mr Poul Schlüter, the Danish Prime Minister, said he was pleased with the results because in the end they did not involve any erosion of sovereignty.

The Prime Ministers of the two new Member States, Mr Anibal Cavaco Silva and Mr Felipe González Márquez, also took a fairly positive view, as did Mr Andreas Papandreou.

Mr Bettino Craxi, the Italian prime Minister, expressed his dissatisfaction, confirming that Italy intended to wait for the European Parliament's conclusions before giving

a final judgment. Mr Craxi's attack focused on the refusal to increase Parliament's role, the obstacles preventing a clear definition of the monetary dimension of European economic cooperation, the resistance to the principle of equal distribution of resources in order to achieve a satisfactory balance within the Community and the open hostility to any bid to put European cooperation on social affairs into effective practice.

Speaking in The Hague on 4 December, Mr Pierre Pflimlin, President of the European Parliament, on an official visit to the Netherlands at the invitation of the Dutch Parliament, expressed his disappointment at the outcome of the European Council. The Luxembourg decisions had brought no real improvement to the functioning of the institutions. No real legislative power had been conferred on Parliament, and the Community was still a strange democracy in which legislative power was wielded solely by the governments. The Luxembourg Summit had missed 'an historic opportunity to take a step towards European unity'.

## Intergovernmental Conference

1.1.3. The Intergovernmental Conference convened to amend the EEC Treaty and to draft a treaty on a common foreign and security policy held three meetings during the month (11, 19 and 25-26 November) followed by a 'conclave' on 30 November and 1 December, at which it considered all the key issues put by the chair to the European Council in a summary memorandum.

At its meetings on 19 and 25-26 November it received a delegation from the European Parliament.

The 11 November meeting concentrated on research and technological development and the environment. On 19 November delegates continued the discussion started on 21 October on the internal market, cohesion and the powers of the European Parlia-

ment;<sup>1</sup> monetary policy was discussed for the first time at Conference level, as were political cooperation and the draft single act. On 25 and 26 November the proceedings focused on the internal market, cohesion, the powers of the European Parliament, technology and social policy, as well as on political cooperation and the single act.

Discussions took place at all the meetings on precisely how to define the internal market: the Conference was unable to choose between the two alternatives—'single market without internal frontiers' and 'area without frontiers'—and the matter was referred to the European Council.

The key feature of this particular discussion at the conclave was the about-turn by France to join those firmly supporting the Commission's phrase ('area without frontiers'). The question whether harmonization of indirect taxation (Article 99 of the EEC Treaty) really mattered to the internal market could not be resolved and was also referred to the European Council. The shift to majority voting for specific Articles of the EEC Treaty was also a talking point all through the meetings. Here the concern to exclude taxation provisions voiced from the outset<sup>2</sup> was maintained throughout. On the subject of the new Article 100a, much time was devoted to solving the problem shared by Denmark and Germany, which with their high standards were afraid of having to 'harmonize downwards', as well as the difficulties of the United Kingdom and Ireland, both of which called for derogations for the protection of health, animals and plants ('insular' clause).

At the 'conclave' a more positive attitude was noted on the part of Germany, which had expressed concern on the matter of standards: the Federal Republic declared itself willing to forgo a derogation for higher standards, while the Commission undertook to take account of higher standards in its proposals.

The discussions on monetary policy confirmed the importance attached by most of the Member States to the principle of adding

this dimension to the Treaty and, in contrast, the opposition to such a move already expounded by Germany and the United Kingdom.

The Conference already had before it a Commission proposal<sup>3</sup> and an amendment by Belgium. These were supplemented by a proposal from the Netherlands as well as a paper from both the Commission and the Netherlands; the Commission proposal had meanwhile been amended. At the 'conclave' Germany moderated its stance somewhat.

On the subject of cohesion, widely differing positions of principle emerged. Mr Delors restated the principles underlying the Commission proposal<sup>4</sup> and stressed that, unless these were followed, the Community would degenerate into nothing more than a free-trade area with provision for budgetary transfers. Yet during the 'conclave' none of the Member States contested the principles which the chair, in its summary memorandum, had asked the European Council to endorse: the vital importance of cohesion; national responsibility for economic development; boosting the efficiency and cohesion of the financial instruments; and the role of the ERDF.

The biggest bones of contention as regards research and technology were the content of the framework programme and specific programmes and the procedure for voting on them. Unlike the Presidency and the Commission, certain Member States wanted framework programmes containing broad indicative guidelines to be adopted by qualified majorities and detailed specific programmes, including decisions on financing, adopted unanimously.

Mr Delors stressed the need to adopt provisions affording maximum possible security for European industry. He also warned Member States against an excessively detailed framework programme; some flexibility was essential and could only be ensured if

<sup>1</sup> Bull. EC 10-1985, point 1.1.2.

<sup>2</sup> Bull. EC 10-1985, point 1.1.2.

<sup>3</sup> Bull. EC 10-1985, points 1.1.5 and 1.1.6.

<sup>4</sup> Bull. EC 9-1985, point 1.1.6.

the definition of the programme was not too rigid.

The environment did not give rise to major problems. The main difficulty was caused by Member States afraid of 'harmonizing downwards' from standards they had already adopted. Germany wanted to introduce a 'qualitative' or 'selective' veto (the need for the majority in majority voting to include a positive vote from the Member State with the highest standards); this suggestion was not taken up.

The discussions on social policy were based on a Commission proposal in the form of an addition to Article 117 and new Articles 118a and 118b. This did not produce any major problems apart from a reservation by the United Kingdom on majority voting for the adoption of directives involving 'minimum requirements' on improvements in working conditions and another by Germany and the United Kingdom on the inclusion in the Treaty of provisions concerning the two sides of industry.

With regard to the powers of the European Parliament the Conference, during the 'conclave', embarked on a fence-mending exercise with Parliament. This change of heart on the part of certain Member States was inspired by the 'new feeling' which had prevailed at the meeting on 26 November between the Conference and Parliament's delegation, which had seen the first genuine discussion, with each of the Member States making a contribution. Parliament's delegation had appreciated this gesture by the Conference, which had been requested by Mr Delors the day before.

Italy formally indicated that it would not endorse the conclusions of the Conference unless some way was found of substantially increasing Parliament's role; it proposed vesting Parliament with the power of co-decision, possibly on a gradual basis (aligned on the target date for the internal market). Denmark, on the other hand, contested both the principle of a second reading and the possibility offered to Parliament of influencing the Council's decision-making procedure (unanimity in the event of rejection

by Parliament). The other Member States supported the Presidency's proposal for a procedure with three basic elements: introduction of a second reading by Parliament and the Council; vesting in Parliament of real powers in the decision-making process; definition of a system attaching specific legal consequences to Parliament's voting. For second readings by the Council, two arrangements are being considered: either the basic text would be the Commission proposal subject to amendment in accordance with Article 149, in which case the Commission would be involved throughout; or the basic text would be the text amended by Parliament, in which case Article 149 would no longer apply.

Following the meeting of 26 November between the Conference and a parliamentary delegation, in an attempt to take greater account of Parliament's concern, Mr Delors had submitted an alternative solution for the second reading, whereby the proposal re-examined by the Commission would be deemed adopted if the Council acting by a simple majority did not reject it. Subject to a slight amendment, Belgium supported this idea.

These three alternatives—the gradual acquisition of the power of co-decision, the Presidency's suggestion and the Commission's idea—were laid before the European Council.

On 2 December Parliament's enlarged Bureau sent a message to the European Council expressing its concern at and disagreement with the preparatory work submitted to the European Council concerning the reform of the Treaties. It stated that 'it would be dangerous for Europe if the Heads of State or Government were to try to conceal their differences behind a compromise without any real content or impact' and added that, if the Heads of State or Government could not reach a consensus, they would have to consider matters further rather than abandon the far-reaching reforms which are necessary.

1.1.4. The draft Treaty on European cooperation in the sphere of foreign policy,

drawn up by the Political Committee, was discussed by the Conference for the first time at its meetings on 19 and 26 November and was finalized by the Ministers during the 'conclave'.

Unlike the other issues dealt with by the Conference, endorsement of the Treaty on political cooperation did not raise any special problems. The general approach taken was to convert into a legal text all the provisions which had hitherto been the subject of non-legal documents (the Luxem-

bourg, Copenhagen and London reports and the Stuttgart Declaration) or were part of current practice.

It was decided to devote an article to security based on the above guidelines. The proposals of certain Member States to include provisions that went further than current practice did not secure a consensus.

The main procedural innovation was the creation of a small Brussels-based secretariat working under the authority of the Presidency.

## 2. The Community and Central America

### Luxembourg ministerial conference

1.2.1. The second Conference between the European Community and its Member States, Spain and Portugal and the States of Central America and of the Contadora Group on the political dialogue inaugurated in San José, Costa Rica, on 28 and 29 September 1984 and on economic cooperation between the European Community, Spain and Portugal and the States of Central America was held in Luxembourg on 11 and 12 November.

The Conference was the occasion for the signing of a Cooperation Agreement between the Community, the countries party to the General Treaty on Central American Economic Integration (Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua and Panama); it also resulted in the adoption of three texts: the Final Act, a joint political communiqué and a joint economic communiqué.

Those taking part in the Conference were:

#### *For the European Community*

HE Mr Jacques F. Poos  
Minister for Foreign Affairs of Luxembourg  
President of the Council

HE Mr Hans van den Broek  
Minister for Foreign Affairs of the Netherlands

HE Sir Geoffrey Howe  
Secretary of State for Foreign and Commonwealth Affairs of the United Kingdom of Great Britain and Northern Ireland

HE Mr Leo Tindemans  
Minister for External Relations of Belgium

HE Mr Uffe Ellemann-Jensen  
Minister for Foreign Affairs of Denmark

HE Mr Hans-Dietrich Genscher  
Minister for Foreign Affairs of the Federal Republic of Germany

HE Mr M.C. Papoulias  
Minister for Foreign Affairs of Greece

HE Mr Roland Dumas  
Minister for External Relations of France

HE Mr Jim O'Keefe  
Minister of State for Foreign Affairs of Ireland

HE Mr Giulio Andreotti  
Minister for Foreign Affairs of Italy

Mr Claude Cheysson  
Member of the Commission of the European Communities

#### *For Spain*

HE Mr Francisco Fernández Ordóñez  
Minister for Foreign Affairs of Spain

*For Portugal*

HE Mr Luís Figueira  
Head of the Portuguese Mission to the European Communities

*For Central America*

HE Dr Carlos José Gutiérrez Gutiérrez  
Minister for External Relations and Religion of Costa Rica

HE Mr Rodolfo Castillo Claramount  
Vice-President of the Republic and Minister for External Relations of El Salvador

HE Mr Fernando Andrade Díaz-Durán  
Minister for External Relations of Guatemala

HE Dr Edgardo Paz Bárnica  
Minister for External Relations of Honduras

HE Mr Miguel d'Escoto-Brockman  
Minister for the Exterior of Nicaragua

*For the Contadora Group countries*

HE Mr Augusto Ramírez Ocampo  
Minister for External Relations of Colombia

HE Mr Bernardo Sepúlveda Amor  
Secretary for External Relations of Mexico

HE Mr Jorge Abadía Arias  
Minister for External Relations of Panama

HE Mr Germán Nava Carrillo  
Deputy Minister for External Relations of Venezuela

*Observer for the Permanent Secretariat of the General Treaty on Central American Economic Integration*

Mr Raúl Sierra Franco  
Secretary-General

**Final Act of the Conference**

1.2.2 ... The Conference discussed the political and economic situation in Central America and relations between Central America and the European Community.

**During the Conference:**

1. The High Representatives of the participating countries reaffirmed their commitment to the continuation and development of the political dialogue instituted at the Conference held in San José, Costa Rica, in accordance with the principles set out in the San José Declaration of 29 September 1984.

They are convinced that this political dialogue will contribute to the efforts of the Central American countries—with the support and with the encouragement of the Contadora Group—to find a negotiated, regional, global, peaceful solution in order to put an end to the violence and instability in the area and to foster social justice and economic development and a respect for human rights and democratic liberties.

This peaceful solution must be based on the principles laid down in the United Nations Charter, the OAS Charter and the Universal Declaration of Human Rights and on the Contadora Group's 'document of objectives' and draft document on peace and cooperation in Central America dated 12 September 1985, approved by all the States in the area.

It was accordingly agreed that this political dialogue should be institutionalized, in particular by the holding of annual meetings, in principle at ministerial level.

The Contadora Group, which is continuing its efforts to bring about a peaceful solution in Central America, will play a full part in the meetings to be held in the context of the political dialogue between the countries of Central America and those of the European Community.

2. The High Representatives of the European Community on the one hand and of Central America and Panama on the other have signed a cooperation agreement between Costa Rica, El Salvador, Guatemala, Honduras and Nicaragua, as parties to the General Treaty on Central American Economic Integration, and Panama on the one hand and the European Economic Community on the other.

By establishing close, institutionalized cooperation between the two parties, this agreement should help to foster economic integration in the Central American region and to further economic development and social progress in the area in the interests of greater political stability.

3. The High Representatives of the European Community and of its Member States, Spain and Portugal, Central America and the Contadora Group adopted a joint political communiqué which is appended to this Act.



The High Representatives of the European Community, Spain and Portugal, and of Central America and Panama have adopted a joint economic communiqué, which is also appended to this Act.

In witness whereof, the undersigned High Representatives of the participating States and of the Community, having regard to the great political significance they attach to the results of the Conference, have appended their signatures to this Final Act.

....

**Joint political communiqué  
on political dialogue and economic  
cooperation between the countries  
of the European Community,  
Spain and Portugal and the countries  
of Central America and  
of the Contadora Group**

...

3. The participants in the Luxembourg Conference saw it as a sequel to the historic meeting held in San José, Costa Rica on 28 and 29 September 1984, at which relations between the European Community and Central America were put on a new footing.

The Ministers expressed the hope that the dialogue would help to create a climate of confidence both within Central America and between the twelve-member Community and Central America and thus pave the way for increasingly close and wide-ranging cooperation.

The Ministers welcomed the signing of the inter-regional framework cooperation agreement between Costa Rica, El Salvador, Guatemala, Honduras and Nicaragua, as parties to the General Treaty on Central American Economic Integration, and Panama on the one hand and the European Economic Community on the other, which underlined the political will of the two regions to lay the foundations for closer cooperation and achieve common goals.

They expressed their conviction that with this agreement economic and trade cooperation and the new structure of relations between the countries of the European Community and those of Central America would be based on equality between sovereign States and mutual respect.

4. The Foreign Ministers recognized that, in view of the cultural and historical heritage existing between Spain and Portugal and Latin America,

the accession of the former to the European Communities can be a major factor in helping to create better understanding and cooperation between Europe and Latin America.

5. The Foreign Ministers reaffirmed their common conviction that the political dialogue and economic cooperation undertaken would help to:

- back up efforts to put an end to violence and instability in the region, particularly the efforts of the States of Central America in the context of the Contadora Group's diplomatic initiative, which had been supported from the outset by the countries of the European Community;
- achieve on the basis of the proposals arising from the Contadora process a negotiated global, political solution for the region originating in the region itself and founded on the principles of independence, non-intervention, self-determination and the inviolability of frontiers;
- bring about the speedy adoption of the Contadora document on peace and cooperation in Central America and so open the way to that lasting global solution for the region which constituted the objective of the points of agreement and commitments contained in the final communiqué of the joint meeting of the Foreign Ministers of the countries of Central America and the Contadora Group held in Panama on 12 and 13 December 1985;
- create a climate of confidence in which the States of Central America could live in peace and foster their mutual cooperation with a view to closer integration and the furtherance of their economic and social development;
- supplement the efforts being made by the countries of Central America to achieve inter-regional cooperation and to help combat the economic imbalances and social injustice which were, in large measure, at the root of political instability;
- reinforce, within a national legal order, democratic principles and institutions and foster national reconciliation in all countries of the region, in the framework of pluralist political and social systems involving all, as a means of terminating the conflicts and tensions besetting the Central American region;
- develop and guarantee in all countries every human right and fundamental freedom, such as respect for individual integrity, freedom of the press, freedom of association and religious freedom, as defined in international agreements and in the Universal Declaration of Human Rights;
- establish, within the framework of the Contadora process and in accordance with international law, a reliable system of regional security, encom-

passing effective conditions and policies designed to arrest the arms race in all its forms; establish a system for the control and reduction of armaments and military personnel; eliminate the foreign military presence; and prevent action designed to intimidate and bring about destabilization, such as terrorism, subversion and sabotage;

- implement, in the framework of the Contadora Document on Peace and Cooperation in Central America, all political, economic, social and security objectives endorsed by every Central American Government in adopting the 'Contadora document of objectives' on 9 September 1983.

6. The Ministers continued the dialogue started in San José on developments in Central America.

They examined the progress made in the Contadora peace process and noted the firm commitment of the countries in the Contadora Group to continue their efforts to achieve the aims of the document on peace and cooperation in Central America.

In this connection, the Ministers welcomed the decision of the democratic Governments of Argentina, Brazil, Peru and Uruguay at the Cartagena Conference on 22 and 23 August 1985 to set up machinery to support the efforts of the Contadora Group to achieve peace and cooperation.

The Foreign Ministers reiterated their conviction that the conflicts in Central America could not be resolved by force. They agreed that, in accordance with the principles laid down in the United Nations Charter and the Charter of the OAS, a peaceful settlement of the conflict in Central America would have to be based in particular on respect for national sovereignty and independence, territorial integrity and non-intervention in the internal affairs of other States and non-recourse to intimidation or force.

The Foreign Ministers of the European Community and of Spain and Portugal reaffirmed their support for the Contadora Group and welcomed the progress made in the Contadora process. They noted with approval that all the interested parties had agreed to continue the negotiations on the basis of the draft Contadora document of 12 September 1985.

The Foreign Ministers of the Central American States and the Contadora Group expressed their satisfaction at the support given by the Governments of the Community Member States for these negotiations.

The Ministers of the European Community and of Spain and Portugal and those of the Contadora Group stressed the importance of ensuring that the

current negotiations be conducted in a constructive spirit and brought to a successful conclusion, and that constitutional procedures be initiated to permit the early entry into force of the Contadora document on peace and cooperation in Central America, which will require the creation of effective and appropriate implementing and follow-up machinery.

The Foreign Ministers voiced the conviction that it was essential for all countries with links and interests in the region to make an effective contribution towards creating favourable conditions for the conclusion of negotiations, with a view to the endorsement of the document on peace and cooperation in Central America and in order that they should thereafter cooperate in accomplishing the objectives set out in it.

The countries of the European Community, Spain and Portugal reiterate their willingness to support, to the extent that they are able and if so requested, the action of the States with responsibility for implementing the terms of the document on peace and cooperation and in particular to contribute to the implementing and follow-up mechanisms.

The Foreign Ministers also agreed on the utility of implementing the terms of the resolutions adopted by the international bodies of which their respective countries are members and which relate to a peaceful solution of the Central American situation.

7. The Foreign Ministers express their satisfaction that the general elections held in Guatemala on 3 November took place in an orderly, free and peaceful manner, and it is their hope that these elections will represent a major step towards achieving the institutionalization of the democratic system in that country.

8. The Ministers, apprised of the grave act of terrorism which has occurred in Colombia against the Supreme Court of Justice, in which many judges and citizens of that country lost their lives, deplore this outrage against a public authority; they condemn terrorist actions which endanger innocent lives and convey their condolences to the people of Colombia and to President Belisario Betancur, who has set in motion a valid peace process to strengthen political dialogue and democratic activity in that country.

9. The Foreign Ministers acknowledged the importance of the social and cultural dimension in cooperation between the member countries of the Community and the countries of Central America. They were unanimous in their view that in future this aspect of cooperation must be expanded and given greater support, and stressed the value of

programmes such as exchange visits by Members of Parliament and journalists.

10. The Foreign Ministers of the Member States of the European Community and of Spain and Portugal mentioned the possibility that their governments could support in a suitable way the efforts undertaken to develop and modernize the administration of justice and public administration in Central America in order thereby to make a further contribution to political stability and democracy in that region.

11. They welcomed the support given to the 'Health priorities programme in Central America and Panama' and stressed that their governments intended to play an active part in the forthcoming Conference of Health Ministers in Madrid.

12. Lastly, in the Final Act of the Luxembourg Conference the Foreign Ministers of the countries of the European Community, Spain and Portugal and of the countries of Central America, together with those of the Contadora countries, recorded their intention to institutionalize the political dialogue entered into.

**Joint economic communiqué between the European Community, including Spain and Portugal, and the countries of Central America following the conference on political dialogue and economic cooperation between the countries of the European Community, Spain and Portugal, the States of Central America and the Contadora Group**

1.2.3. 1. The Community and the countries of the Central American isthmus, together with Spain and Portugal, expressed the hope that the institutional conditions for effective multilateral cooperation could be improved within the framework of the Central American common market thanks to the agreement between the two regions, one of the objectives of which was to strengthen joint institutions and to encourage economic cooperation. This would also apply particularly with a view to the participation of Panama.

They emphasized their determination to help stabilize the Central American region, more particularly by implementing measures to improve that region's socio-economic conditions, the backwardness of which was the basic cause of social instability. In particular, the Community, together

with Spain and Portugal, confirmed their intention to grant priority assistance for regional projects on the basis of the jointly agreed priorities and objectives for the region.

The Community noted the interest displayed by the countries of the Central American isthmus in measures to improve economic relations between the two regions, with particular reference to commodity outlets on European markets, the stabilization of the prices of their export commodities and extension of cooperation between the financial bodies of the two regions.

2. They welcomed the significant economic role being played by the Central American Bank of Economic Intergration, which was helping to strengthen interdependence, economic integration and economic development in the region. The Community proposed to strengthen its cooperation with this institution.

3. The Ministers agreed that maintaining and encouraging the private sector in the context of a mixed economy was also in the interests of cooperation between the two regions.

4. They hoped that increased private investment would play a major role in the development of the key sectors of the economy. In this connection, Ministers stressed the importance of regional investment projects, pointing to the need for agreements to encourage and protect private investment.

5. The Ministers of the countries of the Central American isthmus paid tribute to the assistance given under bilateral and multilateral arrangements by the Community and its Member States and by other countries and non-governmental organizations and made particular reference to the aid provided by the United Nations High Commissioner for Refugees.

6. The Foreign Ministers and the Commission of the European Communities noted that, despite improvements in certain countries, world economic conditions remained unstable and that development prospects continued to be uncertain. They also noted that, for the world economy to operate more harmoniously, international economic cooperation would have to be stepped up. In this regard, they emphasized that North-South relations played a major part and should be improved.

7. The problem of external indebtedness and repayment difficulties facing many developing countries, particularly Latin American countries, continued to be a major cause of concern to those attending the Conference.

The cost of foreign debt servicing often reached alarming proportions, thereby jeopardizing development prospects and political and social stability in the countries in question.

Although, in the wake of the advance of the world economy and of the efforts of debtor and creditor countries some signs of progress have appeared to date, the fact remained that underlying problems still had to be dealt with and that all the parties concerned (countries, banks and multilateral financial bodies) would have to make the necessary efforts to restore financial stability in these countries and to achieve better bases for growth. In this context, it appeared necessary, when seeking lasting solutions, to look beyond the short term when considering the problem of external indebtedness and to take all relevant factors into account.

The Ministers for Foreign Affairs and the European Commission attached great importance to the expansion of world trade as contribution towards world recovery and the revival of the development process and as a means of alleviating the problems of indebtedness. They regarded it as important that efforts to implement the GATT Programme should continue and that international commitments to combat protectionism should be honoured.

They declared their support for a new round of multilateral trade negotiations to start under conditions such that all the parties involved—both developed and developing countries—might derive benefit from them.

The Ministers also took the view that imbalances of monetary and financial origin could not be resolved solely by trade negotiations. Determined, concerted action would be needed to improve the functioning of the international monetary system and to increase the flow of financial and other resources to the developing countries. Results in

the monetary and financial fields should be sought in the appropriate international bodies alongside results in the trade field, so as to facilitate the basic objective of relaunching economic development and social progress.

The Ministers for Foreign Affairs and the Commission of the European Communities expressed satisfaction at the work undertaken at the annual meeting of the International Monetary Fund and of the World Bank in Seoul, for the purpose of restoring sustained economic growth and mobilizing the necessary public and private financial resources—both bilateral and multilateral—in the framework of a renewed effort to achieve international cooperation.

8. The Ministers for Foreign Affairs and the Commission of the European Communities stressed in particular the importance of closer relations in the sector of vocational training, both technical and scientific, by means of scholarships and cooperation between higher education establishments in the two regions, as well as in the sector of training and literacy campaigns.

9. The Commission of the European Communities informed the Foreign Ministers that the office for Central America of its Delegation for Latin America had recently been opened in San José, Costa Rica and that this office would also be responsible for relations with organizations concerned with the economic integration of the region.

10. The Ministers for Foreign Affairs and the Commission of the European Communities agreed to intensify their contact at the seat of the European Community, to strengthen the current dialogue between the Group of Central American States and the Commission of the European Communities and to continue the Commission's assistance to integration bodies in the region.

### 3. Economic situation in Greece

1.3.1. On 14 October the Commission was informed of the Greek Government's decision, taken under Article 109(1) of the EEC Treaty, to introduce a system of mandatory bank deposits of between 40% and 80% of the value of all imports for a period of six months in an urgent attempt to correct the country's deteriorating balance-of-payments situation. At the same time, the Greek Government devalued the drachma by 15% and adopted a recovery programme designed to achieve five priority aims: a slowdown in the rate of inflation and in the rise in wage costs; a reduction in the public sector net borrowing requirement; a reduction in domestic credit expansion; an improvement in the current balance of payments, and the strengthening of productive structures.

The Commission carried out a comprehensive assessment of the Greek problems. It duly noted the courageous decisions taken by the Greek Government to correct the economic situation and to combat inflation and reaffirmed that the short-term economic measures should be accompanied by structural adjustment measures, to which the Community will contribute through the integrated Mediterranean programmes and the structural Funds.

In the light of this assessment, the Commission sent a recommendation to the Greek Government on 30 October under Article 108(1) of the Treaty. While approving the general thrust of the Greek recovery programme, it called for certain reinforcing measures.

#### Granting of a Community loan

1.3.2. The Greek Government approved the terms of the Commission recommendation and submitted a request for medium-term financial assistance under the Community loan mechanism for supporting the balance of payments of Member States.<sup>1</sup> Having examined, in conjunc-

tion with the Monetary Committee and the Greek authorities, Greece's external payments situation and the impact of the economic recovery measures set in train, the Commission presented the Council with a proposal under Article 108(2) of the EEC Treaty to the effect that Greece should be granted a Community loan.

At its meeting on 18 November the Council agreed that a Community loan of 1 750 million ECU should be granted to Greece under the Regulation of 16 March 1981 on the Community loan mechanism designed to support the balance of payments of Member States.<sup>1</sup> The loan will be paid in two equal and consecutive instalments:

- the first instalment on completion of the Community's borrowing operations;
- the second instalment within a year of payment of the first instalment, but not before 1 January 1987, the second instalment being released after examination of developments in Greece's economic situation and of the results of the economic recovery programme.

#### Authorization of protective measures

1.3.3. However, the Commission considered that the granting of this loan, which is primarily designed to help with the medium-term adjustment of the Greek economy, was not sufficient to resolve immediately Greece's acute balance-of-payments difficulties. It therefore decided to authorize Greece under Article 108(3) of the Treaty to implement appropriate protective measures, with the disturbance thereby caused to the functioning of the common market to be kept to a minimum.

<sup>1</sup> OJ L 73, 19.3.1981; Bull. EC 2-1981, points 1.3.1 to 1.3.6.

The decision adopted by the Commission under Article 108(3) authorizes the following measures by way of derogation from Community law:

- (i) the temporary maintenance of the non-interest-bearing cash deposit scheme introduced by the Greek Government in respect of the importation of many categories of goods;
- (ii) the retention of an export aid scheme for one year;
- (iii) the maintenance of restrictions on capital transactions and tourist expenditure by Greek residents for a period of three years.

Under the terms of this decision, the Commission will monitor compliance with the above provisions, reserving the right to amend or repeal them in certain cases following consultations with the Greek authorities. It will also closely follow developments in the economic situation in Greece. A reappraisal of the import deposit scheme will be made, together with the Greek authorities, before 31 January 1986 and then, if necessary, every three months.

1.3.4. With regard to export aids, the Greek Government applied to the Commission for authorization to maintain the present scheme in force until introduction of VAT on 1 January 1987, the new date requested (→ point 1.3.5). Export refunds granted in the form of a reduction in employers' social security contributions will be discontinued from 1 January 1986.

The Commission had adopted on 27 July a final Decision under Article 93(2) of the Treaty requiring the Greek Government to discontinue these export aids. However, as immediate termination was likely to aggravate Greece's trade balance, the Commission decided to suspend application of its July Decision and to authorize the Greek Government to grant the aids until 31 December 1986. After that date, they will have to be stopped.

## **Extension of certain transitional-period arrangements provided in the Act of Accession**

### **Introduction of VAT**

1.3.5. Under the terms of the Act of Accession, Greece was to have introduced the common value-added tax system by 1 January 1984 at the latest—three years after joining the Community.

The Greek Government was unable to meet the deadline, since the technical preparations for the introduction of VAT, which involves radical changes to the entire Greek system of indirect taxation, could not be completed within the time allowed. The Council, acting on a proposal from the Commission, therefore authorized Greece in December 1983 to postpone introduction of VAT until 1 January 1986.<sup>1</sup>

As part of the programme of measures designed to improve the economic situation in Greece, the Greek Government requested that it be allowed an additional period of one year for the introduction of VAT. Realizing that the Greek Government was faced with the practical impossibility of meeting the 1 January 1986 deadline, the Commission decided to accede to its request and to propose that the Council authorize Greece to defer introduction of VAT until 1 January 1987. In return, the Greek Government undertook to comply with a number of requests made by the Commission, namely that:

- (i) a detailed programme for applying VAT should be drawn up and jointly overseen by the Commission and the Greek authorities;
- (ii) Greece should pay its contribution to the 1986 budget on the basis of the VAT base specified in the preliminary draft budget;
- (iii) the Greek Government should eliminate cases in which the regulatory tax

<sup>1</sup> OJ L 360, 23.12.1983; Bull. EC 12-1983, point 2.1.54.

was incorrectly applied and should ensure in particular that the rates applied did not exceed, for any product, the rates obtaining prior to the law introducing the tax.

## Monopolies

1.3.6. Article 40 of the Act of Accession requires the Greek oil monopoly to be completely dismantled by 31 December 1985.

The Greek Government would like to be allowed an additional six years in which to undertake a gradual adjustment of the monopoly, and on 21 October the Greek


Parliament passed a bill that would start the adjustment from 1 January 1986.

The Commission informed the Greek Government that this bill was at variance with the EEC Treaty, since Article 37 of the Treaty became directly applicable at the end of the transitional period, that is on 31 December 1985. The oil monopoly therefore had to be entirely dismantled by 1 January 1986.

1.3.7. At the same time as it made its application concerning the oil monopoly, the Greek Government undertook to abolish the other commercial monopolies, namely those relating to matches, playing cards, salt and cigarette paper, on 31 December 1985.







PART TWO

**ACTIVITIES  
IN NOVEMBER 1985**

# 1. Building the Community

## Economic and monetary policy

2.1.1. At its meeting on 2 and 3 December the European Council reached an agreement in principle on giving the Community powers in the monetary field (→ point 1.1.1).

It also adopted conclusions on the economic and social situation and monetary cooperation (→ point 1.1.1).

## Council

2.1.2. The Council meeting on 18 November discussed the document on 'monetary capacity' presented by Mr Delors to the Intergovernmental Conference (→ point 1.1.1).<sup>1</sup> It approved two Directives on undertakings for collective investment in transferable securities (→ point 2.1.5) and agreed to the granting of a Community loan to Greece (→ point 2.1.6).

Lastly, it arrived at a common position on raising from 2 000 million ECU to 3 000 million ECU the total amount of Euratom loans which the Commission is empowered to contract for the purpose of helping to finance nuclear power stations.<sup>2</sup> It also agreed to continue examining the annual economic report for 1985-86<sup>3</sup> at its December meeting.

## Economic situation

2.1.3. On 14 November Parliament delivered its opinion<sup>4</sup> on the annual report on the economic situation in the Community and the economic policy guidelines for 1985-86.<sup>3</sup> Parliament shares the Commission's view that an economic growth strategy is necessary, but considers that, in order to be effective, such a strategy of growth for employment must involve worker participation and agreement between employees, employers and both national and Community authorities.

It also takes the view that, in its annual report, the Commission does not consider the various possible hypotheses adequately,

as its proposed strategy is based virtually solely on the dubious hypothesis of slow but steady growth of the order of 2.5% in the United States. It points out in this connection that an unexpectedly sharp fall in the dollar and an economic recession in the United States are also possibilities.

It also considers it very important that a structural economic policy should be pursued in order to reduce appreciably, in the medium term, the large regional differences that exist within the Community at present. For this purpose, the resources of the structural Funds must be considerably increased so that programmes of infrastructure projects of Community interest linking the regions concerned with the developed centres of the Community can be carried out.

2.1.4. The Economic and Social Committee gave its opinion on this report at its November session (→ point 2.5.20).

## Liberalization of capital movements

2.1.5. On 18 November the Council approved a Directive on the liberalization of transactions in units issued by undertakings for collective investment in transferable securities (Ucits) and a Directive on the coordination of laws, regulations and administrative provisions relating to Ucits.

The adoption of the two Directives is an important step towards completing the internal market, particularly the European capital market. Once laws and structures have been harmonized, the 'liberalization' Directive will make it possible to abolish restrictions on capital movements relating to the acquisition of units issued by Ucits (→ point 2.1.63).

<sup>1</sup> Bull. EC 10-1985, points 1.1.5 and 1.1.6.

<sup>2</sup> Bull. EC 12-1984, point 2.3.9.

<sup>3</sup> Bull. EC 10-1985, point 1.3.1 *et seq.*

<sup>4</sup> OJ C 325, 16.12.1985.

## Community borrowings

### Loan to Greece

2.1.6. In view of the major difficulties at present confronting the Greek economy, the Council agreed on 18 November to the granting of a Community loan of 1750 million ECU to Greece under the Regulation of 16 March 1981 on the Community loan mechanism designed to support the balance of payments of Member States<sup>1</sup> (→ point 1.3.1 *et seq.*).

### Monetary Committee

2.1.7. The Monetary Committee held its 318th meeting in Brussels on 28 November, with Mr Tietmeyer in the chair. It examined Italy's economic programme and discussed the problem of international indebtedness.

### Economic Policy Committee

2.1.8. With Mr Byatt in the chair, the Economic Policy Committee held its 161st meeting (full composition) in Perugia on 18 and 19 October and its 162nd meeting (full composition) in Brussels on 22 November.

At these meetings the Committee examined certain aspects of 'more employment-creating growth'<sup>2</sup> and its programme of work.

## Internal market and industrial affairs

2.1.9. The European Council of 2 and 3 December reached agreement in principle on the extension of qualified-majority voting to achieve a single large market in the Community by the end of 1992 (→ point 1.1.1).

### Strengthening the internal market

2.1.10. The Council meeting on economic and financial affairs approved two Direc-

tives on undertakings for collective investment in transferable securities (→ point 2.1.63). This marks an important step towards completing the internal market.

2.1.11. As instructed by the Milan European Council,<sup>3</sup> the Ministers of Economic and Financial Affairs discussed in detail (→ point 2.1.2), on the basis of the Commission's White Paper,<sup>4</sup> the tax measures needed to achieve the objective of a single market and the possible timetable for putting them into effect. The Netherlands (in its capacity as Council President for the first half of 1986) will, together with the Commission, propose an appropriate work programme. The Council agreed to return to certain aspects of the preparations for these discussions at its meeting in December.

2.1.12. Following up its White Paper on completing the internal market,<sup>4</sup> the Commission sent the Council proposals on three subjects: a proposal for a Directive imposing a standstill on value-added tax and excise duties (→ point 2.1.65), a communication on a new approach to harmonization in the foodstuffs sector (→ point 2.1.18) and two proposals for Regulations allowing inland waterway carriers and road hauliers to operate in Member States other than their own (→ point 2.1.166).

2.1.13. The Economic and Social Committee gave its opinion on the Commission White Paper on completing the internal market<sup>4</sup> at its November session (→ point 2.5.21).

### Free movement of persons and freedom to provide services

#### *Mutual recognition of diplomas and access to occupations*

#### Dentists

2.1.14. The Advisory Committee on the Training of Dental Practitioners, which met

<sup>1</sup> OJ L 73, 19.3.1981.

<sup>2</sup> Bull. EC 10-1985, point 1.3.1 *et seq.*

<sup>3</sup> Bull. EC 6-1985, point 1.2.5(3).

<sup>4</sup> Bull. EC 6-1985, point 1.3.1 *et seq.*

on 19 and 20 November, adopted two reports—one on an analysis of basic training in dentistry in the Member States (1983-84) and the other on the field of activity and the training courses of dental specialists.

It also instructed the Working Party on the Basic Training of Dental Practitioners to draw up a standard profile of the dental practitioner and recommendations for ensuring a comparably high standard of training in all the Member States.

### Midwives

2.1.15. The Advisory Committee on the Training of Midwives, which met on 5 and 6 November, held an initial discussion on the interim report drawn up by the Working Party on the Training of Midwives.

This report, which is addressed to the Commission and the Member States, is to make recommendations regarding a possible amendment of the Directives of 21 January 1980 relating to the freedom of movement of midwives and mutual recognition of their diplomas<sup>1</sup> with a view to helping ensure a comparably high level of training in midwifery throughout the Community. The Committee subsequently heard several statements on the situation in some Member States with regard to methods of assessment during and at the end of training.

### Free movement of goods

#### Protective measures for Greece

2.1.16. In view of the extent of the difficulties currently faced by the Greek economy, the Commission authorized Greece to take a number of protective measures under Article 108(3) of the EEC Treaty (→ point 1.3.1 *et seq.*).

### Industrial products

2.1.17. On 25 November the Commission sent the Council a proposal<sup>2</sup> to amend, in view of the accession of Spain and Portugal,

the Directive of 26 July 1971 on the approximation of the laws of the Member States relating to common provisions for both measuring instruments and methods of metrological control.<sup>3</sup>

### Foodstuffs

2.1.18. On 18 November the Commission sent the Council and Parliament a communication on Community legislation on foodstuffs<sup>4</sup> based on the principles set out in its White Paper on completing the internal market.<sup>5</sup>

Noting that a genuine common market could not be achieved by 1992 if the Community relied exclusively on the traditional methods of harmonization, the Commission recommends a new approach to harmonization in the foodstuffs sector and a simplified procedure for adopting implementing measures.

The communication is based on three principles:

- (i) future Community legislation on foodstuffs must consist solely of rules which are needed to protect public health or serve the collective interest;
- (ii) a new dividing line must be introduced between the Council's legislative powers and matters which can be delegated to the Commission through the Standing Committee on Foodstuffs;
- (iii) the Commission must encourage and support industry's policy to improve quality.

### Small business Business Cooperation Centre Distributive trades

#### Small business

2.1.19. The Commission decided in November to set up the Business Cooper-

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<sup>1</sup> OJ L 33, 11.2.1980.

<sup>2</sup> COM(85)627 final.

<sup>3</sup> OJ L 202, 6.9.1971; OJ L 332, 28.11.1983.

<sup>4</sup> COM(85)603 final.

<sup>5</sup> Bull. EC 6-1985, point 1.3.1 *et seq.*

ation Network (BC-Net) to help make European industry, and small and medium-sized firms in particular, more competitive. It will be the main tool of the Commission's Business Cooperation Centre.

The basis for this venture is a network of business advisers and advisory bodies whose job it is to advise small businesses and to help them cooperate among themselves in the financial, technical, commercial and subcontracting fields (chambers of commerce, banks, trade organizations, subcontracting and regional development agencies, consultants and lawyers, etc.).

This will be done by means of a common language and an information system which will enable a member of the network, on the instructions of a small business, to locate very rapidly other members of the network holding offers of cooperation matching the request in question.

The beauty of the system is that it is based on existing business counselling structures, does not interfere with existing working methods of market strategies, and above all provides the requisite degree of confidentiality for firms using it.

This operation is in line with the Commission's communications on Community policy with regard to small businesses<sup>1</sup> and strengthening the technological base and competitiveness of Community industry,<sup>2</sup> in which the Commission stressed the need for greater cooperation between businesses.

## Distributive trades

2.1.20. At its meeting on 15 November in preparation for the GATT meeting at the end of the month (→ point 2.3.52), the MFA working party of the Committee on Commerce and Distribution stated that it would like the new Multifibre Arrangement to be a genuine transitional agreement and called for wide use to be made of the flexibility provided for in the 1974 Arrangement<sup>3</sup> (→ points 2.3.4 and 2.3.5).

2.1.21. Experts from chambers of commerce in the Community met on 22

November to discuss the development of new technologies in the distributive trades in each country and their impact on the rationalization of the trades, employment, continuing education and relations between banks and traders.

## Industry

### *Advanced manufacturing equipment*

2.1.22. The Commission organized a symposium on the standardization of advanced manufacturing equipment in Brussels on 21 and 22 November.<sup>4</sup> The symposium's aim was to make the many parties concerned aware of the need for standardization in this field, to inform them of the various efforts to achieve standardization already under way and to sound out their views on a future coordinated work programme.

## Steel

### The Community steel industry

#### *Market management*

#### Crisis measures

#### *The industry after 1985*

2.1.23. After the Council had given its assent at its 29 and 30 October meeting,<sup>5</sup> the Commission took the formal decisions on organization of the market and monitoring of aid to steel firms on 27 November.<sup>6</sup> They will enter into force on 1 January 1986.

<sup>1</sup> Bull. EC 5-1984, point 2.1.18.

<sup>2</sup> Bull. EC 3-1985, point 3.4.3.

<sup>3</sup> OJ L 118, 30.4.1974; Eighth General Report, point 373.

<sup>4</sup> The Commission sent a communication on this subject to the Council on 22 March: Supplement 6/85 — Bull. EC; Bull. EC 4-1985, point 1.1.1 *et seq.*

<sup>5</sup> Bull. EC 10-1985 point 1.2.1 *et seq.*

<sup>6</sup> OJ L 340, 18.12.1985.

## Organization of the market

2.1.24. In a Decision adopted on 27 November concerning the quota system for the next two years (Article 58 of the ECSC Treaty), the Commission formally introduced the measures assented to by the Council:

- (i) reinforcing bars (category V) and coated sheet other than galvanized sheet (category Id) will no longer be subject to quotas;
- (ii) the Commission will propose further categories to be exempted from the quota system from 1 January 1987;
- (iii) the system has been made more flexible and the limits below which firms are exempted from the quota system have been raised; in addition, existing tolerances have been further extended;
- (iv) provision has been made for firms to change the usual breakdown of their reference figures for the various product categories within their overall reference figures;
- (v) the quota system does not apply to Spanish and Portuguese firms, but they are subject to the monitoring arrangements.

The Council's desire to retain quotas for coated sheet and wire rod raised the spectre of distortion of competition between these products and reinforcing bars and other coated sheet, with which they are partly or wholly in direct competition. The Commission has introduced measures which should enable this hurdle to be overcome.

## State aid

2.1.25. The new arrangements for aid to steel (Article 95) are summarized below:

- (i) Aid granted by a Member State in the field of research and development, e.g. to improve product quality or save energy, is authorized within strict limits: it may cover up to 35% of expenditure in the case of basic research and 25% in the case of applied research. Recipients may not include expenditure relating to industrial

applications or commercial exploitation of the research results in calculating the cost of such R&D projects.

- (ii) When a firm has to comply with new statutory environmental standards, it may receive aid for protection of the environment up to 15% of the investment costs directly incurred by compliance.

(iii) Aid by a Member State to cover up to 50% of payments to employees made redundant or retired early may be authorized, provided this is not already covered by payments under Article 56(1)(a) or (2)(b). Moreover, only costs resulting from new (partial or total) plant closures, of which account has not therefore been taken under previous aid codes,<sup>1</sup> are eligible.

(iv) Aid to compensate a steel firm for complete and permanent cessation of business may be authorized within clearly defined limits, provided that compensation has not already been allowed under previous codes.<sup>1</sup>

(v) Finally, regional aid to investment may be authorized in a Member State which has not granted such aid before under previous codes,<sup>1</sup> provided that the investments assisted do not result in an expansion of production capacity. (This applies to Greece only.)

(vi) Member States may not grant any other type of aid to their steel industry after 31 December 1985.

(vii) This decision will be effective until 31 December 1988. It will not prejudice any special provisions concerning aid schemes contained in the Acts of Accession of Spain and Portugal.

## Production quotas

2.1.26. On 27 November the Commission adopted the provisional rates of abatement for the first quarter of 1986; these rates, which are shown in Table 1, are intended as a basis for establishing the production quotas and the share of these quotas that can be delivered within the Community.

<sup>1</sup> OJ L 228, 13.8.1981; OJ L 110, 23.4.1985.

Table 1 — *Rates of abatement for the establishment of production quotas, first quarter 1986*

Product category	Production	Share of the quotas that may be delivered in the common market
Ia Hot-rolled wide strip, sheet and hoop	-47	-49
Ib Cold-rolled sheet	-42	-41
Ic Galvanized sheet	-18	-25
II Reversing-mill plate	-41	-48
III Heavy sections	-45	-49
IV Wire rod	-36	-39
VI Merchant bars	-42	-42

Recent consultations with steel producers, users and dealers and the general climate of opinion point to a slight increase in demand in the first quarter; however, the rates have been fixed at approximately the same level as in the previous quarter, since the trade forecasts do not indicate substantial changes.

#### Market situation

2.1.27. Crude steel production in the Community, except Greece and Ireland, amounted to 10.546 million tonnes in October -1.4% down on October 1984. The situation differs greatly from one Member State to another, ranging from a decline of more than 11% in the Netherlands to an increase of 21% in Denmark.

Table 2 — *Steel production in the Member States, Spain and Portugal, October 1984 to October 1985*

	October 1985	% change October 1984/1985	First 10 months		% change
			1985	1984	
Belgium	909	- 8.5	8 925	9 415	- 5.2
Denmark	51	+ 21.4	425	472	- 10.0
Germany (FR)	3 612	+ 2.9	34 332	33 163	+ 3.5
France	1 677	- 3.5	15 838	15 799	+ 0.2
Italy	2 115	—	19 936	20 110	- 0.9
Luxembourg	368	- 4.7	3 298	3 332	- 1.0
Netherlands	440	- 11.1	4 598	4 776	- 3.7
United Kingdom	1 374	- 2.8	13 250	12 776	+ 3.8
Total	10 546	- 1.4	100 602	99 833	+ 0.8
Spain	1 255	+ 5.5	11 585		+ 4.2
Portugal	56	- 9.7	559		- 1.6

Crude steel production in the Community was 100.6 million tonnes in the first 10 months of the year, 0.8% up on the corresponding period in the previous year; pro-

duction increases in Germany, the United Kingdom and France offset reductions in other Member States, in particular the Benelux countries.

## Forward programme

2.1.28. On 27 November the Commission adopted the forward programme for steel for the first quarter of 1986, which was sent to the Council for its assent and the ECSC Consultative Committee for its opinion.<sup>1</sup> This paper contains a macroeconomic analysis and an evaluation of the steel market; it also served as a basis for deciding the rates of abatement (→ point 2.1.26).

2.1.29. Consumption in the first quarter of 1986 should equal, and may even exceed,

the figure for the first quarter of 1985, which was beset by exceptionally severe weather conditions. Overall crude steel production should be about the same as in the corresponding quarter of 1985. The growth in private consumption should have a favourable effect on sales of cars and other consumer durables, while investment in capital goods with a high steel content is developing favourably.

Table 3 gives recent production figures and quotas, showing market trends for the industry's main products.

<sup>1</sup> COM(85) 680/3 final.

Table 3 — Comparison of the development of production and quotas

Product category	Production (finished rolled product)				Production quotas		
	IV/84	I/85	II/85	III/85	IV/84	I/85	II/85
	Ia Hot-rolled wide strip, including hoop and sheet	5 765	5 523	5 716	5 057	5 675	5 737
Ib Cold-rolled sheet	3 699	3 845	3 879	3 326	3 786	3 905	3 982
Ic Galvanized sheet	951	953	964	797	981	944	952
Id Other coated sheet	803	841	852	762	870	897	935
II Reversing-mill plate	1 270	1 287	1 419	1 202	1 378	1 418	1 401
III Heavy sections	1 109	1 200	1 175	982	1 127	1 206	1 249
IV Wire rod	2 867	2 890	2 985	2 506	2 835	2 989	2 906
V Reinforcing bars	1 800	1 672	1 800	1 706	1 894	1 937	1 953
VI Merchant bars	2 193	2 323	2 249	1 796	2 348	2 486	2 435

thousand tonnes

Table 4 illustrates recent movements in supply and demand.

Table 4 — Steel supply and demand

	Outturn					Forecast
	IV/84	I/85	II/85	III/85	IV/85 <sup>2</sup>	I/86
	Real consumption	25.73	25.75	26.50	24.79 <sup>1</sup>	27.60
Stock change	- 0.50	- 0.40	- 0.20	0 <sup>2</sup>	- 0.30	- 0.20
Imports	2.43	2.36	2.40	2.60 <sup>2</sup>	2.80	2.50
Exports	7.42	7.42	7.65	6.50 <sup>1</sup>	6.00	6.00
Production	30.22	30.42	31.55	28.69	30.50	30.20

million tonnes

<sup>1</sup> Provisional.

<sup>2</sup> Forward programme estimates.



2.1.30. The production forecast of 30.2 million tonnes for the first quarter of 1986 is close to the estimate for the fourth quarter of 1985 and makes allowance for the winter months. The stability of the Community market is not reflected in external trade, where the outlook is uncertain; there are poor prospects for exports to industrialized countries, where apparent steel consumption is falling slightly, and the forecast must also take account of the extension of the arrangement with the United States. The 26.7 million tonnes of real consumption represent a moderate growth in production and investment in step with economic and market trends; however, the persisting decline in specific steel consumption will probably dampen the effect of this recovery.

2.1.31. With regard to the prices published by Community steel firms, a 3% rise in

producers' price scales must be expected from 1 January 1986, in particular for flat products; on the other hand, the seasonal slowdown and the price of scrap might lead to a slight decline in prices for reinforcing bars before the beginning of 1986. From 1 January the price rules set out in Article 60 of the ECSC Treaty will apply to sales by Spain and Portugal to the Community and *vice versa*, and the transitional provisions for sales to Greece will expire.

2.1.32. Employment trends are shown in Table 5. The overall reduction of 4.9% for the year masks substantial cuts in employment in France, Italy and Belgium; the figures for these countries reflect an intensification of restructuring compared with the year before. The fact that the Community average does not appear to be very high is due to the stable situation in the other countries.

Table 5 — *Employment*

	October 1983	% reduction	October 1984	% reduction	October 1985 (provisional figures)
Belgium	40.2	6.0	37.8	7.1	35.1
Denmark	1.6	0.0	1.6	0.0	1.6
Germany (FR)	166.2	7.8	153.2	0.1	153.1
France	91.4	6.2	85.7	9.8	77.3
Ireland	0.6	- 16.7	0.7	14.3	0.6
Italy	88.3	12.2	77.5	11.0	69.0
Luxembourg	12.7	- 1.6	12.9	3.1	12.5
Netherlands	19.3	2.6	18.8	- 1.1	19.0
United Kingdom	64.6	4.0	62.0	3.1	60.1
EUR 9	484.9		450.2		428.3
Average reduction		7.2		4.9	

## Research

### Social research

2.1.33. On 13 November the Commission decided to grant aid totalling 220 840 ECU to two research projects from the fourth ECSC medical research programme (effects

on the health of workers of physical and other occupational factors at the workplace).<sup>1</sup> The first project is mainly concerned with evaluating the effects on workers' health of the risks involved in exposure to fumes and welding gases in the

<sup>1</sup> Bull. EC 10-1981 point 2.1.67.

steel industry. The objective of the second is to demonstrate the specific effects of dust on the pulmonary function of workers in the coal and steel industries.

## Trade with non-member countries

### Exports

#### Negotiations with the United States

2.1.34. The Commission continued the negotiations which began in September on Community steel exports to the United States from 1 January 1986:<sup>1</sup> the United States wishes to extend the 1982 Arrangement,<sup>2</sup> the complementary Arrangement of August 1985<sup>3</sup> and the Arrangement on steel pipes and tubes of January 1985<sup>4</sup> until 30 September 1989.

The exchange of letters on 18 June stipulated that the negotiations were to be completed by 31 October. At a fourth 10-day session the negotiators agreed *ad referendum* on the following package:

(i) the Community is to be allowed 150 000 tonnes of additional exports for the products subject to the 1982 Arrangement on ordinary steels (as extended in August 1985) — 125 000 tonnes for the 10 original Arrangement products and 25 000 tonnes for the 'consultation products';

(ii) semifinished products are not subject to quantitative restrictions; they remain 'consultation products', as under the 1982 Arrangement.

(iii) a mechanism has been negotiated for the special steels subject to restrictive measures since 1984 which will be put into effect when the US authorities end these measures;<sup>5</sup>

(iv) the existing agreements, namely the October 1982 Arrangement on ordinary steel and the Arrangement on steel pipes and tubes remain separate;

(v) the extended 1982 Arrangement and the Arrangement on pipes and tubes of Jan-

uary 1985 will be prolonged until 30 September 1989.

The Commission takes the view that the results of this agreement safeguard the vital interests of the Community industry. Although the negotiations were tough, the current structure of the steel arrangements with the United States was successfully maintained and considerable additional quantities were obtained.

If approved, the arrangement will guarantee uninterrupted stability in trade in steel for the next four years, representing some 6 million tonnes or USD 2 500 million.

The Council meeting on foreign affairs on 25 and 26 November failed to produce unanimous agreement, since one Member State wanted the treatment of semifinished products to be properly clarified before agreeing to the overall package. No one questioned the agreement as such. The Commission again asked that approval be given promptly and declined responsibility in the event of this delay leading the American authorities to impose unilateral restrictive measures in addition to the withdrawal of customs facilities introduced on 28 November.

### Imports

#### Autonomous measures

2.1.35. On 13 November the Commission decided to terminate the anti-dumping proceeding concerning imports of wire rod from Brazil, Portugal, Trinidad and Tobago, and Venezuela.<sup>6</sup> The practices in question have no impact on total market share (0.9%), so Community producers have not suffered injury.

<sup>1</sup> Bull. EC 9-1985, point 2.1.29.

<sup>2</sup> 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.

<sup>3</sup> OJ L 215, 12.8.1985; Bull. EC 7/8-1985, point 2.3.12.

<sup>4</sup> OJ L 9, 10.1.1985; Bull. EC 1-1985, point 2.2.13.

<sup>5</sup> OJ L 40, 11.2.1984; Bull. EC 2-1984, point 2.2.18; OJ L 59, 27.2.1985; Bull. EC 2-1985, point 2.2.13.

<sup>6</sup> OJ L 229, 13.11.1985.

2.1.36. Acting under the Council Regulation of 14 November 1983 on import arrangements for products originating in State-trading countries, not liberalized at Community level<sup>1</sup> the Commission decided to extend until 31 December 1986 (with an import quota to be opened for 1986) the quantitative restrictions on the putting into free circulation of angles, shapes and sections, of iron or steel, not further worked than cold-formed or cold-finished (Nimex codes 73.11-31 and 39), originating in the German Democratic Republic, in respect of the Benelux countries.

## A people's Europe

### Implementation of Adonnino Committee reports

2.1.37. On 19 November, in response to the request made by the Milan European Council,<sup>2</sup> the Commission sent the Council a communication on progress made in implementing the two reports by the *ad hoc* Committee on a People's Europe (the Adonnino Committee),<sup>3</sup> submitted to the Brussels European Council in March<sup>4</sup> and to the Milan European Council in June.<sup>5</sup>

In its communication the Commission noted that, eight months after the first report and five months after the second, achievements were lagging behind objectives. Particularly worrying was the fact that none of the more symbolic measures relating to free movement and to cinema and television coproduction had been adopted.

The Commission therefore felt that follow-up to the work of the Committee had been unsatisfactory. The situation revealed once again the divide between major political decisions and their implementation.

The Commission would therefore like the European Council to be made aware of its assessment of the results. It would also like to see procedural arrangements approved to ensure that the Council adopts the pro-

posals embodying some progress towards a Europe which is closer to its inhabitants in the first three months of 1986. The Commission also listed the measures which it had taken so far in areas within its jurisdiction, and set out the work programme which it intends to implement before the end of June 1986.

### *The state of play within the Council*

2.1.38. So far the Council has adopted Directives on the right of establishment of architects<sup>6</sup> and pharmacists<sup>7</sup> and on the updating of tax exemptions for travellers, on small consignments of a non-commercial nature within the Community and on fuel.<sup>8</sup>

But it still has to deal with some major proposals honouring commitments given by the European Council. These include:

a proposal for a Directive in measures to simplify checks on persons crossing intra-Community frontiers;<sup>9</sup>

a proposal for a Directive on the right of residence, irrespective of whether an economic activity is being carried on;<sup>10</sup>

a proposal for a Directive on the tax situation of frontier workers and the avoidance of double taxation;<sup>11</sup>

a proposal for a Directive on the right of establishment for engineers, which goes back to 1969;<sup>12</sup>

a proposal for a Directive on tax exemptions on books, newspapers and other per-

<sup>1</sup> OJ L 346, 8.12.1983.

<sup>2</sup> Bull. EC 6-1985, point 1.2.3.

<sup>3</sup> Supplement 7/85 — Bull. EC.

<sup>4</sup> Bull. EC 3-1985, points 2.1.8 and 3.6.1.

<sup>5</sup> Bull. EC 6-1985, points 2.1.11 and 1.4.1.

<sup>6</sup> OJ L 223, 21.8.1985; Bull. EC 6-1985, point 2.1.16.

<sup>7</sup> OJ L 253, 24.9.1985; Bull. EC 7/8-1985, point 2.1.13.

<sup>8</sup> OJ L 183, 16.7.1985; Bull. EC 6-1985, points 2.1.57 to 2.1.60.

<sup>9</sup> OJ C 47, 19.2.1985; Bull. EC 12-1985, point 2.1.9.

<sup>10</sup> OJ C 207, 17.8.1979; Bull. EC 7/8-1979, point 2.1.14; OJ C 188, 25.7.1980; OJ C 171, 10.7.1985; Bull. EC 6-1985, point 2.1.15.

<sup>11</sup> OJ C 21, 26.1.1980; Bull. EC 12-1979, point 2.1.58.

<sup>12</sup> OJ C 99, 30.7.1969.

iodicals worth less than 22 ECU sent to individuals;<sup>1</sup>

a proposal for a uniform electoral system and the right to vote at European elections sent by Parliament to the Council under Article 138 of the EEC Treaty;<sup>2</sup>

a proposal for a Regulation on support for cinema and television coproductions;<sup>3</sup>

health measures (three proposals are currently pending before the Council: these seek to introduce a health card,<sup>4</sup> to ensure continuity of dialysis treatment for kidney patients moving from one Member State to another<sup>5</sup> and to develop a toxicology programme.<sup>6</sup>

### *Action by the Commission*

2.1.39. Since the Milan European Council the Commission has taken the following action to implement the two reports drawn up by the Adonnino Committee:

proposal for a Council Directive on the general recognition of higher education diplomas;<sup>7</sup>

proposal for a Council resolution on changes to signboards at borders (removal of customs signs at frontiers within the Community);<sup>8</sup>

communication to the Council on people living in frontiers areas.<sup>9</sup>

2.1.40. In addition, the Commission's work programme for the first six months of 1986 includes the following proposals:

measures to facilitate the free movement of persons by abolishing tax controls relating to passenger transport and simplifying formalities for removals and temporary import of vehicles;

introduction of the right to vote in local elections for all Community nationals;

creation of a television broadcasting area: the Commission will propose measures to allow freedom of access to national television services on the basis of the guidelines contained in the Green Paper on television without frontiers;<sup>10</sup> it will support initiatives for a multilingual European channel,

produced jointly, by various European television corporations; in 1986 it will make preparations for European Cinema and Television Year;

health measures: as well as improving the system for reimbursement of medical expenses, the Commission intends to give top priority to the European Council's guidelines on combating cancer through both prevention and treatment; a proposal along these lines has just been transmitted to the Council (→ point 2.1.85);

strengthening of the Community's role in combating drug trafficking in conjunction with the proposals contained in the White Paper on completing the internal market;<sup>11</sup>

measures in the field of education and youth exchanges: the Commission will take specific steps to promote language-teaching, strengthen university cooperation and introduce a European dimension into education on the basis of the guidelines adopted by the Council and the Ministers for Education meeting within the Council on 3 June;<sup>12</sup>

strengthening of the Community's image and identity, notably by implementing the Committee's specific proposals regarding a flag, an emblem and an anthem.

### **General system for the recognition of diplomas**

2.1.41. On 14 November Parliament gave its opinion<sup>13</sup> on a proposal for a Council Directive on a general system for the recog-

<sup>1</sup> OJ C 3, 6.1.1984; Bull. EC 12-1983, point 2.1.58.

<sup>2</sup> OJ C 87, 5.4.1982; Bull. EC 3-1982, points 2.4.3 and 2.4.5.

<sup>3</sup> OJ C 125, 22.5.1985; Bull. EC 4-1985, point 1.3.1.

<sup>4</sup> OJ C 21, 28.1.1984; Bull. EC 12-1983, point 2.1.88; Bull. EC 7/8-1985, point 2.1.99.

<sup>5</sup> OJ C 202, 29.7.1983; Bull. EC 6-1983, point 2.1.93.

<sup>6</sup> OJ C 156, 16.6.1984; Bull. EC 5-1984, point 2.1.86.

<sup>7</sup> Supplement 8/85 — Bull. EC; OJ C 217, 28.8.1985, Bull. EC 7/8-1985, point 1.4.1 *et seq.*

<sup>8</sup> Bull. EC 7/8-1985, point 2.1.9.

<sup>9</sup> Bull. EC 10-1985, point 2.1.12.

<sup>10</sup> Bull. EC 5-1984, point 1.3.1 *et seq.*

<sup>11</sup> Bull. EC 6-1985, point 1.3.1 *et seq.*

<sup>12</sup> Bull. EC 6-1985, point 2.1.68.

<sup>13</sup> OJ C 345, 31.12.1985.

nition of higher education diplomas.<sup>1</sup> It proposed a number of amendments and asserted its right to be consulted again if the Commission and the Council departed substantially from the views it had expressed. It also recommended that when the Directive was adopted its content and the national procedures for implementing it should be given wide publicity in the Member States.

### Removal of restrictions

2.1.42. On 13 November Parliament adopted an important resolution on the implementation of the reports of the *ad hoc* Committee on a People's Europe (→ point 2.5.11).<sup>2</sup> On 14 November it adopted two resolutions on the right of nationals of other Member States to vote and stand in local government and European Parliament elections in their country of residence (→ point 2.5.11).<sup>2</sup>

## Industrial innovation and the information market

### Transnational measures to promote innovation

#### *Consultative Committee on Innovation and Technology Transfer*

2.1.43. The Consultative Committee on Innovation and Technology Transfer held its eighth meeting in Luxembourg on 7 and 8 November,<sup>3</sup> endorsing the following measures to intensify consultation between Member States regarding innovation and transnational technology transfer:

- (i) an investigation of the way in which the results of research conducted by public bodies or financed from public funds are utilized in the various Member States (350 000 ECU);
- (ii) an interim assessment at national level of measures taken under the plan for the transnational development of the support-

ing infrastructure for innovation and technology transfer<sup>4</sup> (100 000 ECU);

(iii) the setting-up of two specialized working parties in the Committee, one on the innovation aspects of patents and the other on design, with the task of reviewing national and Community policies in both fields and proposing new forms of action.

The Committee also expressed itself in favour of granting financial support for a second year to the European Association for the Transfer of Technology, Innovation and Industrial Information and the European Venture Capital Association,<sup>5</sup> and to two new schemes to give a European dimension to technology fairs (210 000 ECU) and establish liaison mechanisms with design centres in the Member States (351 000 ECU).

Lastly, a new edition of the manual *Incentives for industrial research, development and innovation* was approved (37 500 ECU).

#### *Community funding of transnational cooperation between technology and management advisory services*

2.1.44. Following the call for proposals for the promotion of transnational cooperation between technology and management advisory services to small and medium-sized enterprises,<sup>6</sup> 70 proposals were received, of which 34 were selected for partial Community funding in 1986 totalling 1 565 million ECU.

Thirty of these proposals relate to completely new schemes for transnational cooperation involving 81 public and private advisory bodies in the field of innovation and technology transfer scattered throughout the Community. The other four pro-

<sup>1</sup> Supplement 8/85 — Bull. EC; OJ C 217, 28.8.1985; Bull. 7/8-1985, point 1.4.1 *et seq.*

<sup>2</sup> OJ C 345, 31.12.1985.

<sup>3</sup> Previous meeting; Bull. EC 6-1985, point 2.1.34.

<sup>4</sup> OJ L 359, 15.12.1983; Bull. EC 10-1983, point 2.1.32.

<sup>5</sup> Bull. EC 6-1983, point 2.1.46; Bull. EC 11-1983, point 2.1.31.

<sup>6</sup> OJ C 210, 10.8.1984.

posals concern the extension of existing cooperation schemes to additional partners, involving a total of 15 public and private advisory services.

Furthermore, 370 000 ECU will be granted to support existing cooperation schemes for a second year.

### Developing a European information market

2.1.45. On 26 November the Commission adopted, for transmission to the Council, a communication setting out a work programme for the creation of a common information market.<sup>1</sup> This communication follows the conclusions of the Brussels European Council, which met in March, on the encouragement of innovation and the establishment of an information market.<sup>2</sup>

The proposals which the Commission sets out in its communication are for the following purposes:

- (i) to create internal market conditions that will make for the competitive supply of advanced information services in the Community;
- (ii) to strengthen the Community's position on the world information market, from the standpoint of suppliers and users alike;
- (iii) to ensure that the potential economic, social and regional impacts are fully taken into account in information market initiatives.

Although it holds a relatively strong position in the information sector, the Community is lagging behind its main competitors in the application of new technologies for the creation of advanced information services. This is mainly due to the fragmentation of the Community market because of differences in language, legal frameworks, public administration and telecommunications policy, technical standards, etc. To attain the objective of establishing a common information market, a work programme has been drawn up that envisages action in the following eight areas: the role

of the public sector, legal and regulatory aspects, economic aspects, the removal of barriers to information flows, the use of and demand for advanced information flows, the use of and demand for advanced information services, the convergence of national and Community policies, the tax and commercial environment, participation of the less-favoured regions in the advanced information services market.

### Specialized information

2.1.46. The Scientific and Technical Information and Documentation Committee, meeting in Luxembourg on 20 and 21 November, recommended that the Commission include aid schemes for libraries among the priorities set for the implementation of the five-year (1984-88) programme for the development of the specialized information market in Europe.<sup>3</sup> This recommendation is based on the resolution of the Council and the Ministers with responsibility for cultural affairs, meeting within the Council, on collaboration between libraries in the field of data processing.<sup>4</sup>

The Committee also approved the policy to be implemented in the field of electronic publishing and document delivery, including the Apollo project.<sup>5</sup>

Lastly, the Committee unanimously adopted five opinions on projects, on which nearly 1 million ECU will be spent, relating in particular to the provision of agricultural information on videotex in Greece (similar projects having already been set up in Ireland and Italy), the interconnection of Euronet-Diane hosts, the European node for the data bank on hybridomes and the demonstration programme concerning data banks on materials.

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<sup>1</sup> COM(85) 658.

<sup>2</sup> Bull. EC 3-1985, point 1.2.4.

<sup>3</sup> OJ L 314, 4.12.1984; Bull. EC 11-1984, point 2.1.25.

<sup>4</sup> OJ C 271, 23.10.1985.

<sup>5</sup> Bull. EC 7/8-1985, point 2.1.34.

## Customs union

### Simplification of customs formalities

#### Computerization of administrative procedures concerning intra-Community trade

2.1.47. On 15 November Parliament delivered its opinion<sup>1</sup> on the proposal for a Decision relating to the coordinated development of computerized administrative procedures (CD project)<sup>2</sup> which the Commission sent to the Council on 19 June, and which forms part of the Caddia programme.<sup>3</sup>

In Parliament's view, the introduction of data-processing systems as envisaged in the proposal could actually perpetuate internal frontiers; it asked the Commission to ensure that the computerization of administrative procedures did not lead to requirements for further information or the introduction of additional data-processing capacity at internal Community frontiers.

#### Abolition of certain postal charges

2.1.48. At its November session the Economic and Social Committee gave its opinion on a proposal for a Council Regulation abolishing certain postal charges for customs presentation (→ point 2.5.28).<sup>4</sup>

### General legislation

2.1.49. On 28 November the Commission adopted a Regulation on adaptation of certain regulations concerning customs legislation following upon the accession of Spain and Portugal.<sup>5</sup>

### Customs procedures with economic impact

#### Processing under customs control

2.1.50. On 27 November the Commission adopted a Regulation on the withdrawal or

annulment of authorizations for processing under customs control.<sup>6</sup>

The new Regulation will harmonize the situation in the Member States, where such rules as exist are often at variance, thus providing greater certainty as to the law for users of the system; it also provides a blueprint for future Community rules on authorizations for other customs procedures.

### Common Customs Tariff

#### Enlargement

2.1.51. Further to the proposed Common Customs Tariff to apply from 1 January 1986 which was sent to the Council on 24 October,<sup>7</sup> on 15 November the Commission transmitted a second proposal concerning the CCT.<sup>8</sup>

Under the Act of Accession of Spain and Portugal to the Community, the two new Member States must align their national tariffs on the CCT over a transitional period. Articles 38 and 198 of the Act lay down that the conventional duties of the CCT and of the ECSC unified tariff after enlargement are to be adjusted to take account of the fact that the duties in the Spanish and Portuguese tariffs are on the whole higher than the duties in the tariffs of the EEC and the ECSC as at present constituted. The Commission therefore proposed new conventional duties which are the trade-weighted average of the CCT duties and those of the acceding countries. However, the proposal also provides for application of the new duties to be suspended for two years, during which time the duties will be subject of negotiations in GATT under Article XXIV(6).

<sup>1</sup> OJ C 345, 31.12.1985.

<sup>2</sup> OJ C 167, 6.7.1985; Bull. EC 6-1985, point 2.1.39.

<sup>3</sup> OJ L 96, 3.4.1985.

<sup>4</sup> OJ C 202, 10.8.1985; Bull. EC 7/8-1985, point 2.1.36.

<sup>5</sup> OJ L 322, 3.12.1985.

<sup>6</sup> OJ L 317, 28.11.1985.

<sup>7</sup> Bull. EC 10-1985, point 2.1.42.

<sup>8</sup> COM(85) 656 final.

## Nomenclature

2.1.52. On 12 November the Commission adopted a Regulation on the tariff classification of unboned poultry cuts falling within CCT subheadings 02.02 B II a), b), c), d), e) and g).<sup>1</sup> The Regulation also adds a seventh additional note to Chapter 2 of the CCT. On 25 November it adopted a Regulation classifying certain garments up to commercial size 86 in CCT subheading 60.04 A III.<sup>2</sup>

The Nomenclature Committee took a decision on a tariff measure in the form of an agreement on the classification of goods under subheading 12.01 B.<sup>3</sup>

## Economic tariff matters

### Suspensions

2.1.53. In November the Council adopted three Regulations temporarily suspending the autonomous CCT duties on various agricultural<sup>4</sup> and industrial<sup>5</sup> products and products for use in the construction, maintenance and repair of aircraft.<sup>6</sup>

### Tariff quotas

2.1.54. In November the Council adopted a number of Regulations opening, allocating and providing for the administration of Community tariff quotas in respect of:

prepared and preserved sardines falling within CCT subheading 16.04 D originating in Morocco (1986);<sup>7</sup>

plum spirit (sljivovica) falling within CCT subheading ex 22.09 C IV a) originating in Yugoslavia (1986);<sup>7</sup>

certain tobaccos falling within CCT subheading ex 24.01 B originating in Yugoslavia (1986);<sup>7</sup>

dried grapes falling within CCT subheading 08.04 B I originating in Cyprus (1986);<sup>7</sup>

salad beetroot falling within CCT subheading ex 07.01 G IV originating in Cyprus (1986);<sup>7</sup>

wine of fresh grapes falling within CCT subheading ex 22.05 C originating in Cyprus (1986);<sup>7</sup>

liqueur wine falling within CCT subheading ex 22.05 C originating in Cyprus (1986);<sup>7</sup>

sweet peppers falling within CCT subheading 07.01 S originating in Cyprus (1986);<sup>7</sup>

raw silk (not thrown) falling within CCT subheading 50.02 (1986);<sup>8</sup>

silk yarn (not put up for retail sale) falling within CCT subheading ex 50.04 (1986);<sup>8</sup>

yarn spun from waste silk other than noil (not put up for retail sale) falling within CCT subheading 50.05 A (1986);<sup>8</sup>

rosin, including 'brais résineux', falling within CCT subheading 38.08 A (1986);<sup>8</sup>

a certain variety of polyvinylpyrrolidone falling within CCT subheading ex 39.02 C XIV a).<sup>9</sup>

2.1.55. On 4 November the Council adopted a Regulation increasing the Community tariff quota opened by Regulation (EEC) No 3193/84 in respect of raw silk (not thrown) falling within CCT heading 50.02.<sup>9</sup>

## Community surveillance of imports

2.1.56. In November the Council adopted a number of Regulations establishing ceilings and Community surveillance in respect of imports of:

certain products originating in Yugoslavia (1986) — Decision of the Representatives of the Governments of the Member States of the ECSC meeting within the Council;

certain products originating in Malta (1986);

<sup>1</sup> OJ L 299, 13.11.1985.

<sup>2</sup> OJ L 317, 28.11.1985.

<sup>3</sup> OJ C 307, 28.11.1985.

<sup>4</sup> OJ L 311, 22.11.1985.

<sup>5</sup> OJ L 346, 23.12.1985.

<sup>6</sup> OJ L 319, 29.11.1985.

<sup>7</sup> OJ L 327, 6.12.1985.

<sup>8</sup> OJ L 300, 14.11.1985.

<sup>9</sup> OJ L 294, 6.11.1985.



certain textile products originating in Cyprus (1986).<sup>1</sup>

## Competition

### Fourteenth Report on Competition Policy

2.1.57. On 14 November Parliament adopted its resolution<sup>2</sup> on the Commission's *Fourteenth Report on Competition Policy*.<sup>3</sup> The resolution begins by saying that the principle of undistorted competition is one of the cornerstones of the common market, and that maintaining and strengthening competition is a permanent task for a European economic policy geared to the market economy. On competition policy towards undertakings, Parliament among other things asks the Commission to ensure that decisions are issued more rapidly than hitherto.

On State aids, the House feels that the Commission must take more stringent and consistent action than hitherto to ensure that subsidies, where they are unavoidable and compatible with the objectives of the Community, are completely transparent, limited in time and based as far as possible on a reducing scale. This applies both to Community assistance and to national subsidies. The Commission should furthermore obtain more accurate information for the use of third parties in the initiation and completion of proceedings based on Article 93(2) of the EEC Treaty. Even research aid must be subject to stringent verification since, as a rule, undertakings that invest their own capital in research and development make the best use of scarce resources. In the case of the current restructuring operations, for example in the steel industry, systematic monitoring of state aids is indispensable, says Parliament.

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

#### Distribution

*Commission grants exemption for standard distribution contracts in Community countries for dental supplies*

2.1.58. The Commission has granted an exemption for a standard distribution

agreement for the EEC countries in the field of dental supplies. The exemption decision authorizes Ivoclar AG of Liechtenstein to distribute its products, mainly false teeth, to selected distributors (dental depots) only, which in their turn may sell the products to professional users, but not to the unauthorized trade.

The Commission decided that the special characteristics and highly technical nature of the products and the limited field of application made it essential that authorized distributors should normally be required to meet certain standards and to ensure that the goods are used properly and to best effect. The fact that distributors' active sales rights are confined to the allotted main sales territory encourages them to concentrate their sales efforts. The advantages of the efficient organization of the distribution system outweigh any negative effects on competition and are to the benefit of consumers. Furthermore, Ivoclar, a medium-sized firm, faces stiff competition throughout the Community from other bigger companies, and, finally, all authorized dealers remain free to respond to demand from other authorized dealers and professional users all over the Community.

In view of the customer restrictions imposed on distributors, the system could not benefit from the automatic exemption offered by the relevant block exemption Regulation on exclusive distribution, but the Commission concluded that an individual exemption was justified.

### State aids

#### General aids

#### United Kingdom

2.1.59. On 7 November the Commission decided not to oppose the extension, with

<sup>1</sup> OJ L 327, 6.12.1985.

<sup>2</sup> OJ C 345, 31.12.1985.

<sup>3</sup> Bull. EC 4-1985, points 2.1.31 to 2.1.38.

some amendments, of the Youth Training Scheme, which it had approved on 9 March 1983.<sup>1</sup>

The amended scheme will provide 16-year-old job-seekers with two years of work experience and training in the private or public sectors. A one-year arrangement will be available for 17-year-olds. An annual grant of UKL 1 920 will be paid to employers in respect of each young person taken on.

The Commission felt that taking account of the training and preparation for working life provided under the scheme, an extension of the scheme would be consistent with its concern at the acute problem of unemployment among young people.

### Industry aids

#### *Steel*

2.1.60. In November, following the assent given by the Council at its 29 and 30 October meeting on steel issues,<sup>2</sup> the Commission adopted a decision under Article 95 of the ECSC Treaty laying down the new rules to apply to aid to the steel industry from 1 January 1986 onwards (→ point 2.1.23 *et seq.*).

#### *Synthetic fibres*

#### Belgium

2.1.61. On 20 November the Commission decided to bring an action against the Belgian Government before the Court of Justice, under Article 93(2) of the EEC Treaty; the Belgian Government had informed the Commission that it would not comply with the decision taken on 27 June 1984<sup>3</sup> which declared incompatible with the common market an aid payment of BFR 224 million granted to the largest Belgian textile and carpet group for the purpose of establishing a production plant for polypropylene fibre and yarn.

In that decision the Commission held that the aid would affect trade between Member

States to an extent contrary to the common interest, and had to be withdrawn.

#### *Aluminium*

#### Italy

2.1.62. On 20 November the Commission decided to initiate the Article 93(2) procedure in respect both of the fresh injection of capital of LIT 650 000 million which the Italian Government proposed to grant to a State holding company with a view to the restructuring of its aluminium business and also of a sum of LIT 39 100 million to be granted to the same company, in a form not yet stated, in order to keep in operation a primary aluminium producer located in Bolzano.

After considering the plans the Commission concluded that they both contained elements of State aid caught by Article 92(1). The Commission takes the view that the grant of State aid which maintains non-competitive firms in operation and increases capacity in product lines already suffering from overcapacity, such as semifinished aluminium rolled products and aluminium sheet, is liable to affect trade between Member States to an extent contrary to the common interest.

### Financial institutions and taxation

#### Financial institutions

#### *Stock exchanges and other institutions in the securities field*

2.1.63. On 18 November the Council adopted proposals for two Directives: one coordinating laws, regulations and administrative provisions relating to undertakings

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<sup>1</sup> Bull. EC 3-1983, point 2.1.36.

<sup>2</sup> Bull. EC 10-1985, point 1.2.3.

<sup>3</sup> OJ L 283, 27.10.1984; Bull. EC 7/8-1984, point 2.1.78.

for collective investment in transferable securities (Ucits) and the other removing exchange restrictions on the free movement of units issued by Ucits.

The adoption of these two Directives is an important step towards completing the internal market, in particular the European capital market, and thus meets the wishes of those concerned.

The 'coordination' Directive is designed to ensure that units issued by Ucits established in a Member State can be freely marketed throughout the Community. To that end, it was necessary to coordinate the basic rules governing Ucits established in the Member States with a view, firstly, to harmonizing the conditions of competition between Ucits at Community level and, secondly, to providing more effective and uniform protection for unitholders. The 'liberalization' Directive, by removing restrictions on the free movement of units, complements the 'coordination' Directive and will ensure that it is fully effective.

The approach adopted in the 'coordination' Directive to ensure free marketing of units issued by Ucits is consistent with the principles championed by the Commission in its White Paper on completing the internal market,<sup>1</sup> namely mutual recognition of legislation on the basis of minimum coordination and application of the rule of home country control. This Directive establishes an important precedent in this regard in the field of financial services. It means in practice that from 1 October 1989, the date on which the two Directives come into force (1 April 1992 in the case of Greece and Portugal):

(i) all Ucits will have to be authorized by the Member State in which they are situated (Member State of origin) before they can pursue their activities; that single authorization will be valid for all other Member States;

(ii) irrespective of the Member States in which they market their units, all Ucits will be subject only to the legislation and supervision of the Member State of origin; if they market their units in another Member State,

that Member State will only be entitled to require that the rules governing the marketing of such units on its territory are observed and to carry out such supervision as is necessary to ensure that they are observed.

The coordinated rules relate to the following:

(i) the field of application of the Directive: the Directive covers undertakings engaged in the collective investment of capital collected, applying the principle of risk-spreading and making these investments exclusively in transferable securities; their units must be sold by means of offer to the public in the Community and must be repurchased, at the holders' request, at the expense of their assets; their registered offices must be situated in a Member State; Member States may, however, exclude from the Directive's field of application certain categories of Ucits which have an investment or borrowing policy different from that provided for in the Directive (for example, Ucits which invest predominantly in unlisted securities);

(ii) conditions of authorization: such authorization must cover the management company (for Ucits with a contractual structure), the fund rules and the choice of depositary company;

(iii) the structure of Ucits, and in particular the obligations of the depositary company, whose main task is the custody of Ucits assets;

(iv) investment policy: the Directive specifies the transferable securities in which the assets of Ucits may be invested (principally securities officially listed on the stock exchange or similar regulated markets) and the other assets, including liquid assets, which they may hold; in order to ensure an adequate spread of risks, a number of limits are placed on the investments which Ucits may make in such other assets; certain rules are also designed to prevent Ucits from exercising a significant influence on the management of an issuer;

<sup>1</sup> Bull. EC 6-1985, point 1.3.1 *et seq.*

(v) information to be supplied to unit-holders: Ucits are required to publish a prospectus, an annual report and two half-yearly reports: the minimum amount of information to be included in these documents is listed in the two schedules annexed to the Directive;

(vi) general obligations: Ucits are required to meet certain obligations; for example, they may not engage in borrowing (except within certain well-defined limits) and they must repurchase units at the request of unitholders;

(vii) the rules which Ucits must observe when they market their units in another Member State: as already indicated, the marketing rules to be applied are those of the Member State in which units are marketed; Ucits must also take any measures necessary to ensure that unitholders in that State can exercise their financial rights without difficulty; before units are marketed in another Member State, the authorities in that Member State must be fully informed;

(viii) the rights and obligations of the authorities responsible for authorizing and supervising Ucits: as pointed out above, these authorities are those of the Member State from which the Ucits originates and also, in the case of supervision of the observance of marketing rules, those of the Member State in which units are marketed; these authorities must at all events collaborate closely with each other;

(ix) establishment of a Liaison Committee, made up of representatives of the Member States and the Commission, to examine all the problems encountered in applying the 'coordination' Directive.

## **Banks**

2.1.64. At its November session the Economic and Social Committee gave its opinion on the proposal for a Council Directive on freedom of establishment and the free supply of services in the field of mortgage credit (→ point 2.5.25).<sup>1</sup>

## **Taxation**

### *Indirect taxes*

#### **Standstill on VAT and excise duties**

2.1.65. On 21 November the Commission transmitted to the Council a proposal for a Directive imposing a standstill on VAT and excise duties<sup>2</sup> as foreshadowed in its White Paper on completing the internal market.<sup>3</sup>

In the case of VAT, the proposal prohibits Member States from making any changes to the number and level of the rates they apply as at the date of the adoption of the Directive but permits them to move towards the ultimate objective of approximated rates by reducing the current discrepancies between the number and level of the rates they apply. With regard to the number of rates, those Member States which apply more than three rates will be able to reduce that number to three and those which apply a single rate will be able to increase that number to two. Member States will also be free to adjust their standard rates towards but not beyond the mid-point of the range of rates in force in the Community at the time the proposal is adopted. A similar adjustment may be made to reduced rates.

In the case of excise duties, the proposal covers only those duties which are not to be harmonized and which will therefore have to be abolished, except where they do not involve adjustments at frontiers. It prohibits Member States from introducing new excise duties of this kind and from increasing rates or extending the scope of those which already exist.

#### **Turnover taxes**

2.1.66. On 7 November the Commission transmitted to the Council a report<sup>4</sup> in accordance with Article 12 of the eighth

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<sup>1</sup> OJ C 42, 14.2.1985; Bull. EC 12-1984, point 2.1.75.

<sup>2</sup> OJ C 313, 4.12.1983; COM(85) 606 final.

<sup>3</sup> Bull. EC 6-1985, point 1.3.1 *et seq.*

<sup>4</sup> COM(85)586 final.

VAT Directive of 6 December 1979.<sup>1</sup> This report provides information on the operation of the arrangements for refunding VAT to taxable persons in another Member State and sets out the improvements which Member States would like to see made to the system set up by the eighth Directive.

2.1.67. At its November part-session Parliament gave its opinion<sup>2</sup> on the proposal for a third Directive amending that of 19 December 1978 on small consignments of a non-commercial character sent from a non-member country to one of the Member States.<sup>3</sup>

## Employment, education and social policy<sup>4</sup>

2.1.68. At its meeting in Luxembourg on 2 and 3 December the European Council reached agreement in principle on a revision of the EEC Treaty in the field of social policy. The European Council's conclusions will take the form of additions to Article 118, on improving the working environment and developing the dialogue between the two sides of industry (→ point 1.1.1).

## Financial instruments

### European Social Fund

2.1.69. On 20 November the Commission decided<sup>5</sup> to amend the guidelines for the management of the European Social Fund in the financial years 1986 to 1988<sup>6</sup> in view of the accession of Spain and Portugal.

2.1.70. At its November session the Economic and Social Committee adopted an opinion on the proposal for a Council Regulation amending Decision 83/516/EEC of 17 October 1983 and the corresponding implementing Regulation (EEC) No 2950/83 on the tasks of the European Social Fund in view of the accession of Spain and Portugal (→ point 2.5.33).<sup>7</sup>

2.1.71. The Committee also adopted an opinion on the proposal for a Council Regulation amending Regulation (EEC) No 2950/83 implementing Decision 83/516/EEC on the tasks of the European Social Fund so as to include assistance towards the creation of jobs for self-employed persons, for young people seeking employment and long-term unemployed (→ point 2.5.32).<sup>8</sup>

### Measures for ECSC workers

#### *Social measures for the steel and coal industries*

2.1.72. At its November session (→ point 2.5.26) the European and Social Committee gave its opinion on two Commission proposals for transfers from the general budget to the ECSC budget to assist the coal and steel industries.<sup>9</sup> Parliament too delivered an opinion on the proposal in November.<sup>10</sup>

## Education and vocational training

### Cooperation in education

2.1.73. At a meeting of the Education Committee on 18 and 19 November the Commission raised the question of the European dimension in education referred to in the conclusions adopted by the Council and the Ministers of Education meeting within the Council on 3 June.<sup>11</sup> It also put this question to the representatives of non-governmental organizations working in this field at European level at their meeting on 19 and 20 November.

<sup>1</sup> OJ L 331, 27.12.1979.

<sup>2</sup> OJ C 345, 31.12.1985.

<sup>3</sup> OJ C 167, 6.7.1985; Bull. EC 6-1985, point 2.1.61.

<sup>4</sup> For research in the social field, see point 2.1.33.

<sup>5</sup> OJ L 317, 28.11.1985.

<sup>6</sup> OJ L 133, 22.5.1985; Bull. EC 4-1985, point 2.1.52.

<sup>7</sup> Bull. EC 10-1985, point 2.1.59.

<sup>8</sup> OJ C 237, 18.9.1985; Bull. EC 7/8-1985, point 2.1.83.

<sup>9</sup> Bull. EC 7/8-1985, point 2.1.85.

<sup>10</sup> OJ C 345, 31.12.1985.

<sup>11</sup> Bull. EC 6-1985, point 2.1.68.

At these two meetings, three broad lines of action were identified: improving teaching programmes, developing suitable teaching materials and extending the basic and in-service training of the teachers involved.

### Transition from school to working life

2.1.74. A conference in Luxembourg entitled 'Info Action 85', organized in cooperation with the Commission on the theme of 'information for young people', was attended by some 150 participants from all Community countries. The information was produced by and for young people. Ten projects created by young people were presented at the full meeting and 30 projects were displayed.

### Vocational training

2.1.75. The Advisory Committee on Vocational Training met on 21 and 22 November. After reviewing the progress achieved in the various programmes already in operation (such as the new technologies and vocational training, or the work of the European Centre for the Development of Vocational Training in several areas) or being prepared (including Comett on cooperation between universities and industry in the area of advanced training for the new technologies),<sup>1</sup> the Committee held a detailed discussion on training for young people and the comparability of vocational training qualifications between the Member States.

On the question of young people, the Committee examined a summary drawn up by the Commission of measures taken by the Member States to meet the commitments regarding training for young people entered into by the Council in 1983.<sup>2</sup>

The Committee also considered implementation of the Council Decision of 16 July on the comparability of qualifications.<sup>3</sup> A work programme was drawn up with the Centre, the body responsible for coordinating the work from a technical point of view.

### *European Centre for the Development of Vocational Training*

2.1.76. A public ceremony was organized by the Berlin Senate to mark the 10th anniversary on 28 November of the establishment of the European Centre for the Development of Vocational Training in that city. In the course of those 10 years, the Centre, which is managed on a quadripartite basis, has gradually assumed a role of collaborating with the Commission on planning and technical matters and supporting its actions which make it a valuable contributor to the process of formulating vocational training policies to meet present-day economic requirements. The Centre is also fulfilling an important role as a forum for those interested in social progress in the Community.

### Exchanges of young people

2.1.77. A meeting was held on 8 November with the government representatives and other organizations referred to in Article 9 of the Council Decision of 13 December 1984<sup>4</sup> to review the operation of the third joint programme to encourage the exchange of young workers within the Community, which was introduced by that Decision.

### New technologies

2.1.78. During November both Parliament<sup>5</sup> and the Economic and Social Committee (→ point 2.5.22) adopted opinions on the proposal for a Council Decision on Comett—the action programme of the Community in education and training for technology.<sup>6</sup> The Commission amended its

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<sup>1</sup> Bull. EC 7/8-1985, point 1.6.1 *et seq.*

<sup>2</sup> OJ C 193, 20.7.1983; Bull. EC 6-1983, points 1.4.1 *et seq.* and 2.1.80.

<sup>3</sup> OJ L 199, 31.7.1985; Bull. EC 7/8-1985, point 2.1.88.

<sup>4</sup> OJ L 331, 19.12.1984; Bull. EC 12-1984, point 2.1.93.

<sup>5</sup> OJ L 345, 31.12.1985.

<sup>6</sup> OJ C 234, 13.9.1985; Bull. EC 7/8-1985, point 1.6.1 *et seq.*

original proposal accordingly on 27 November.<sup>1</sup>

2.1.79. With the assistance of the Commission, the German authorities organized a European seminar in Berlin from 4 to 8 November on the introduction of the new information technologies in education, including vocational training. This meeting followed up the European seminars held in 1983 (Marseille), 1984 (Newcastle) and 1985 (Bologna) and the Council Decision of 16 July 1985 on the comparability of vocational training qualifications between the Member States.<sup>2</sup>

## Living and working conditions and social protection

### Industrial relations

2.1.80. On 18 November the Commission decided to set up a Joint Committee on Road Transport.<sup>3</sup>

2.1.81. On 6 November the first meeting of the Joint Committee for the Railway Industry was held. The Committee set up one working party to study the social aspects of transport policy in general and another to study the social aspects of new technologies in the railway industry, beginning with high-speed trains.

### Equal opportunities for men and women

2.1.82. On 3 December the Commission transmitted to the Council a report<sup>4</sup> on the implementation of the new Community action programme on the promotion of equal opportunities for women (1982-85).<sup>5</sup>

The report states that although progress has been made, much remains to be done and a comprehensive and wide-ranging policy will be needed to achieve definite results in the field of equal opportunities.

### Social integration of the handicapped

2.1.83. As part of its exceptional financial support in favour of Greece in the social

field,<sup>6</sup> the Commission, with the technical assistance of the Community network of rehabilitation centres, organized a training course in Athens from 5 to 8 November for 50 Greek nationals engaged in the rehabilitation of handicapped persons.

### Social security for migrant workers

2.1.84. At its November session the Economic and Social Committee delivered an opinion on the proposal for a Council Regulation amending Regulation (EEC) No 1408/71 on the application of social security schemes to employed and self-employed persons and their families moving within the Community (→ point 2.5.27).<sup>7</sup>

## Health and safety

### Public health

2.1.85. Following the conclusions of the Milan European Council concerning a people's Europe,<sup>8</sup> on 18 November the Commission transmitted to the Council a proposal for a resolution on a programme of action of the European Communities on cancer prevention.<sup>9</sup>

The aim of this programme is to halt the spread of cancer in the Community and to reduce the potential years of life lost through this disease; to that end, a set of measures are envisaged at Community level.

2.1.86. At its meeting in Luxembourg on 2 and 3 December the European Council asked the Foreign Ministers to consider the rapid implementation of the French and Italian proposals on the fight against cancer (→ point 1.1.1).

<sup>1</sup> OJ C 336, 28.12.1985; COM(85) 690 final.

<sup>2</sup> OJ C 199, 31.7.1985; Bull. EC 7/8-1985, point 2.1.88.

<sup>3</sup> OJ L 317, 28.11.1985.

<sup>4</sup> COM(85) 641 final.

<sup>5</sup> OJ C 22, 29.1.1982; Supplement 1/82 — Bull. EC.

<sup>6</sup> OJ L 88, 31.3.1984.

<sup>7</sup> OJ C 240, 21.9.1985; Bull. EC 7/8-1985, point 2.1.97.

<sup>8</sup> Bull. EC 6-1985, point 1.2.3; Bull. EC 9-1984, point 1.1.1

*et seq.*

<sup>9</sup> OJ C 336, 28.12.1985; COM(85) 628 final.

## Health and safety at work

2.1.87. In accordance with the terms of reference drawn up by the Advisory Committee on Safety, Hygiene and Health Protection at Work at its meeting of 3 and 4 September,<sup>1</sup> the *ad hoc* group responsible for safety, meeting on 7 and 8 November, reaffirmed that, in pursuance of ILO Convention 155, it should be able to examine all questions relating to safety at work. It noted that essential safety objectives and objectives relating to physical working conditions had now to be approached simultaneously by the Commission in order rapidly to provide better protection for workers. In this connection, it proposed that certain specific projects be undertaken.

2.1.88. On 26 November the Commission adopted, for transmission to the Council, a proposal for a Directive on the protection of workers against the risks associated with exposure to benzene at work. This is the fifth specific Directive within the meaning of Article 8 of the framework Directive adopted by the Council on 27 November 1980.<sup>2</sup> Occupational exposure to benzene, which is well known as a dangerous substance, has long been regulated in the Member States; nevertheless, national laws differ considerably both in scope and as regards the significance they assign to exposure limits.

The aim of this proposal is therefore to eliminate these differences and strengthen the protection of workers against occupational risks associated with benzene.

## Health and safety (ECSC)

2.1.89. The Mines Safety and Health Commission met on 7 November. It discussed ways and means of extending the scope of its work to include the non-coal mining and quarrying industries, and took note of the plan to hold an international symposium in 1986 to evaluate progress made in improving health and safety in these industries.

The Safety and Health Commission approved a proposal to governments concerning the information on well control for oil drilling crews.

Lastly, it drew up a work programme for the preparation of proposals to governments aimed at reducing the risks of gas and inflammable dust explosions in dead-end roadways in coal mines. The importance of this has been highlighted by the number of such explosions that have occurred in recent years.

## Health and safety (Euratom)

2.1.90. Following the resolution adopted by Parliament on 10 September on the unusually high incidence of cancer in the vicinity of the reprocessing plant at Sellafield in the United Kingdom,<sup>3</sup> the Commission convened on 15 November the representatives of the appropriate authorities referred to in Article 36 of the Euratom Treaty.

2.1.91. The heads of the radiation protection departments of a number of nuclear installations in the European Community and in non-member countries met on 21 and 22 November. They presented the data collected during the last four years concerning doses received by workers at the various places of work. The overall results reveal extremely low collective doses, which are indicative of a high standard of radiation protection.

Information was also exchanged on the radiation protection practices applied during the execution of maintenance or repair work requiring the use of special technical processes.

2.1.92. After four years devoted to studies on the measurement of radon and its daughter-products in non-uranium mines in various Member States, the national bodies responsible for carrying out these measure-

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<sup>1</sup> Bull. EC 9-1985, point 2.1.63.

<sup>2</sup> OJ L 327, 3.12.1980.

<sup>3</sup> OJ C 262, 14.10.1985; Bull. EC 9-1985, point 2.5.11.



ments have for the first time conducted an intercomparison of their methods and equipment on a common site and in real mining conditions. The reports on this were discussed on 25 and 26 November. All the measurements performed have produced results whose precision is in line with the relevant international recommendations.

## Culture

### The European dimension with regard to books

2.1.93. Books are the means *par excellence* by which thought and knowledge are transmitted; they are virtually symbolic of culture itself and cover the full range of disciplines. At the same time, they constitute an important economic activity, being consumer goods and accounting for a significant share of production and trade.

The Commission's extensive consultations with all concerned have demonstrated that the book sector has one fundamental special characteristic: books are normally distributed within their own language area. The Community of Ten contains three major language areas which correspond neither to the large market for the principal consumer goods described in the Treaty nor to the markets of the Member States. The Commission therefore considers that a European dimension with regard to books is both a major objective and an essential facet of Community action in the cultural sector. Its aim is to facilitate the writing, publishing, sale and use of books within the Community so that they may attract the greatest possible number of readers both inside and outside their country of origin.

On 27 November, following its communication of 24 May on the establishment of a Community system for pricing books<sup>1</sup> and detailed consultations with interested parties, the Commission accordingly adopted a further communication to the Council on the European dimension with regard to

books,<sup>2</sup> in which it suggests a number of guidelines.

It has selected the following priorities for study and action: creating a framework for consultation by setting up an Advisory Committee on Books, book pricing, promoting translation and simplifying customs formalities for books.

The Advisory Committee which the Commission is planning to set up will be composed of representatives of the groups concerned (notably authors, publishers, distributors, booksellers and readers) and government experts. Its task will be to examine the situation in this sector at regular intervals in order to advise the Commission on possible action.

The Commission does not consider it advisable, for the time being, to formulate a proposal for a Directive laying down a Community framework for book prices, since the present price-fixing arrangements are operating to the satisfaction of the majority of governments and those engaged in the trade.

Aware of the problems encountered in a multicultural and multilingual community by works written in the less widely used languages, the Commission will prepare detailed proposals in the first half of 1986 to establish concerted arrangements for promoting translation in the Community.

Libraries are a key element in the dissemination of books. The Commission has accordingly embarked upon an initial examination of the measures of primary importance in this field. It will put forward practical proposals and prepare a programme for action at Community level (including cooperation and computerization) before the end of 1986.

Finally, in the immediate future the Commission is planning two measures to simplify customs formalities for books. Firstly, it intends to put proposals before the

<sup>1</sup> Bull. EC 5-1985, point 2.1.62.

<sup>2</sup> COM(85) 681.

Council in the first half of 1986 intended to obviate the need for consignments of books to clear customs by entrusting the postal authorities in the country of destination with the task of collecting VAT and paying it to the competent tax authority. Secondly, it would like to speed up the adoption of its proposal concerning mandatory tax relief on small consignments of books with a total value not exceeding 22 ECU sent to private persons.<sup>1</sup>

### Tax measures

2.1.94. On 27 November the Economic and Social Committee endorsed the draft resolution on the adoption of tax measures in the cultural sector (→ point 2.5.31).<sup>2</sup>

### Conservation of the Community's architectural heritage

2.1.95. Following a call for proposals for pilot projects under its scheme to protect and conserve the Community's architectural heritage published in March,<sup>3</sup> the Commission has approved the selection of 12 important monuments in the Member States for Community support; a total of 500 000 ECU has been set aside for this purpose for 1985.

### Regional policy

2.1.96. The European Council, meeting on 2 and 3 December, reached agreement in principle that the Community should 'develop and pursue its actions leading to the strengthening of its economic and social cohesion' (→ point 1.1.1).

### Tenth anniversary of the ERDF

2.1.97. On 28 November the Commission organized a meeting in Brussels to celebrate the 10th anniversary of the European Regional Development Fund, which was set up in 1975.<sup>4</sup>

It invited to the meeting European personalities with a strong involvement in regional policy, and political representatives of the European regions, including those in Spain and Portugal. There were a number of speakers: Jacques Delors, President of the Commission, Grigoris Varfis, Member of the Commission with special responsibility for regional policy; Pancrazio De Pasquale, Chairman of Parliament's Committee on Regional Policy and Regional Planning; Robert Goebbels, State Secretary at the Ministry of Foreign Affairs of Luxembourg; Ernst-Günther Bröder, Chairman of the Board of Directors of the European Investment Bank; Georges Dassis, Chairman of the Section for Regional Development at the Economic and Social Committee; S. Miedema, Chairman of the Regional Policy Committee; and Pierre Mathijssen, Director-General for Regional Policy at the Commission.

At his press conference, Mr Varfis reviewed the first 10 years of ERDF activity. Since the ERDF was set up in 1975, Community regional policy, while playing an undeniably important role, had not succeeded in reducing the regional disparities in the Community. And with the accession of Spain and Portugal, the number of people living in the Community's most deprived regions would double. Furthermore, the rapid completion of the internal market might well aggravate existing regional disparities by making it easier for persons, goods and financial services to move freely to the most developed regions, thereby thwarting the aim of convergence.

According to Mr Varfis, these considerations and the greater room for initiative which the Commission had under the new ERDF Regulation called for a thorough analysis to establish new Fund guidelines.

<sup>1</sup> OJ C 3, 6.1.1984; Bull. EC 12-1983, point 2.1.58.

<sup>2</sup> Bull. EC 5-1985, point 2.1.63.

<sup>3</sup> OJ C 78, 26.3.1985; Bull. EC 3-1985, point 2.1.59.

<sup>4</sup> OJ L 73, 21.3.1975; Ninth General Report, points 188 and 189; OJ L 169, 28.6.1984; Bull. EC 6-1984, point 1.3.1 *et seq.*

Mr De Pasquale spoke of the contribution made to regional development by the integrated Mediterranean programmes. He stressed that the Community's commitment to establish equilibrium needed to be reflected in its general policy objectives and, more practically, in structural assistance. Such a response was also essential if the structural Funds were to succeed in coordinating the Community's regional policy guidelines and priorities with national regional policies, an aim stated in the preamble to the new Fund Regulation.

Mr Goebbels pointed out that regional policy could be made more effective only if its Community character was strengthened: a number of the innovations in the new ERDF Regulation, notably the Community programmes and the national programmes of Community interest, bore witness to this intention to lay greater stress on the Community dimension. However, a more effective regional policy also required action to improve coordination with the Community's other financial instruments and to reinforce their complementary nature. If, as was essential, the Funds were to work together in achieving the Community's priority objectives, there had to be better cohesion between regional policy objectives and those of other Community policies.

## Financial instruments

### *European Regional Development Fund*

#### ERDF Regulation

2.1.98. On 15 November Parliament delivered its opinion<sup>1</sup> on the proposal for amending the ERDF Regulation to enable Spain and Portugal to receive Fund assistance from 1 January 1986.<sup>2</sup> While approving the proposal, Parliament considered that Community enlargement should not have the effect of reducing the aid available for solving regional problems within the Community of Ten and therefore stressed the need for a substantial increase in the ERDF's total appropriations.

## ERDF grants

### *Project financing*

2.1.99. On 15 November the Commission approved the third and fourth allocations of grants for 1985 from the European Regional Development Fund: 587.83 million ECU for 294 investment projects costing a total of 1 808.63 million ECU. Sixty of the investment projects concerned cost more than 5 million ECU each and 234 less than that amount. The assistance granted under these allocations is distributed among the Member States as shown in Table 6.

The total of 587.83 million ECU breaks down as follows:

- (i) 106.79 million ECU to help finance 60 projects in the industrial, craft and service sectors;
- (ii) 481.04 million ECU to help finance 234 infrastructure projects.

These third and fourth ERDF allocations for 1985 bring the number of projects financed since the Fund was set up to 27 002 and the total assistance granted to approximately 12 628 million ECU.

2.1.100. The ERDF Committee met on 26 and 27 November and delivered its opinion on the draft grant decisions under the fifth 1985 allocation from the Fund.

### *Programme financing*

2.1.101. In November the Commission, after consulting the Fund Committee, approved three special programmes (two German and one Dutch) eligible for assistance from the old non-quota section of the Regional Fund. All three programmes are designed to remove obstacles to the development of new economic activities in certain areas.

<sup>1</sup> OJ C 345, 31.12.1985.

<sup>2</sup> OJ C 181, 19.7.1985; Bull. EC 6-1985, point 2.1.86.

Table 6 — ERDF grants: third and fourth 1985 allocations

	Number of grant decisions	Number of investment projects	Investment assisted (million ECU) <sup>1</sup>	Assistance granted (million ECU) <sup>1</sup>
Belgium	2	2	3.97	2.02
Denmark	7	30	17.97	6.78
Germany (FR)	—	—	—	—
Greece	9	34	233.37	111.09
France	12	28	73.73	4.62
Ireland	8	23	165.52	42.22
Italy	17	36	595.19	261.34
Luxembourg	—	—	—	—
Netherlands	—	—	—	—
United Kingdom	49	141	718.95	159.76
Total	104	294	1 808.63	587.83

<sup>1</sup> Converted at January 1985 rates.

The Dutch steel programme covers IJmond, Alkmaar and surrounding areas and the northern part of North Holland province, all affected by the restructuring of the steel industry. The ERDF is contributing approximately HFL 12.5 million to this programme over a period of five years (1985-89), half of the total cost of the programme.

The German steel programme covers the labour market areas of Bochum, Dortmund and Duisburg in North Rhine-Westphalia, which are also affected by restructuring. The ERDF is contributing DM 52.5 million to this programme over a period of five years (1985-89), half of the total cost of the programme.

Finally, the German shipbuilding programme covers the labour market area of Lübeck in Schleswig-Holstein, which is affected by the restructuring of the shipbuilding industry. The ERDF is contributing DM 52.5 million to this programme over a period of five years (1985-89), more than half of the total cost of the programme.

#### Financing of studies

2.1.102. Acting under Article 24 of the Fund Regulation, the Commission decided

on 15 and 19 November to grant 860 000 million ECU to finance 14 studies closely connected with Fund operations (2 in the United Kingdom and 12 in Italy).

The 2 studies in the United Kingdom involve:

- (i) an economic appraisal of a bypass for Edinburgh;
- (ii) the examination of an application for financial aid submitted by the United Kingdom for the construction of a conference centre at Birmingham.

The 12 studies in Italy relate to:

- (i) a planned water distribution network on the island of Elba;
- (ii) a minerals park on Elba;
- (iii) the conversion of the former civil hospital into a hotel-keeping school on Elba;
- (iv) the construction of a sewerage system at Fetovia (Elba);
- (v) the reorganization of the Marina di Campo airport on Elba;
- (vi) a waste-processing plant at Taranto (Apulia);

- (vii) a natural archeological park at Mattinata (Apulia);
- (viii) the construction of tourist and agricultural villages at Otranto (Apulia);
- (ix) the construction of a hotel-keeping school at Pula (Sardinia);
- (x) an aid system for exploiting tourism, craft trades and industry at Paliano (Lazio);
- (xi) a plan for constructing a new funicular railway on Vesuvius (Campania);
- (xii) the feasibility of exploiting tourist potential at Termoli (Molise).

### *Coordinated application of different financial instruments*

#### **Integrated Mediterranean programmes**

2.1.103. The Advisory Committee on integrated Mediterranean programmes (IMPs) held its first meeting in Brussels on 18 November.

Set up by Article 7 of the IMP Regulation,<sup>1</sup> the Advisory Committee consists of representatives from the Member States and the EIB. Chaired by the Commission, it gives its opinion on the draft programmes proposed by the Commission for each IMP.

At its first meeting the Committee was informed that the Greek authorities had submitted the initial version of an IMP for Crete.

## **Environment and consumers**

### **Environment**

2.1.104. In Luxembourg in December the European Council reached agreement in principle on extending the Community's powers to include action relating to the environment. These new powers will be exercised whenever action at Community level offers a more effective way of protecting the environment than national measures

alone. Unanimous approval will be required for the Council to adopt decisions in this field (→ point 1.1.1).

### **Council**

2.1.105. The Council held its third meeting of the year on environmental issues on 28 November.

It agreed to a Decision extending the Community information system on hydrocarbons to other harmful substances (→ point 2.1.108) and welcomed the Commission communication on an action programme for the European Year of the Environment (→ point 2.1.106).

Even though no agreement emerged, Ministers also made headway on the other items on the agenda, including air pollution caused by motor vehicle exhaust gases and emissions from large combustion plants.

### **European Year of the Environment**

2.1.106. Subject to a more detailed examination of the measures proposed, the Council welcomed the Commission communication of 19 November<sup>2</sup> concerning an action programme for the European Year of the Environment (1987).<sup>3</sup>

The communication sets out a proposed framework for the supply, spending and monitoring of the funds needed to make the Year a success. This framework should combine speedy decision-making and action with a satisfactory flow of information and controls by the Council and Parliament.

At the end of this initial exchange of views, the Council asked the Permanent Representatives Committee to continue its deliberations on this issue and to report back at the earliest opportunity—if possible before the end of the year.

<sup>1</sup> OJ L 197, 27.7.1985; Bull. EC 7/8-1985, point 2.1.106.

<sup>2</sup> COM(85) 639 final.

<sup>3</sup> Bull. EC 4-1985, point 2.1.69.

## Action by the Community relating to the environment

2.1.107. To follow up the Council Regulation of 28 June 1984,<sup>1</sup> on 14 November the Commission decided to grant financial support to 10 demonstration projects on clean technologies, five of them from the surface treatment industries, one from the cellulose and paper industries, one on mining and the other two in the agri-food sector.

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

#### Freshwater and marine pollution

##### *Oil and other harmful substances*

2.1.108. The Council agreed to a Decision extending the Community information system on hydrocarbons, introduced in 1981,<sup>2</sup> to other harmful substances, as proposed by the Commission in March.<sup>3</sup> The Commission will be responsible for implementing this system, which will provide the authorities in the Member States with the data which they need to control and reduce pollution by major spills of oil and other harmful substances at sea.

Over and above the measures already introduced for oil, the Commission will build up an inventory of resources for intervention in the event of spills of harmful substances other than oil at sea. It will be for the Member States to collate and send the Commission any information considered necessary for the inventory. At the same time, as experience is gained, the Commission will build up a compendium of information on the properties and behaviour of harmful substances other than oil.

##### *Limit values and quality objectives for discharges of certain dangerous substances*

2.1.109. The Council reached broad agreement on the Commission proposal to add four more substances to the list in the

Annex to the Directive on discharges of certain dangerous substances into the aquatic environment.<sup>4</sup> However, one Member State argued that there was no scientific proof that two of them (chloroform and carbon tetrachloride) were dangerous. The Council therefore instructed the relevant bodies to continue their work so that the text could be adopted at the next meeting, when Parliament had given its opinion.

##### *Titanium dioxide*

2.1.110. The Council resumed its deliberations on the amended proposal for a Directive on procedures for harmonizing the programmes for the reduction and eventual elimination of pollution caused by waste from the titanium dioxide industry.<sup>5</sup> In the end, it noted that the Member States had not moved close enough to reach agreement and requested the Permanent Representatives Committee to resume its discussions with a view to producing an all-embracing solution.

##### *Surface water quality*

2.1.111. On 19 November the Commission requested<sup>6</sup> the Council to amend its Decision of 12 December 1977 establishing a common procedure for the exchange of information on the quality of surface fresh water in the Community.<sup>7</sup> This is one way of monitoring long-term trends in water quality and, in particular, of detecting any changes and assessing the effectiveness of the national and Community pollution prevention measures. The new proposal is intended to improve the existing procedure and to update it in the light of experience since 1977.

<sup>1</sup> OJ L 176, 3.7.1984; Bull. EC 6-1984, point 2.1.72.

<sup>2</sup> OJ L 355, 10.12.1981; Bull. EC 12-1981, point 2.1.81.

<sup>3</sup> OJ C 112, 7.5.1985; Bull. EC 3-1985, point 2.1.68.

<sup>4</sup> OJ C 70, 18.3.1985; Bull. EC 1-1985, point 2.1.30.

<sup>5</sup> OJ C 138, 26.5.1983; Bull. EC 4-1983, point 2.1.82.

<sup>6</sup> OJ C 321, 13.12.1985; COM(85) 605 final.

<sup>7</sup> OJ L 334, 24.12.1977; OJ L 237, 5.9.1984.

## Air pollution

### *Motor vehicle emissions*

2.1.112. To follow up the conclusions reached by the Council in June on new values for motor vehicle emissions and their operative dates,<sup>1</sup> the Council reached broad agreement on a number of more specific questions which had arisen while finalizing the wording of the new Directive. Denmark, however, still reserved its position. Moreover, without calling into question the June agreement, the Greek delegation said that it would not be able definitively to agree to the new Directive until the Commission presented the Council with appropriate proposals, in line with the political commitment given in June regarding the particularly severe air pollution problems experienced by Greece.

### *Emissions from large combustion plants*

2.1.113. The Council resumed its discussions on the proposal for a Directive on the limitation of emissions of pollutants into the air from large combustion plants.<sup>2</sup> After a wide-ranging debate, it was forced to conclude that views still differed on the next step to be taken on this proposal. It requested the Permanent Representatives Committee to continue its work in the light of the comments made.

### *Sulphur content of gas oil*

2.1.114. The Council examined for the first time the proposal for a Directive<sup>3</sup> to amend the Council Directive of 24 November 1975 on the approximation of the laws of the Member States relating to the sulphur content of certain liquid fuels.<sup>4</sup> This seeks to control air pollution by reducing the sulphur content of gas oils used mainly for domestic heating and as diesel fuel. At the end of its examination the Council instructed the Permanent Representatives Committee to continue discussing the proposal in the light of the opinion awaited from Parliament in an effort to

reach agreement so that the Directive could be adopted at the earliest opportunity.

2.1.115. At its November session (→ point 2.5.30) the Economic and Social Committee welcomed this proposal, which was put to the Council on 26 July.<sup>5</sup>

### *Long-range transboundary air pollution*

2.1.116. On 26 November the Commission recommended<sup>6</sup> the Council to conclude the Protocol to the Geneva Convention (on Long-range Transboundary Air Pollution)<sup>6</sup> on long-term financing of the cooperative programme for monitoring and evaluation of the long-range transmission of air pollutants in Europe (EMEP). EMEP was set up by the United Nations Economic Commission for Europe as the principal means of implementing the Geneva Convention.

2.1.117. As a further token of the Community's contribution, as a contracting party to the Geneva Convention, to the funding required under the Protocol on EMEP,<sup>7</sup> on 4 November the Commission decided to purchase the special equipment and supplies needed for a Community measurement station to fit into the EMEP network.

### *Protection of forests against fire*

2.1.118. The Council took note of the stage reached by discussions and of the progress made by the Ministers for Agriculture on the proposal for a Regulation establishing a Community scheme to provide forests in the Community with increased protection against fire and atmospheric pollution.<sup>8</sup> A number of the Member States were still having problems with the pro-

<sup>1</sup> Bull. EC 6-1985, points 2.1.97 and 2.1.99.

<sup>2</sup> OJ C 49, 21.2.1984; Bull. EC 6-1985, point 2.1.100.

<sup>3</sup> OJ C 205, 14.8.1985; Bull. EC 7/8-1985, point 2.1.119.

<sup>4</sup> OJ L 307, 27.11.1975.

<sup>5</sup> OJ C 321, 13.12.1985.; COM(85) 649 final.

<sup>6</sup> OJ L 171, 27.6.1981.

<sup>7</sup> Bull. EC 9-1984, point 2.1.68.

<sup>8</sup> OJ C 187, 13.7.1983; Bull. EC 6-1983, point 2.1.123.

posal, and the Council called on the Commission to keep in touch with them with a view to devising an overall solution.

## Chemicals

### *Asbestos*

2.1.119. To supplement the Community legislation on asbestos,<sup>1</sup> on 27 November the Commission decided to propose that the Council should fix limit values for emissions of asbestos into the air and the aquatic environment, in keeping with the extremely serious environmental hazards posed, and lay down guidelines for the sound management of wastes containing asbestos.<sup>2</sup>

### *Chlorofluorocarbons*

2.1.120. On 19 November the Commission sent the Council, as requested,<sup>3</sup> a communication updating the information available on chlorofluorocarbons in the environment and explaining the reasons for deferring a comprehensive review of the situation until the second half of 1986.<sup>4</sup>

### *Protection and rational use of the environment and natural resources*

## Environment

### *Agriculture and the environment*

2.1.121. The Council held a preliminary general discussion on agriculture and the environment. It stressed the importance of the issue and called on the Commission to continue its work to promote the harmonious development of agriculture and environmental protection.

It agreed that Ministers of Environment should be kept informed of developments and that the President should report to the Minister for Agriculture in time for them to discuss the issue at their Council meeting in December.

## Natural resources

### *Use of sewage sludge in agriculture*

2.1.122. The Council exchanged views on the proposal for a Directive to promote the use of certain solid waste in agriculture, by stressing the agricultural value of the products, and to lay down precautionary measures to ensure that such waste is used correctly in agriculture without posing any risk to human beings or the environment.<sup>5</sup> In conclusion the Council stressed the importance it attached to this proposal, notably in the broader context of the relationship between the environment and agriculture. Noting that substantial progress had been made, it asked the Permanent Representatives Committee to continue its work with a view to reaching full agreement as soon as possible so that the Directive could be adopted.

### *International cooperation*

2.1.123. On 5 November the Commission and a Norwegian delegation held a further meeting in the series started by the 1981 exchange of letters instituting cooperation on environmental issues.<sup>6</sup>

They reviewed all the main types of pollution, with priority given to measures to combat air pollution. They also discussed the work to be done in connection with the Vienna Convention on the Protection of the Ozone Layer, acid rain, water pollution, chemicals and transfrontier shipments of toxic wastes. Finally, they exchanged views on the leading topical issues on the international scene.

## Consumers

### *Physical protection*

2.1.124. A conference on the prevention of accidental poisoning in childhood took

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<sup>1</sup> OJ L 263, 24.9.1983.

<sup>2</sup> COM(85) 632 final.

<sup>3</sup> Bull. EC 6-1983, point 2.1.124.

<sup>4</sup> COM(85) 644 final.

<sup>5</sup> OJ C 154, 14.6.1984; Bull. EC 4-1984, point 2.1.87; OJ C 264, 8.10.1982; Bull. EC 9-1982, point 2.1.50.

<sup>6</sup> Bull. EC 2-1981, point 2.1.33.



place in Brussels on 20 and 21 November under the auspices of the Commission and the European Consumer Product Safety Association.

The conference, intended to stimulate preventive measures at national and Community level, was attended by 130 experts in the field representing local, national and international authorities as well as representatives from industry and consumer associations.

In its recommendations the participants stated the need: to issue an outline directive on product safety; to prepare Community regulations on child-resistant fastenings; in general to improve packaging of household (particularly toxic) products and drugs, through Community regulations; to implement the Community information system on home and leisure-time accidents as soon as possible, and to give closer attention to fatal accidents.

At the conference a permanent exhibition highlighted the dangers encountered by children and some possible remedies.

### *Consumer information, education and representation*

#### Consumers Consultative Committee

2.1.125. The Consultative Committee held a plenary meeting in Brussels on 25 and 26 November. It examined the Commission's White Paper on completing the internal market<sup>1</sup> and delivered an opinion on the price of books.

## Agriculture

### Council

2.1.126. At its meeting on 18 and 19 December the Council took note of the Commission's Memorandum on the adjustment of the market organization for cereals (→ point 2.1.127 to 2.1.132).

It adopted a number of Regulations amending the rules on oenological practices and the description of sparkling wines (→ point 2.1.133) and a Directive introducing Community measures for the control of foot-and-mouth disease (→ point 2.1.144), and developed a common approach to the proposal for a Regulation extending the ewe premium to goats.<sup>2</sup> It also discussed for the first time the Commission's revised proposal for a total ban on the use of hormones for the fattening of livestock,<sup>3</sup> and a proposal for a Directive on protective measures against the introduction of organisms harmful to plants or plant products.

The Council failed, however, to make any significant progress on a number of questions, including the rules regarding laying hens,<sup>4</sup> the tariff quotas for frozen meat to be imported under preferential arrangements, sugar<sup>5</sup> and starch.<sup>6</sup>

## Market organizations

### *Cereals*

#### Commission Memorandum on the adjustment of the market organization for cereals

2.1.127. In July, in a Green Paper entitled 'Perspectives for the common agricultural policy',<sup>7</sup> the Commission announced its intention to proceed without delay to a detailed review of the measures needed to achieve a better balance between supply and demand in the cereals sector.

In this connection it listed a number of basic options.

<sup>1</sup> Bull. EC 6-1985, point 1.3.1 *et seq.*

<sup>2</sup> OJ C 67, 14.3.1985.

<sup>3</sup> Bull. EC 10-1985, point 2.1.112.

<sup>4</sup> OJ C 208, 18.8.1981; OJ C 187, 22.7.1982.

<sup>5</sup> Bull. EC 9-1985, point 2.1.95; OJ C 219, 29.8.1985; Bull. EC 7/8-1985, point 2.1.155.

<sup>6</sup> OJ C 234, 13.9.1985; Bull. EC 7/8-1985, point 2.1.151.

<sup>7</sup> Bull. EC 7/8-1985, point 1.2.1 *et seq.*

On 15 November, in view of the pressing need for action, and in the light of the results of consultations with relevant organizations and the other Community institutions, the Commission presented to the Council a Memorandum<sup>1</sup> which will provide the basis for concrete proposals which it intends to draw up before the end of the year.

In the Memorandum the Commission lists the adjustments which it feels should be introduced in the cereals market organization, in particular with a view to the gradual curbing of the growth of cereal production and the consequent budget costs. Conditions are such that there is no alternative but to take immediate action in the form of stringent measures: cereal production is still growing faster than demand on Community and world markets and carryover stocks for the current marketing year will total 25 million tonnes, i.e. double the average for previous marketing years. By 1991 they might well reach 80 million tonnes, in other words three times the quantity which the Community was able to dispose of on the world market under the most favourable conditions. Meanwhile, the budget costs for cereals are still rising, particularly the cost of storing surpluses and subsidizing exports.

The Commission therefore feels that action should be taken as soon as possible, although it is aware that any decisions taken in this key sector will have a bearing on the choice of crops made by many of the Community's farmers and may well have a knock-on effect on other groups of products.

### *Main features*

2.1.128. When drawing up a list of possible solutions the Commission ruled out that of a drastic reduction in cereal prices (the only effective reduction would have been one of about 20%), since this would have greatly lowered incomes, especially those of structurally weaker holdings. It also rejected the idea of production quotas, since they would have had to be extended

to other groups of products, and would thus have entailed many drawbacks.

The Commission therefore considered a package of adjustments to the cereals market organization based on the following:

- (i) a price-restraint policy, i.e. a policy in keeping with market conditions;
- (ii) the introduction of a co-responsibility levy—payable by producers who market their cereals—with a view to curbing production and reducing EAGGF budget expenditure on the sector;
- (iii) a policy emphasizing quality as opposed to quantity and assigning greater attention to the wishes of the users;
- (iv) adjustments to the intervention machinery which, while retaining intervention's role as a safety net, would make some of the arrangements more flexible, would help to make the market more fluid and would encourage traders to search for outlets.

2.1.129. With regard to the co-responsibility levy, in particular, the Commission has chosen from the range of possible options a provision whereby the levy would be payable only in respect of marketed cereals, for quantities sold in excess of the first 25 tonnes. The aims are to encourage farmers to use their own grain and to avoid squeezing the incomes of small or structurally weaker producers.

Although the Commission does not at this stage specify how high the levy should be, it does feel that its level should be set in the light of the expenditure arising from the quantity produced in excess of unsubsidized domestic consumption, minus the quantity of grain substitutes imported into the Community at a reduced or zero rate. The proposal is that, at this stage, producers should bear only a part of the cost of that excess quantity and that the levy should perhaps be adjusted each year in the light of changes in the level of expenditure.

<sup>1</sup> COM(85) 700 final.

With regard to the use of accruals from the levy to finance new outlets, in particular the processing of grain into bioethanol, the Commission is considering, in view of the price difference between Community-grown grain and competing raw materials, a scheme whereby an amount matching the export refund for cereals would be granted for the marketing of bioethanol.

The Commission feels that if the levy is to be effective as a guide to producers, it must not be offset by artificial increases in institutional prices.

2.1.130. With regard to the policy on quality and the adjustments to the intervention arrangements, the Commission is proposing stricter quality criteria for grain—in particular common wheat and barley—sold to intervention, and a review of procedures whereby intervention can be restored to its original role.

2.1.131. The Commission's view is that it is only through the combined use of the four instruments referred to above (price policy, quality improvement, review of the intervention arrangements, and co-responsibility levy), that the current trends in the cereals sector with regard to production and budget costs can be reversed.

#### *Discussion of the Memorandum by the Council*

2.1.132. At its meeting on 18 and 19 November the Council took note, in the course of the discussion on the 'perspectives' for the CAP, of the Commission's Memorandum and of the initial reactions of the Member States.

It was agreed that at a special meeting to be held on 19 December the Council should, on the basis of a Commission report, conduct a policy debate on the basis of which the Commission would draw up formal proposals.

#### *Wine*

2.1.133. On 18 November the Council adopted a number of provisions on oeno-

logical practices<sup>1</sup> and the description and presentation of sparkling wines.<sup>2</sup>

The rules on oenological practices take account of the requirements of both production and consumption, and of the need to ensure appropriate checks and prevent any fraudulent practice. With effect from the current wine year, producers will be able to increase or reduce the acidity of their wines within the framework of provisions designed to prevent abuse. With effect from the next wine year the Council will impose a reduction of 15 mg/l in the maximum content of sulphur dioxide in wines.

As regards the description of sparkling wines, the new Regulation is designed in particular to ensure that consumers are given correct information and, in this respect, makes a distinction between compulsory and optional disclosures. After a transitional period lasting eight years the use of certain terms which might confuse or mislead consumers will be prohibited, e.g. the expression 'méthode champenoise' in the case of products which are not from the Champagne district.

2.1.134. A number of decisions regarding wine were also adopted by the Commission in November:

(i) It authorized the United Kingdom to permit, under certain conditions, an additional increase in the alcoholic strength of certain wines and certain products intended for wine making.<sup>3</sup> This is designed to make up for the fact that, owing to bad weather, grapes harvested in the United Kingdom wine area were not sufficiently ripe.

(ii) Again because of bad weather, it authorized, in the Châteauneuf-du-Pape and Gigondas registered designation areas, the additional acidification of certain products from the 1985 wine harvest.<sup>3</sup>

<sup>1</sup> OJ L 320, 29.11.1985.

<sup>2</sup> OJ C 120, 5.5.1983; Bull. EC 3-1983, point 2.1.106; OJ C 182, 9.7.1984; Bull. EC 6-1984, point 2.1.91.

<sup>3</sup> OJ L 301, 15.11.1985.

(iii) It also authorized Italy to confirm the rights to carry out plantings of vines in areas intended for the production of certain quality wines psr,<sup>1</sup> provided such rights were acquired before May 1984.

(iv) Lastly, it recognized officially that, owing to the quality characteristics of the wines in question, the demand for certain French and Italian quality wines psr far outstripped supply, thus enabling the authorities concerned to grant new rights to plant vines for the production of the said quality wines.

### *Milk and milk products*

#### *Market situation*<sup>2</sup>

2.1.135. As regards production, the period January to September 1985 saw a reduction, compared with the same period in 1984, of 3% in the milk collection, of 7% in butter production and of 12% in production of skimmed-milk powder. The downward trend during the first half of the year was not, however, confirmed during the third quarter; indeed, butter and skimmed-milk powder production were higher than during the third quarter of 1984.

2.1.136. Cheese exports, which had already declined earlier in the year, showed a further fall as a result of trading difficulties with certain Middle Eastern countries, in particular Iran. The slight improvement in exports of fresh milk products and skimmed-milk powder compared with 1984 was confirmed. Butter and butteroil exports rose during the first half of 1985, partly because of special sales and deliveries in connection with food-aid schemes. Exports of condensed milk were down slightly, while in the case of whole-milk powder there was a sharp reduction compared with 1984.

#### *Intervention stocks (public and private)*

tonnes

	November 1985	November 1984
Butter	1 174 454	1 204 017
Skimmed-milk powder	509 875	815 685
Cheese	113 742	104 996

### *Measures to dispose of butter stocks*

2.1.137. Further to the decision in principle which it took in October,<sup>3</sup> the Commission adopted two measures designed to bolster existing schemes for the disposal of butter on the Community market.

The first measure reinforces the arrangements whereby intervention butter is sold for direct consumption in the form of concentrated butter,<sup>4</sup> a product which has a butterfat content of 96% or more and which is particularly suitable for cooking and confectionery. Combined with an appreciable reduction in the product's selling price, the new arrangements should boost the consumption of concentrated butter throughout the Community.

The second measure concerns discount sales of butter intended for use in the manufacture of pastry products, ice-cream and other foodstuffs. The use of unprocessed butter will no longer be restricted to undertakings purchasing five tonnes or more of butter each month; all undertakings — including small-scale manufacturers — will henceforth be able to buy reduced-price butter, subject to restrictions designed to ensure that it is used for the purpose laid down.

From 1 January to 31 October a total of 212 875 tonnes of butter was used in the manufacture of pastry products and ice-cream, compared with 151 338 tonnes during the same period in 1984. The changes in the rules are expected to increase the rate of growth of butter use in this sector.

2.1.138. In the light of past experience and in order to encourage butter/butteroil exports, the Commission suspended the rule that, for the purposes of the export-licence arrangements, proper evidence had to be provided that the product had arrived at the destination.<sup>5</sup> Operators had been very reluctant to export to certain non-member

<sup>1</sup> OJ L 314, 23.11.1985.

<sup>2</sup> Bull. EC 10-1985, point 2.1.103.

<sup>3</sup> Bull. EC 10-1985, point 2.1.104.

<sup>4</sup> OJ L 298, 12.11.1985.

<sup>5</sup> OJ L 316, 27.11.1985.

countries as part of the refund for butter/butteroil was payable only upon presentation of evidence which was difficult if not impossible to obtain there.

## Pigmeat

### Market situation<sup>1</sup>

2.1.139. Owing to the risk of further spread of African swine fever<sup>2</sup> through uncontrolled sale of pigs out of the contaminated area in the west of Belgium, further market support measures were adopted, extending contracts for private storage aid until September 1985 in respect of a continuously reducing area.<sup>3</sup> In order to accelerate the final disposal of the pigmeat thus stored, additional special measures were adopted consisting of two Regulations providing for its purchase by the Belgian intervention agency, or as an alternative the granting of a special aid by tender for its treatment.<sup>4</sup> By the end of November approximately 28 000 tonnes of pigmeat had been bought in under these measures, while a further 800 tonnes had qualified for the special aid. In October the Commission adopted a Regulation on the sale by monthly tender and at fixed prices of pigmeat held by the Belgian intervention agency.<sup>5</sup> However, by the end of November only negligible quantities had been sold under this measure — primarily because of the strict conditions for treatment and disposal of the meat imposed on veterinary grounds.

2.1.140. Also in October the Commission adopted a Regulation<sup>6</sup> laying down detailed rules for the application of the new Community scale for grading pig carcasses.<sup>7</sup> This measure provides for Commission approval of the grading methods which individual Member States wish to apply. For this purpose the Member States must submit their proposed measures to the Commission by 31 December 1988 at the latest, although it is expected that the implementation of the new grading scale will begin in 1986.

2.1.141. The market situation within the Community remained reasonably stable during the period under review. While pigmeat prices were, in general, somewhat lower than in the corresponding period of 1984, favourable feed prices continued to ensure profitable production. On the export side, for reasons outlined previously,<sup>8</sup> refunds were once more reduced in May<sup>9</sup> and again in July<sup>4</sup> for certain sensitive products and markets.

## Sugar

### Market situation

2.1.142. The situation on the world market in sugar (white sugar and raw sugar) showed little improvement in 1985; in fact it worsened considerably in May/June, when raw sugar prices reached their lowest-ever spot price (USD 0.0256/lb). Sugar prices, which have been low since 1982, are still depressed, mainly by very large surplus stocks. The latest estimates for 1985/86 suggest that the world's sugar production will fall to about 98.0 million tonnes whereas consumption will exceed 100 million tonnes; if this proves to be the case it will be the first time in four years that consumption has exceeded production, and there will be a corresponding reduction in the surpluses as a result.

2.1.143. It is estimated that in 1985/86 there will be a total of 1 718 000 hectares under sugarbeet in the Community, i.e. 0.9% less than in 1984/85.

Assuming that sugar yields per hectare are even higher than in 1984/85, production will reach an estimated 12.3 million tonnes of white sugar, plus 280 000 tonnes of cane

<sup>1</sup> Bull. EC 3-1985, point 2.1.95 *et seq.*

<sup>2</sup> Bull. EC 3-1985, point 2.1.95.

<sup>3</sup> OJ L 105, 17.4.1985; OJ L 145, 4.6.1985.

<sup>4</sup> OJ L 198, 30.7.1985.

<sup>5</sup> OJ L 274, 15.10.1985.

<sup>6</sup> OJ L 285, 25.10.1985.

<sup>7</sup> OJ L 301, 20.11.1984; Bull. EC 11-1984, point 2.1.97.

<sup>8</sup> Bull. EC 3-1985, point 2.1.96.

<sup>9</sup> OJ L 128, 14.5.1985.

sugar from the French overseas departments, and 19 000 tonnes of molasses. The total quantity of sugar produced in the Community of Ten in 1985/86 would therefore reach 12.6 million tonnes.

The forecasts are that consumption will be the same as in 1984/85, i.e. 9.5 million tonnes.

The present forecasts suggest that a total of about four million tonnes of sugar will be available for export to non-member countries in 1985/86; this is higher than the actual quantity exported in 1984/85 (about 3.8 million tonnes).

## Legislation

### Veterinary and animal husbandry legislation

2.1.144. Following an appreciable improvement in the epidemiological situation in the Community since June,<sup>1</sup> the Commission eased the restrictions on trade which it had imposed earlier.<sup>2</sup>

In particular, on 14 November it repealed, in the case of fresh pigmeat, certain protective measures against classical swine fever.<sup>3</sup> Similarly, in the light of the protective measures adopted by the Belgian authorities with regard to African swine fever (in particular the destruction of infected and in-contact herds, and detailed serological tests of all holdings situated in the communes concerned), the Commission lifted the restrictions on trade,<sup>4</sup> except in the case of meat and certain meat-based products produced in certain areas while the ban was in force.

On 18 November the Council adopted a Directive specifying the minimum control measures to be adopted by the Community in the event of an outbreak of foot-and-mouth disease.<sup>5</sup> The Commission presented to the Council a proposal for a Directive amending the Directive of 26 June 1964<sup>6</sup> as regards the definitive arrangements made in relation to enzootic bovine leukosis.<sup>7</sup>

## Competition

2.1.145. Under the terms of Articles 92 and 93 of the EEC Treaty the Commission decided to make no comment on the introduction of the following proposed schemes which had been duly notified.

### Germany

Third supplementary Act concerning premiums to finance retirement allowances for farmers; 1985 schedule of socio-structural aids granted by the *Länder* outside the joint Federal Government/*Länder* programme.

Lower Saxony. Subsidies for nature-conservancy areas; production aid payable to owners of private woodlands.

Rhineland-Palatinate (Vorderpfalz). Setting up of a central market for agricultural and horticultural products.

### Denmark

Bill to amend the Act on aids to encourage production, employment and environmental protection in private woodlands.

### France

Feedingstuffs. Setting up of a guarantee fund for cattle-feed manufacturers who have difficulties in repaying loans.

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

### Italy

Lazio. Act No 60 of 17 September 1984 to give effect to Regulation (EEC) No 1360/

<sup>1</sup> Bull. EC 6-1985, point 2.1.128.

<sup>2</sup> OJ L 224, 22.8.1985; OJ L 252, 21.9.1985; OJ L 299, 13.11.1985.

<sup>3</sup> OJ L 316, 27.11.1985.

<sup>4</sup> OJ L 228, 27.11.1985.

<sup>5</sup> OJ L 315, 26.11.1985.

<sup>6</sup> OJ L 121, 29.7.1964.

<sup>7</sup> OJ C 297, 20.11.1985.

78 on producer's groups and associations thereof (the Italian authorities did not reply to the Commission's requests for additional information).

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

Sicilian bill on emergency measures in favour of producers of 'Italia' grapes, since on 26 March the Council authorized, in accordance with the third subparagraph of Article 93(2), the granting in 1984/85 and 1985/86 of aid for the distillation of wines obtained from table grapes in Sicily.<sup>1</sup>

2.1.148. The Commission took a final decision finding against national measures to assist cereal exports from Greece.<sup>2</sup>

## Fisheries<sup>3</sup>

### Council

2.1.149. The Council met to discuss fisheries on 4 November. Noting the political comments which certain Member States had made at the September meeting<sup>4</sup> concerning the proposed amendments to the Regulation on the 1985 TACs and quotas as regards monkfish, sardines and plaice<sup>5</sup> and the measures relating to by-catches during fishing for Norway pout in the North Sea,<sup>6</sup> and during the preliminary exchange of views on the proposal concerning the quantities of hake, horse mackerel and blue whiting allocated to Spain for 1986, the Presidency ruled that in the circumstances the Council could make no progress on these questions and deferred them to the next meeting.

The consultation procedure on the rules for granting compensatory indemnities in respect of sardines was terminated and the Regulation was formally adopted (→ point 2.1.156).

The Council adopted the proposed amendment to Regulation (EEC) No 104/76 laying down common marketing standards for

shrimps of the genus *Crangon crangon* (→ point 2.1.156) and reached a common position on the proposed amendment to Regulation (EEC) No 103/76 whereby marketing standards would be laid down for the new species to be included in the market organization following enlargement.<sup>7</sup> Spain requested the initiation of the consultation procedure on the amendment of this Regulation.

Lastly, the Council also held a policy debate on the proposal to strengthen Regulation (EEC) No 2057/82 establishing certain control measures for fishing activities by vessels of the Member States.<sup>8</sup>

## Resources

### *Internal aspects*

#### Community measures

#### *Prohibition measures*

2.1.150. On the basis of information transmitted by the national authorities on the exhaustion of certain quotas, the Commission prohibited:

(i) Irish vessels from fishing for sole in division VIIa on 8 November<sup>9</sup> and for herring in division VIIa on 1 October;<sup>10</sup>

(ii) Belgian vessels from fishing for plaice in division VIIa on 8 November<sup>11</sup> and for sole in divisions VIIf and g on 11 November;<sup>12</sup>

<sup>1</sup> OJ L 96, 3.4.1985.

<sup>2</sup> Bull. EC 12-1984, point 2.1.170.

<sup>3</sup> For fisheries research, see point 2.1.197.

<sup>4</sup> Bull. EC 9-1985, point 2.1.106.

<sup>5</sup> Bull. EC 4-1985, point 2.1.89.

<sup>6</sup> Bull. EC 6-1985, point 2.1.141.

<sup>7</sup> Bull. EC 9-1985, point 2.1.113; the Regulation was adopted on 26 November: OJ L 322, 3.12.1985.

<sup>8</sup> Bull. EC 9-1985, point 2.1.108.

<sup>9</sup> OJ L 303, 16.11.1985.

<sup>10</sup> OJ L 294, 6.11.1985.

<sup>11</sup> OJ L 296, 8.11.1985.

<sup>12</sup> OJ L 297, 11.11.1985.

(iii) United Kingdom vessels from fishing for sole in divisions VIII f and g on 15 November;<sup>1</sup>

(iv) French vessels from fishing for redfish in Faeroese waters on 16 November;<sup>2</sup>

(v) Dutch vessels from fishing for cod in division II a (EC zone) and subarea IV on 24 November<sup>3</sup> and for mackerel in subarea II (excl. EC zone), division V b (EC zone), and subareas VI, VII, VIII (EC zone) and XII;<sup>4</sup>

(vi) Danish vessels from fishing for plaice in division III a (Skagerrak).<sup>4</sup>

## National measures

### *Protection of local stocks*

2.1.151. On 31 October the Commission, acting under Article 19 of Regulation (EEC) No 171/83,<sup>5</sup> approved two French Orders laying down rules to govern trawling operations in the Pertuis Breton, the Pertuis d'Antioche and the Coureau d'Oléron.

The Commission reserved the right to look into the fact that the French authorities had not given official notice of the text of these Orders.

### *External aspects*

## Bilateral relations

### *Guinea-Bissau*

2.1.152. The Joint Committee responsible for the management of the Fisheries Agreement with Guinea-Bissau<sup>6</sup> met in Brussels on 25 and 26 November.

On 26 November the Community and Guinea-Bissau delegations held talks on changes in the Protocol to this Agreement,<sup>6</sup> which had been in force since 1983 and is to govern the fishing activities of vessels from the enlarged Community in Guinea-Bissau waters with effect from 15 March 1986.

### *Guinea and Senegal*

2.1.153. Commission representatives held preliminary talks with the Guinean and Senegalese authorities concerning the extension of the Protocols to the Community's fisheries agreements with these two countries.<sup>7</sup> The talks were held in Conakry on 27 November and in Dakar on 28 and 29 November.

## Multilateral relations

### *ICCAT*

2.1.154. The Commission was represented at the ninth ordinary meeting of the International Commission for the Conservation of Atlantic Tunas, which was held in Palma de Mallorca, Spain, from 2 to 19 November.

### *NEAFC*

2.1.155. The Commission represented the Community at the fourth annual meeting of the North-East Atlantic Fisheries Commission, which was held in London from 26 to 28 November.

## Markets and structures

### *Market organization*

2.1.156. On 4 November the Council adopted two Regulations.<sup>8</sup> One lays down general rules on the granting of compensatory indemnities in respect of Atlantic and Mediterranean sardines. This Regulation takes account, on the one hand, of the

<sup>1</sup> OJ L 301, 15.11.1985.

<sup>2</sup> OJ L 294, 6.11.1985.

<sup>3</sup> OJ L 317, 28.11.1985.

<sup>4</sup> OJ L 321, 30.11.1985.

<sup>5</sup> OJ L 24, 27.1.1983.

<sup>6</sup> OJ L 84, 30.3.1983; Bull. EC 3-1983, point 2.1.132.

<sup>7</sup> Agreement with Guinea: OJ L 111, 27.4.1983; Bull. EC 3-1983, point 2.1.133; Agreement with Senegal: Thirteenth General Report, point 352; OJ L 319, 7.11.1981; Bull. EC 11-1981, point 2.1.117; Bull. EC 1-1984, point 2.1.92; Bull. EC 4-1984, point 2.1.112.

<sup>8</sup> OJ L 297, 9.11.1985.



effects which changes in conditions of competition will have on the incomes of sardine producers and, on the other hand, of the need to offset the price difference between the main Mediterranean and Atlantic products without introducing factors which would distort competition between processors in the enlarged Community.<sup>1</sup> It will apply with effect from 1 March 1986.

The other Regulation amends Regulation (EEC) No 104/76 laying down common marketing standards for shrimps of the genus *Crangon crangon*.<sup>2</sup> It lays down common marketing standards for Norway lobsters and edible crabs, which will be covered by new storage premium arrangements following the accession of Spain and Portugal.

2.1.157. On 12 November, in view of possible disturbances on the French market for yellowfin tuna intended for industrial processing, the Commission adopted a system of surveillance applicable to imports of this product into France.<sup>3</sup>

### Structures

2.1.158. On 4 November the Commission transmitted to the Council a proposal<sup>4</sup> for a Regulation extending until the end of 1986 the validity of Council Regulation (EEC) No 2908/83 of 4 October 1983 on a common measure for restructuring, modernizing and developing the fishing industry and for developing aquaculture.<sup>5</sup> The purpose of this extension, the total cost of which is estimated at 75 million ECU, is to harmonize the duration of the structural policy measures introduced in the fisheries sector in 1983.<sup>3</sup> It also take account of the accession of Spain and Portugal.

2.1.159. Lastly, on 3 December the Commission sent the Council a proposal<sup>6</sup> to amend Regulation (EEC) No 2909/83 of 4 October 1983 on measures to encourage exploratory fishing and cooperation through joint ventures in the fishing sector and Directive 83/515/EEC of 4 October 1983 concerning certain measures to adjust

capacity in the fisheries sector.<sup>5</sup> The amendments are designed to adjust the amounts provided for the actions covered in the light of enlargement.

## Transport

### Council

2.1.160. At its meeting on transport on 14 November the Council adopted conclusions on the development of the transport policy in the light of the judgment given by the Court of Justice in May (→ point 2.1.161) and a Community master plan on transport (→ point 2.1.162). It also amended the social legislation relating to road transport and adopted a resolution to improve its implementation (→ point 2.1.167).

The Community quota for the carriage of goods by road was also adopted, having regard to enlargement (→ point 2.1.163).

Conclusions were adopted concerning European Road Safety Year (1986) and future Community road safety measures (→ point 2.1.168).

Finally, the Council approved the framework for the discussions which the Commission is to hold with Austria<sup>7</sup> and agreed to extend the system for issuing authorizations for tractor units to include combinations of vehicles (→ point 2.1.165).

The Council was unable to reach agreement regarding air<sup>8</sup> and sea<sup>9</sup> transport. Nor did it settle the problem of specified weights on driving axles as it had undertaken to do before 31 December of this year when it adopted the first Directive on the weights,

<sup>1</sup> Bull. EC 7/8-1985, point 2.1.186; Bull. EC 9-1985, point 2.1.106.

<sup>2</sup> Bull. EC 9-1985, point 2.1.113.

<sup>3</sup> OJ L 299, 13.11.1985.

<sup>4</sup> OJ C 293, 15.11.1985; COM(85) 592 final.

<sup>5</sup> OJ L 290, 22.10.1983; Bull. EC 10-1983, point 2.1.162.

<sup>6</sup> COM(85) 654 final.

<sup>7</sup> Bull. EC 7/8-1985, point 2.1.199.

<sup>8</sup> OJ C 182, 9.7.1984; Bull. EC 2-1984, point 2.1.149.

<sup>9</sup> OJ C 212, 23.8.1985; Bull. EC 4-1985, point 1.2.1 *et seq.*

dimensions and certain other technical characteristics of certain road vehicles in December 1984.<sup>1</sup>

## Inland transport

### Follow-up to the Court judgment

2.1.161. On 14 November, in the light of the judgment given by the Court of Justice in Case 13/83<sup>2</sup> and the conclusions of the Milan European Council,<sup>3</sup> the Council approved the following policy guidelines proposed by the Presidency:

- (i) creation of a free market in transport with no quantitative restrictions by 1992 at the latest;
- (ii) during the transitional period, progressive adaptation of the bilateral quotas on a non-discriminatory basis, coupled with increases in Community quotas;
- (iii) elimination of distortions to competition during the transitional period.

The Council also requested the Permanent Representatives Committee to continue its work on this basis and on the basis of Commission proposals to be made before the next meeting, taking into account the contributions made by the Member States and the Community master plan for transport (→ point 2.1.62).

### Master plan

2.1.162. The Council also adopted conclusions concerning a master plan for transport.

The principal common transport policy objectives fixed in the master plan must be progressively achieved by 31 December 1992, thus contributing to the implementation of the Community's internal market, of which a common transport policy is an essential component.

The master plan is made up of four 'project areas' which correspond to the central problems of the common transport policy, namely:

(i) the planning of infrastructure axes of Community interest along which the large trade flows pass between the Member States;

(ii) border crossing and transit, and in particular all the measures and procedures involved in simplifying and gradually eliminating border controls and formalities;

(iii) the organization of the transport market with regard to inland transport in general, railways, air transport and sea transport;

(iv) internal transport safety; the Council made particular reference to its conclusions regarding European Road Safety Year (1986) (→ point 2.1.168).

## Road transport

### Access to the market

2.1.163. On 14 November the Council adopted a joint position on the adjustment of the Community quota for 1986.<sup>4</sup> This will enable 673 authorizations to be allocated to Spain and 233 to Portugal upon accession.

The quota for the 10 present Member States was also increased by 7.5% to take account of the expansion of the road haulage market owing to enlargement.

2.1.164. The Economic and Social Committee gave its opinion on the proposal to this effect<sup>4</sup> at its November session (→ point 2.5.29).

2.1.165. The Council also adopted a Regulation on the Community quota for the carriage of goods by road<sup>5</sup> and a Directive on the standardization of certain rules relating to authorizations for such carriage.<sup>6</sup>

<sup>1</sup> OJ L 2, 3.1.1985; Bull. EC 12-1984, point 2.1.200.

<sup>2</sup> Bull. EC 5-1985, points 1.1.1 to 1.1.5; Bull. EC 9-1985, point 3.4.1.

<sup>3</sup> Bull. EC 6-1985, point 1.2.5.

<sup>4</sup> OJ C 284, 7.11.1985; Bull. EC 10-1985, 2.1.132.

<sup>5</sup> OJ L 309, 21.11.1985.

<sup>6</sup> Bull. EC 12-1980, point 2.1.122.

The purpose of the legislation is to amend existing Community rules so as to put an end to the difficulties encountered in issuing Community and bilateral transport authorizations in cases where the tractor unit and the carrier vehicle are not registered in the name of the same owner.

2.1.166. Following up the judgment given by the Court of Justice in Case 13/83,<sup>1</sup> the Commission decided on 7 November to send the Council two proposals for Regulations laying down the conditions under which non-resident carriers may in one case operate national road haulage services<sup>2</sup> and in the other transport goods or passengers by inland waterway<sup>3</sup> within a Member State. These two proposals emanate from the Commission's White Paper on completing the internal market in that their aim is to liberalize these two types of transport service.

The two proposals replace those made in 1982<sup>4</sup> and 1967<sup>5</sup> with a view to enabling non-resident carriers to operate national transport services within a Member State under the same conditions as it imposes on its own carriers.

Entitlement to perform these national transport services is, however, limited to carriers having a 'genuine link' with a Member State (the criteria for which are defined in the two proposals) who are authorized to perform international transport operations.

## Social conditions

2.1.167. The Council adopted a common approach to the new social Regulations in road transport.<sup>6</sup>

Compared with the existing Community legislation,<sup>7</sup> these new provisions provide, in a general way, for greater flexibility while reducing drivers working hours. In particular, daily driving time is extended, but average weekly driving time is reduced; daily and weekly rest periods are also increased. New exemptions to the rules are introduced.

The Council and the Representatives of the Governments of the Member States meeting within the Council also adopted a resolution to improve the implementation of the social Regulations, in particular regarding checks and penalties.<sup>8</sup>

## Technical aspects

### Road safety

2.1.168. The conclusions adopted on 14 November by the Council and the Representatives of the Governments of the Member States meeting within the Council on the implementation of European Road Safety Year (1986)<sup>9</sup> comprise a series of guidelines and publicity and awareness programmes. The conclusions also take note of the Commission's intentions regarding legislation and research. Other road safety organizations were also to be encouraged to take initiatives in this regard. All these activities are to have a common logo; there are also plans to print a common poster to mark the launching of the Year.

### Summer time

2.1.169. On 25 November the Commission proposed<sup>10</sup> that the Council should amend its Directive of 12 December 1984 on summer time arrangements<sup>11</sup> in view of the accession of Spain and Portugal.

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<sup>1</sup> Bull. EC 5-1985, points 1.1.1. to 1.1.5; Bull. EC 9-1985, point 3.4.1.

<sup>2</sup> COM(85) 611 final.

<sup>3</sup> OJ C 331, 20.12.1985; COM(85)610 final.

<sup>4</sup> OJ C 18, 22.1.1983.

<sup>5</sup> OJ C 95, 21.9.1968.

<sup>6</sup> OJ C 100, 12.4.1984; Bull. EC 3-1984, point 2.1.168; Bull. EC 6-1985, point 2.1.153; OJ C 223, 3.9.1985; Bull. EC 7/8-1985, point 2.1.195.

<sup>7</sup> OJ L 77, 29.3.1969; OJ L 73, 17.3.1979; OJ L 164, 27.7.1970; OJ L 181, 4.7.1973; OJ L 334, 24.12.1977.

<sup>8</sup> OJ C 327, 17.12.1985; OJ L 334, 24.12.1977.

<sup>9</sup> OJ C 341, 21.12.1984; Bull. EC 12-1984, point 2.1.201; Bull. EC 5-1985, 2.1.104.

<sup>10</sup> COM(85) 612 final.

<sup>11</sup> OJ L 331, 19.12.1984; Bull. EC 12-1984, point 2.1.202.

2.1.170. On 15 November the Commission addressed an opinion to the French Government — which had consulted it under the Council Decision of 21 March 1962 instituting a procedure for prior examination and consultation in respect of certain laws, regulations and administrative provisions concerning transport proposed in Member States,<sup>1</sup> on two draft decrees, one on the carriage of goods by road and the other on ancillary inland goods transport activities.

### Sea transport

2.1.171. At its November session the Economic and Social Committee gave its opinion (→ point 2.5.23) on the Commission communication 'Progress towards a common transport policy — maritime transport'.<sup>2</sup>

## Energy

### Council

2.1.172. A Council meeting on energy was held on 11 November. As a result of the work done by the experts and the compromise proposal from the Presidency on the items held over from the 20 June meeting,<sup>3</sup> the Council adopted a common position on financial support for demonstration projects and for technological development in the hydrocarbons sector (→ points 2.1.176 and 2.1.179). The Council also agreed the proposal for a Directive on substitute fuel components (→ point 2.1.177).

The Council re-examined the situation in the oil-refining industry as regards the development of internal structures and imports of petroleum products.<sup>4</sup> Mr Nicolas Mosar, the Member of the Commission with special responsibility for energy, reported the conclusions of the International Energy Agency meeting held on 9 July.<sup>5</sup>

The Council also had a full discussion of some key issues relating to the new Community energy objectives for 1995.<sup>6</sup>

The Council conducted a policy debate on the new system of State aids to the coal industry as part of a general policy on solid fuels, and worked out a joint position on the basis of which to give its assent in order to avoid a legal vacuum at the beginning of 1986 (→ point 2.1.173). However, the Council was unable to reach agreement on a Commission proposal to finance social measures in the coal industry by transferring 60 million ECU from the general budget of the Communities to the ECSC operating budget.<sup>7</sup>

Finally, the Council agreed in principle that the amount of Euratom loans that the Commission is empowered to contract for the purpose of helping to finance nuclear power stations<sup>8</sup> should be increased from 2 000 million to 3 000 million ECU; the final decision was to be taken by the Ministers of Economic and Financial Affairs (→ point 2.1.2).

### Specific problems

#### Solid fuels

##### *New rules for State aids*

2.1.173. The Council held an initial policy debate on the communication from the Commission and two draft Decisions on new Community rules for State aids to the coal industry.<sup>9</sup>

The Council instructed the Permanent Representatives Committee to concentrate on

<sup>1</sup> OJ 23, 3.4.1962.

<sup>2</sup> OJ C 212, 23.8.1985; Supplement 5/85 — Bull. EC; Bull. EC 4-1985, point 1.2.1 *et seq.*

<sup>3</sup> Bull. EC 6-1985, points 2.1.160 to 2.1.162.

<sup>4</sup> Bull. EC 3-1985, point 2.1.137; Bull. EC 6-1985, point 2.1.159.

<sup>5</sup> Bull. EC 7/8-1985, point 2.1.205.

<sup>6</sup> Bull. EC 5-1985, point 2.1.106.

<sup>7</sup> Bull. EC 7/8-1985, point 2.1.85.

<sup>8</sup> Bull. EC 12-1984, point 2.3.9.

<sup>9</sup> Bull. EC 9-1985, point 1.4.1 *et seq.*

defining the new arrangements as soon as possible on the basis of the guidelines agreed during the debate.

Pending the final arrangements, the Council agreed a common position, subject to possible consultations with Portugal, in order to give its assent pursuant to Article 95(1) of the ECSC Treaty to a second Commission proposal for a Decision on the temporary extension, until 1 July 1986, of the present arrangements. Parliament gave an interim opinion approving this extension on 15 November.<sup>1</sup>

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

2.1.174. The Council discussed the draft Commission Decision, on which Parliament delivered its opinion on 15 November,<sup>1</sup> regarding the arrangements for coal and coke for the Community iron and steel industry (amending the Decision of 15 July 1973) and the eligible tonnage for 1986.<sup>2</sup>

It defined its position on the instrument and noted that the Commission intended to send it, for assent, a new draft taking account of what had emerged during the discussion, namely that the eligible tonnage for 1986 should be 8.5 million tonnes.

#### *Measures taken by the Member States in support of the coal industry*

2.1.175. On 26 November the Commission asked the Council to consider whether the financial aids granted by the Federal Republic of Germany, France and Belgium in 1985 and the additional financial aids granted by the United Kingdom in 1984 in support of their coal industries<sup>3</sup> were compatible with the Decision of 25 February 1976.<sup>4</sup>

## Oil and gas

### *Technological development*

2.1.176. The Council adopted a joint position on the proposal for a Regulation on a programme of support for technological

development in the hydrocarbons sector.<sup>5</sup> A programme is now planned to cover the period from 1 January 1986 to 31 December 1989.

### *Substitute fuel components*

2.1.177. The Council agreed to the proposal for a Directive on crude oil saving through the use of substitute fuel components in petrol.<sup>6</sup> Member States must comply with this Directive by 1 January 1988 at the latest.

The object of this Directive is to identify a series of products known as organic oxygen compounds (alcohols and ethers) which can be used in petrol to raise the octane number.

Its adoption is particularly significant at a time when the oil industry is faced with major investment decisions in response to the reduction and elimination of lead in petrol. The industry has now been informed of the admissible limits for these substitute products, which will apply throughout the Community.

### *Registration of crude oil imports*

2.1.178. On 26 November the Council decided<sup>7</sup> to extend by three years (from 31 December 1985 to 31 December 1988) the validity of the Regulation of 28 August 1979 concerning registration for crude oil imports in the Community<sup>8</sup> and the Regulation of 20 November 1979 laying down the rules<sup>9</sup> for carrying out the registration.<sup>10</sup>

### *Alternative energy sources and energy saving*

2.1.179. The Council reached a common position on two proposals for Regulations

<sup>1</sup> OJ C 345, 31.12.1985.  
<sup>2</sup> OJ C 220, 30.8.1985; Bull. EC 7/8-1985, point 2.1.200.  
<sup>3</sup> COM(85) 660 final.  
<sup>4</sup> OJ L 63, 11.3.1976.  
<sup>5</sup> OJ C 325, 6.12.1984; Bull. EC 11-1984, point 2.1.142.  
<sup>6</sup> OJ C 229, 2.9.1982; Bull. EC 7/8-1982, point 2.1.170;  
OJ C 120, 5.5.1983; Bull. EC 4-1983, point 2.1.146.  
<sup>7</sup> OJ L 318, 29.11.1985.  
<sup>8</sup> OJ L 220, 30.8.1979.  
<sup>9</sup> OJ L 297, 24.11.1979.  
<sup>10</sup> Bull. EC 7/8-1985, point 2.1.204.

on the granting of financial support to demonstration projects relating to the exploitation of alternative energy sources, energy saving and the substitution of hydrocarbons, and to pilot industrial projects and demonstration projects relating to the liquefaction and gasification of solid fuels.<sup>1</sup>

This common position provides for a new programme to cover the period from 1 January 1986 to 31 December 1989.

Final approval of these Regulations, in particular the breakdown of the appropriations allocated to the demonstration projects, will be given when Parliament has delivered its opinion on the Commission proposal.<sup>1</sup>

2.1.180. On 8 November the Commission, acting under Council Regulation No 1972/83 of 11 July 1983<sup>2</sup> and in conformity with Council Regulation No 2126/84 of 23 July 1984 on the granting of financial support for demonstration projects relating to the exploitation of alternative energy sources and to energy saving and the substitution of hydrocarbons,<sup>3</sup> decided to grant financial support to:

60 projects for energy saving (25 965 719 ECU);

38 projects for utilization of solar energy (6 863 201 ECU);

20 projects for utilization of wind energy (5 482 902 ECU);

24 projects for utilization of biomass and generation of energy from waste (9 980 963 ECU);

22 projects for utilization of hydroelectricity (5 413 055 ECU);

9 projects for utilization of electricity and thermal energy (5 178 417 ECU);

14 projects for the utilization of geothermal energy (6 041 837 ECU).

reached agreement in principle on extending the EEC Treaty to cover technological research and development. Multiannual framework programmes would be unanimously decided by the Council and implemented by means of specific programmes adopted by majority decision (→ point 1.1.1).

## Community R&D policy

### Intergovernmental Eureka conference

2.1.182. Ministers of 18 European countries (the 12 members of the enlarged Community, Austria, Finland, Norway, Sweden, Switzerland and Turkey) and Mr Karl-Heinz Narjes, Vice-Président with special responsibility for research and science, representing the Commission, met in Hanover on 5 and 6 November to follow up the Eureka initiative taken in Paris on 17 July.<sup>4</sup>

As a basis for future work on the implementation of the programme, Ministers adopted a declaration of principle explaining the objectives, criteria and procedure of Eureka, which is to be coordinated by the Eureka intergovernmental conference composed of representatives of the participating countries and the Commission.

According to Mr Narjes, who afterwards explained to the press the Commission's position with regard to Eureka, the Hanover conference confirmed that Eureka should not in any way be equated with the European Technology Community referred to in the Memorandum from the Commission to the European Council in Milan,<sup>5</sup> but that the two concepts were complementary rather than in competition. Mr Narjes admitted that there might be some risk of overlapping, but the Commission would provide countries participating in Eureka

## Research and development

2.1.181. At its meeting in Luxembourg on 2 and 3 December the European Council

<sup>1</sup> OJ C 109, 3.5.1985; Bull. EC 2-1985, point 2.1.121.

<sup>2</sup> OJ L 195, 19.7.1983; Bull. EC 7/8-1983, point 2.1.192.

<sup>3</sup> OJ L 196, 26.7.1984; Bull. EC 7/8-1984, point 2.1.176.

<sup>4</sup> Bull. EC 7/8-1985, points 2.1.210 and 2.1.211.

<sup>5</sup> Bull. EC 6-1985, point 1.5.1 *et seq.*; Bull. EC 9-1985, point 1.2.1 *et seq.*

with a detailed list of the fields covered by Community R&D programmes so as to keep duplication to a minimum.

Concerning the selection of projects, Mr Narjes stressed that the role of the Eureka conference was not formally to adopt any particular project, but to act as a kind of 'registration office' for projects presented in the contexts of Eureka.

It remained to be seen whether, at a later stage, some form of collective or qualitative evaluation of projects should be considered.

As regards the financing of the projects, several participants thought that there should be different forms of financial support from the countries concerned, but that governments should be allowed to decide the conditions for such support. However, no clear position was reached on possible preferential treatment for Eureka projects or their results in the context of public procurement.

Mr Narjes touched briefly on the two projects in which the Commission proposed to play a dominant role, namely, the European research data network and 'Eurotrac', dealing with air pollution (transport and transformation of materials affecting the environment in the troposphere above Europe). The fields of research to which these two projects relate are in fact already covered to a large extent by work in progress at Community level or within the framework of COST cooperation.

In conclusion, Mr Narjes drew attention to two important aspects revealed by the Eureka initiative:

- (i) stimulation of awareness in Europe of the importance of research and development to the future of our economy;
- (ii) awareness of the fact that firms have hitherto been free to enter into cross-frontier agreements in Europe; it should be remembered that the role of Community R&D programmes such as Esprit, RACE and Brite is not only to produce tangible research results but also to bring into contact researchers from different establish-

ments and universities in order to encourage transnational cooperation.

### *International cooperation*

2.1.183. On 4 November the Council decided<sup>1</sup> to conclude on behalf of the European Communities framework agreements for scientific and technical cooperation with Sweden and Switzerland.<sup>2</sup>

This should help promote discussion on guidelines, priorities and planning for the research policies of these two countries and the Community, on the prospects for and development of cooperation, the supply of the resulting information, the coordination of programmes and projects carried out by each party, and participation in joint programmes and actions.

These are the first two in a series of framework agreements to be entered into with the EFTA countries in line with the Luxembourg Declaration of 9 April 1984 to develop cooperation in the area of scientific and technical research and development.<sup>3</sup> Cooperation also takes the form of participation by a number of EFTA countries in the Eureka intergovernmental conference (→ point 2.1.182).

The Council also authorized the Commission to open negotiations for the conclusion of similar framework agreements with Norway and Finland.<sup>4</sup>

2.1.184. On 20 November the Commission asked the Council for authority to open negotiations with Austria with a view to a framework agreement on science and technology and for an appropriate negotiating brief.<sup>5</sup> It also asked the Council on 28 November<sup>6</sup> to conclude an agreement with Switzerland extending and amending the agreement on a concerted-action project in

<sup>1</sup> OJ L 313, 22.11.1985.

<sup>2</sup> Bull. EC 7/8-1985, point 2.1.216.

<sup>3</sup> Bull. EC 4-1984, point 1.2.1 *et seq.*

<sup>4</sup> Bull. EC 7/8-1985, point 2.1.217.

<sup>5</sup> COM(85) 645 final.

<sup>6</sup> COM(85) 648 final.

the field of the detection of the tendency to thrombosis.<sup>1</sup>

2.1.185. On 4 November the Commission asked the Council for authority to negotiate with the Government of Canada a cooperation agreement in the field of thermonuclear fusion R&D and for an appropriate negotiating brief.<sup>2</sup> The Council was also asked to approve a memorandum of understanding to be negotiated on the basis of this brief.

### COST projects

2.1.186. On 4 November<sup>3</sup> and 26 November<sup>4</sup> the Council decided to conclude, within the framework of COST cooperation, two concertation agreements between the Community and Austria, Finland, Norway, Sweden, Switzerland and Yugoslavia.

The first of these agreements concerns 'teleinformatics' (remote data processing — COST project 11ter),<sup>5</sup> while the second relates to artificial intelligence and pattern recognition (COST project 13).<sup>6</sup>

2.1.187. On 9 July the Commission asked the Council<sup>7</sup> to extend until 31 December 1986 the Community concerted-action project relating to shore-based maritime navigational aid systems (COST 301).<sup>8</sup>

On 8 November the Commission asked the Council to extend for the same period the corresponding concertation agreement.<sup>9</sup>

2.1.188. COST project 303 on the evaluation of dual-mode trolleybus programmes (dual traction systems with energy recovery), which was completed recently, brought together eight countries (Belgium, Denmark, Finland, France, Federal Republic of Germany, Italy, Switzerland and the United Kingdom) which, over a period of four years, jointly analysed the technical and economic aspects of this new type of vehicle developed in several European countries. The results were presented at an international seminar on dual-mode trolleybuses which was held in Brussels on 5 and

6 November and was followed by a demonstration of vehicles in Ghent.

## Sectoral R&D

### Energy

#### Nuclear fission energy

2.1.189. Under the second shared-cost research programme concerning the decommissioning of nuclear installations (1984-88),<sup>10</sup> the Commission has selected 34 proposals out of a total of 105 received following the call issued in April;<sup>11</sup> a favourable opinion on these was delivered by the relevant Management and Coordination Advisory Committee on 20 November. The proposals are now at the negotiation stage with a view to concluding shared-cost research contracts worth a total of some 4 million ECU.

An initial 29 research proposals were selected in 1984, representing a Community contribution of some 5 million ECU. The total of 63 proposals so far selected now covers the greater part of the current five-year programme in this field.

2.1.190. Several interesting results have been obtained at the Transuranium Institute of the Karlsruhe Establishment of the Joint Research Centre.

These include a new method, known as direct pressing, for the fabrication of uranium and plutonium carbides and nitrides. The method is based on carbothermic reduction and eliminates the comminution step that is typical of conventional fuel fab-

<sup>1</sup> OJ L 78, 25.3.1980; OJ L 83, 29.3.1982.

<sup>2</sup> COM(85) 580 final.

<sup>3</sup> OJ L 297, 9.11.1985.

<sup>4</sup> OJ L 322, 3.12.1985.

<sup>5</sup> Bull. EC 6-1985, point 2.1.166.

<sup>6</sup> Bull. EC 9-1985, point 2.1.131.

<sup>7</sup> Bull. EC 7/8-1985, point 2.1.219.

<sup>8</sup> OJ L 378, 31.12.1982; Bull. EC 12-1982, point 2.1.179.

<sup>9</sup> COM(85) 582 final.

<sup>10</sup> OJ L 36, 8.2.1984; Bull. EC 1-1984, point 2.1.110.

<sup>11</sup> OJ C 101, 23.4.1985; Bull. EC 4-1985, point 2.1.114.



rication methods. This new process considerably reduces the amount of dust produced and hence the risk to operators, and also offers certain economic advantages.

Furthermore, in cooperation with Agip Nucleare and ENEA (Ente Nazionale per l'Energia Atomica), the Transuranium Institute has developed a new sol-gel method for fabricating uranium and plutonium oxides used as fuels in fast reactors. In contrast to the fuels produced by conventional methods, the mixed oxides fabricated by this new process are readily soluble in nitric acid, an important aspect for the reprocessing of irradiated fuels. Another important feature of the new process is the total absence of dust during the handling of the pellets, which is important for workers' safety. ENEA and the French Commissariat à l'énergie atomique are considering the process for industrial application.

### Non-nuclear energy

2.1.191. Under the R&D programme in the field of non-nuclear energy (1985-88),<sup>1</sup> 1 311 projects have been accepted, following the call for proposals<sup>2</sup> which closed in July.<sup>3</sup> The total cost amounts to nearly 1 000 million ECU, and a Community contribution of 520 million ECU has been requested.

In the first stage, some 300 projects were adopted on the basis of a preselection carried out by the Commission, with the assistance of independent experts, and followed by consultation of the relevant Management and Coordination Advisory Committee. They will account for a Community contribution of 82.5 million ECU to a total cost of some 157 million ECU.

In stage two, a further selection will be made and submitted to the Committee early in February 1986.

Negotiations with potential contractors are already under way in a number of sectors, and the administrative and financial procedures have commenced; the first contracts should therefore be concluded early in 1986.

## Industry

### Information technology and telecommunications

#### *Esprit programme*

2.1.192. On 27 November the Commission transmitted to the Council and Parliament the review of the first five-year phase of the Esprit programme,<sup>5</sup> together with its own conclusions and recommendations.

The Council was invited to hold a policy debate, in the light of which the Commission will formulate, early in 1986, its proposals for the implementation of phase two of Esprit.

2.1.193. On 13 November the Commission sent to the Council the Esprit work programme for 1986.<sup>6</sup> This programme, which updates and to a large extent confirms the 1985 version,<sup>7</sup> enables the progress of current projects and the need for further study to be assessed and serves as a reference document for Community and national bodies.

#### *RACE definition phase*

2.1.194. The Commission received an enthusiastic response to the call for proposals for Part II of the RACE definition phase (technology evaluation and exploration).<sup>8</sup> Some 80 proposals from 200 organizations were evaluated by 35 experts from all over the Community, Spain and Portugal.

The results of this evaluation have been submitted to the RACE Management Com-

<sup>1</sup> OJ L 83, 25.3.1985; Bull. EC 12-1984, points 1.7.1 and 1.7.2.

<sup>2</sup> OJ C 69, 16.3.1985; Bull. EC 3-1985, point 2.1.145.

<sup>3</sup> Bull. EC 7/8-1985, point 2.1.223.

<sup>4</sup> COM(85) 616 final.

<sup>5</sup> Bull. EC 10-1985, point 2.1.149.

<sup>6</sup> OJ C 332, 20.12.1985; COM(85) 602 final.

<sup>7</sup> OJ L 55, 23.2.1985; Bull. EC 2-1985, point 2.1.138.

<sup>8</sup> OJ C 249, 1.10.1985; OJ C 105, 26.4.1985.

mittee for consideration prior to the final selection of contractors.

2.1.195. The programme of the Community Bureau of References is providing increasing support for the harmonization of measurement and analysis techniques. In the field of physical measurements, most of the projects undertaken in 1985 relate to industrial or commercial problems for which standards could be drafted after improvement of the measuring techniques (e.g. thermal insulation, electronic components, properties of materials). In general, the programme involves organizing projects to be carried out in cooperation with laboratories in the Member States.

In the field of reference materials, the projects often relate to existing standards in which the methods specified do not produce sufficiently consistent results. During 1985 34 new reference materials were certified under the programme, bringing the total number of available materials up to 167. Nearly half relate to environmental and foodstuff analyses which are for the most part specified in directives (traces of heavy metals, sulphur in fuels, air pollution and carcinogenic compounds). The current work will supplement the existing range of products by analyses of the environment and will extend it to dangerous organic compounds such as PCB and dioxins.

A great deal of work is also in progress on agri-foodstuffs in cooperation with the Commission.

### *Biotechnology*

2.1.196. As part of the research action programme in the field of biotechnology (1985-89)<sup>1</sup> and in response to the call for proposals<sup>2</sup> which closed on 15 June, the Commission received 788 proposals from public and private research institutes and laboratories; they were characterized by a remarkable degree of integration, 88% of them being transnational proposals and over 30% being associated to varying extents with industrial partners.

The projects were evaluated with the help of the relevant Management and Coordination Advisory Committee, and in November 55 projects were selected, involving 151 laboratories from Member States, with a balanced coverage of a number of different sectors of activity. One sector, namely *in vitro* selection of molecules for toxicity and biological activity, has been temporarily put aside and will be the subject of a separate call for proposals in January 1986.

Although the Community biotechnology programme does not have sufficient resources to exploit the full potential of all the proposals received, it should at least suffice to consolidate and stimulate a small number of transnational 'centres of research' of strategic importance spread across various key areas of biotechnology, and act as a catalyst for efforts that have hitherto been dispersed throughout the Community.

### *Fisheries*

2.1.197. On 18 November the Commission laid before the Council an amended proposal<sup>3</sup> for a Regulation on the coordination and promotion of fisheries research<sup>4</sup> and a proposal for a Decision adopting Community research and research coordination programmes in the fisheries sector (1985-89).

These programmes, for which the Commission envisages a budget of 27 million ECU, cover four main areas: management of fishery activities, fishing techniques, aquaculture, and the processing and preservation of fishery products.

### *Health and safety*<sup>5</sup>

#### **Radiation protection**

2.1.198. The assessment of the impact of nuclear waste on the health of workers and

<sup>1</sup> OJ L 83, 25.3.1985; Bull. EC 12-1984, points 1.7.1 and 1.7.2.

<sup>2</sup> OJ C 45, 16.2.1985; Bull. EC 2-1985, point 2.1.139.

<sup>3</sup> OJ C 312, 3.12.1985; COM(85) 590 final.

<sup>4</sup> OJ C 243, 22.9.1980; Bull. EC 7/8-1980, point 2.1.107.

<sup>5</sup> For social research on steel, see point 2.1.33.

the general population—which requires a detailed knowledge of the transfer of radionuclides into the environment—is a current theme of the research and training programme in the field of radiation protection (1985-89).<sup>1</sup> Firstly, the uncertainties regarding the transfer parameters in existing models lead to an inaccurate estimate of doses and, secondly, the coefficients of radionuclide distribution between solids and liquids—associated with numerous chemical, physical and biological processes—are themselves subject to great inaccuracy.

At the seminar recently held by the Commission in conjunction with the Catholic University of Louvain on 'The application of distribution coefficients to radiological assessment models', it emerged that the calculation of these coefficients is influenced mainly by physical and chemical phenomena and that further research is therefore needed on the characterization of the organic matter in suspension or coating the particles.

### Medicine and public health

2.1.199. Under the Community programme in the field of medical and public-health research (1982-86),<sup>2</sup> for which the Commission has allocated 600 000 ECU to coordinate research into AIDS, a workshop was held recently in Brussels on the clinical aspects of AIDS and associated diseases.

Epidemiological data indicate that the number of cases of AIDS is continuing to rise in Europe and the United States. While the AIDS virus first spread rapidly in the high-risk groups (the promiscuous, homosexuals and bisexuals, intravenous drug abusers,

and haemophiliacs), it now appears that it can also be transmitted between heterosexuals, especially in promiscuous population groups.

A review of the currently available therapeutic and preventive approaches was presented. There is not yet any effective method of treating AIDS patients; only certain complications of the disease can be treated at present. In addition to the screening of new compounds, work on assessing the effects of combining antiviral and immunoregulating agents should be continued and developed.

In conclusion, it was proposed that a collaborative group of clinicians treating AIDS patients be set up with a view to comparing experience and organizing clinical trials, in accordance with standard procedures, using the coordination experience of the European Organization for Research on Treatment of Cancer.

2.1.200. Under another R&D programme, science and technology for development (1983-86),<sup>3</sup> the Commission is supporting several research teams working on AIDS epidemiology in Africa. In the context of this activity it took part in an international symposium, held in Brussels on 22 and 23 November, which was attended by a large number of international experts on AIDS epidemiology, treatment and virology. Among the numerous topics discussed, special attention was given to the problem of validating diagnostic tests, in order the better to appreciate the extent of infection by the causal virus.

<sup>1</sup> OJ L 83, 25.3.1985; Bull. EC 12-1984, points 1.7.1 and 1.7.2.

<sup>2</sup> OJ L 248, 2.4.1982; Bull. EC 7/8-1982, point 2.1.186.

<sup>3</sup> OJ L 352, 14.12.1982.

## 2. Enlargement and bilateral relations with Portugal and Spain

2.2.1. On 5 November the Greek Parliament ratified the Treaty of Accession of Spain and Portugal to the Community, making Greece the third Member State, after Belgium and Luxembourg, to do so.

2.2.2. At its meeting on 25 and 26 November the Council approved negotiating directives enabling the Commission to open talks with the Mediterranean preferential countries and the ACP States on amending the various agreements to take account of enlargement.<sup>1</sup>

2.2.3. On 20 November the Spanish Government put forward the names of Mr Manuel Marin and Mr Abel Matutes to

serve as Spanish members of the Commission from 1 January 1986.

The appointment of the Portuguese member of the Commission was discussed at a meeting in Brussels between Mr Delors and Portugal's new Prime Minister, Mr Aníbal Cavaco Silva. Early in December the Portuguese Government designated Mr António Cardoso e Cunha.

2.2.4. On 15 November Parliament adopted a resolution on regional policy in Spain and Portugal and the consequences of enlargement (→ point 2.5.11).<sup>2</sup>

<sup>1</sup> Bull. EC 7/8-1985, points 1.3.1 to 1.3.4; Bull. EC 9-1985, point 1.3.1 to 1.3.3; Bull. EC 10-1985, point 2.2.2.

<sup>2</sup> OJ C 345, 31.12.1985.

## 3. External relations

### Commercial policy

#### Rollback: speeding up the Tokyo Round tariff reductions

2.3.1. On 11 November the Council approved a decision bringing forward by a year the final instalment of Tokyo Round tariff reductions.<sup>1</sup>

#### Implementing the common commercial policy

##### *Commercial policy instruments*

#### Easing of restrictive measures<sup>2</sup>

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

countries, not liberalized at Community level,<sup>3</sup> the Commission opened the following quotas:

*Italy-German Democratic Republic:* synthetic organic dyestuffs;<sup>4</sup>

*Italy-Romania:* regenerated textile fibres (discontinuous) of viscose, not carded, combed or otherwise prepared for spinning;<sup>4</sup>

*Denmark-Hungary:* unworked drawn or blown glass (including flashed glass) in rectangles;<sup>5</sup>

<sup>1</sup> Bull. EC 10-1985, point 2.3.6 *et seq.*

<sup>2</sup> For steel products, see point 2.1.36.

<sup>3</sup> OJ L 346, 8.12.1983.

<sup>4</sup> OJ C 285, 8.11.1985.

<sup>5</sup> OJ C 292, 14.11.1985.

*Italy-Hungary:* unwrought aluminium, alloyed, waste recast into ingots containing less than 97.5% aluminium;<sup>1</sup>

*Italy-German Democratic Republic:* textile products;<sup>1</sup>

*Italy-Poland:* unwrought aluminium, alloyed, waste recast into ingots.

## Trade protection

2.3.3. Trade protection measures taken in November are shown in Table 7.

<sup>1</sup> OJ C 292, 14.11.1985.

Table 7 — Trade protection measures

Council	Commission <sup>1</sup>
<p><i>Definitive anti-dumping duty on imports of:</i> Basic chrome sulphate originating in Yugoslavia OJ L 321, 30.11.1985 (provisional duty: OJ L 205, 3.8.1985)</p>	<p><i>Provisional anti-dumping duty on imports of:</i> Copper sulphate originating in Yugoslavia OJ L 296, 8.11.1985 (notice of reopening of proceeding: OJ C 284, 7.11.1985)</p> <p><i>Reopening of anti-dumping proceeding concerning imports of:</i> Copper sulphate originating in Yugoslavia OJ C 284, 7.11.1985 (acceptance of price undertaking: OJ L 215, 11.8.1984)</p> <p>Standardized multiphase electric motors having an output of more than 0.75 kW but not more than 75 kW, originating in Bulgaria, Czechoslovakia, the German Democratic Republic, Hungary, Poland, Romania or the Soviet Union OJ C 305, 26.11.1985 (acceptance of undertakings: OJ L 85, 31.3.1982, OJ L 220, 19.7.1982, and OJ L 95, 5.4.1984)</p> <p>Certain outboard motors originating in Japan OJ C 305, 26.11.1985 (definitive duty: OJ L 275, 8.10.1983) (acceptance of undertakings: OJ L 247, 7.9.1983)</p> <p><i>Initiation of review of anti-dumping measures concerning imports of:</i> Mechanical wrist-watches originating in the Soviet Union OJ C 284, 7.11.1985 (definitive anti-dumping duty: OJ L 207, 15.7.1982)</p> <p><i>Expiry of certain national anti-dumping and countervailing duties:</i> OJ C 289, 12.11.1985.</p> <p><i>Partial refund of anti-dumping duty on certain imports of:</i> Cotton yarn originating in Turkey OJ L 316, 27.11.1985 (definitive duty: OJ L 90, 3.4.1982; repealed: OJ L 246, 21.8.1982).</p>

<sup>1</sup> For measures concerning steel products, see point 2.1.35.

## **Sectoral commercial policy measures**

### *Textiles*

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

##### *Renewal of Multifibre Arrangement and bilateral agreements*

2.3.4. On 27 November the Commission adopted, for transmission to the Council, proposals for detailed negotiating directives concerning the renewal of the Arrangement regarding International Trade in Textiles (the Multifibre Arrangement) and the conclusion of new bilateral agreements.

The proposals give effect to the policy adopted by the Council on 22 July of seeking a fresh extension of the MFA, while indicating the Community's willingness to apply the arrangements more flexibly provided other participants simultaneously allow greater access to their own markets.

The Commission is proposing that the MFA be renewed for a minimum of four years by means of a protocol of extension. Some of the existing provisions would be dropped or modified; in addition, the Community favours new clauses allowing more differentiation between supplying countries according to their level of development and acknowledging more explicitly the MFA's aim of promoting economic and social development in the developing countries. The Commission also proposes that all MFA member countries should undertake to liberalize access to their home market in keeping with their level of development.

2.3.5. At the same time the Commission put forward proposals which would allow more flexible use of the system of bilateral textile agreements. There would be fewer formal agreements and restrictions; more generous import growth rates would be offered, depending on the supplying country's level of development; and the 'flexibility' clauses and 'basket extractor' mech-

anism would become more liberal. The informal arrangements with preferential countries would likewise be made more flexible.

#### *Administration of bilateral agreements*

##### **MFA countries**

2.3.6. Throughout November consultations took place with various MFA supplying countries with the aim of adapting their bilateral agreements with the Community to take account of the accession of Spain and Portugal.<sup>1</sup> Amending protocols to the agreements with Hong Kong, Indonesia, Czechoslovakia, Thailand, Macao, South Korea and Peru have already been initialled, and consultations are under way with China, Sri Lanka, Bangladesh and a number of State-trading countries.

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2.3.7. An Egyptian delegation visited Brussels on 28 and 29 November for negotiations with the Commission on renewal of the informal arrangement on cotton yarn and adaptation of the agreement covering other textile products to take account of enlargement. Both issues were successfully concluded.

## **Relations with industrialized countries**

### **Multilateral aspects**

#### *New round of trade negotiations in GATT*

2.3.8. At the 41st session of the GATT Contracting Parties, which ended on 28 November (→ point 2.3.52), a preparatory committee was established with the task of preparing recommendations for the new

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<sup>1</sup> Bull. EC 9-1985, point 2.3.4.

round of multilateral trade negotiations and of determining 'objectives, subject matter, modalities... and participation'.

The recommendations are to be adopted at a ministerial meeting scheduled for September 1986, after which the negotiations can begin officially.

### Rollback: speeding up the Tokyo Round tariff reductions

2.3.9. On 11 November the Council approved the decision to bring forward the implementation of the last batch of Tokyo Round tariff reductions.<sup>1</sup>

### Multifibre Arrangement (MFA)

2.3.10. On 27 November the Commission adopted, for transmission to the Council, proposals for detailed negotiating directives concerning the renewal of the MFA (→ point 2.3.4).

### United States

2.3.11. The Community and the United States resolved their dispute over tinned fruit,<sup>2</sup> agreeing terms whereby the Community will cut down its aid for fruit canning from the start of the next marketing year, which begins in July 1986.

The United States had referred to GATT the question whether the Community aid for fruit canning was compatible with the Community's undertakings under the General Agreement, notably the tariff concessions which the Community had granted for tinned fruit. The United States considered that the aid constituted an 'unfair commercial practice' since in its view the aid affected US exports to the Community and other markets.

A GATT panel set up to examine the two sides' arguments concluded that the Community should have modified the aid it

grants in order to restore competitive conditions. Once the Council has formally concluded the arrangement agreed on 29 November, the dispute will be at an end.

### Canada

#### *Footwear import quotas*

2.3.12. On 20 November the Canadian Government announced its decision to extend existing import quotas on women's and girls' footwear for three more years. They will be subject to phasing-out arrangements. All other footwear imports will be liberalized from 1 December.

In a statement on 21 November Mr De Clercq, the Member of the Commission with special responsibility for external relations and trade policy, deplored this measure, pointing to the fact that Canada's import quotas on footwear had now been in existence for about eight years, which had given the Canadian industry ample time for adjustment, the more so since it had enjoyed so far a tariff protection of 23% as well.

Community exports will be seriously affected since 60% of the Community's footwear exports to Canada are women's and girls' footwear. The Commission immediately requested GATT Article XIX consultations with the aim of getting full compensation for the trade loss caused by this protectionist measure.

#### *High-level consultations*

2.3.13. On 20 and 21 November the 25th round of twice-yearly high-level consultations<sup>3</sup> between the Community and Canada was held in Ottawa.

Apart from an exchange of views on matters like the Canada-US free-trade arrangement

<sup>1</sup> Bull. EC 10-1985, point 2.3.6 *et seq.*

<sup>2</sup> Bull. EC 10-1985, point 2.3.10.

<sup>3</sup> Previous round: Bull. EC 6-1985, point 2.3.11.

and the reform of the Community's common agricultural policy, the discussions covered a number of bilateral questions. The Commission delegation criticized Canada's import policy on beef, under which exports from the Community are currently subject to quotas and to an investigation concerning possible countervailing measures.<sup>1</sup> The Community side also expressed deep concern over the renewal of Canada's import quotas on women's and girls' footwear and informed the Canadians that the Community would make full use of its GATT rights.

The Canadian side was concerned about the possible adverse effects of enlargement of the Community, especially in the agricultural and fisheries sectors. Both sides also explained their position on fishing by Community vessels in a particular part of the Atlantic outside Canadian territorial waters, over which Canada claims some form of jurisdiction for stock conservation reasons.<sup>2</sup>

## Japan

### *Ministerial meeting*

2.3.14. A Commission delegation led by Mr Willy De Clercq, the Member with special responsibility for external relations and trade policy, and also including Mr Karl-Heinz Narjes and Mr Peter Sutherland, met a Japanese delegation in Tokyo on 18 November. The Japanese delegation was led by the Foreign Minister, Mr Shintaro Abe, and also included Mr Keiji Murata, the Minister of International Trade and Industry, Mr Noboru Takeshita, the Finance Minister, the Minister of Agriculture and the Ministers for the Economic Planning Agency and the Agency for Science and Technology. The Members of the Commission delegation also had detailed discussions with the Prime Minister, Mr Yasuhiro Nakasone.

This was the first such high-ranking Community delegation to visit Japan. The idea

of the meeting had been agreed between Mr Delors and Mr Nakasone when the latter visited the Commission in July.<sup>3</sup>

In the talks the Japanese Ministers acknowledged that Japan did not import enough and that consequently import barriers should be lowered and the yen allowed to appreciate further, and that structural adjustments would eventually have to be made to the Japanese economy. These points are indications that the Japanese Government has perceived the seriousness of the situation.

The Ministers also said that Japan would endeavour to set in motion as speedily as possible the three-year action programme announced in July.<sup>4</sup> At the macroeconomic level, an advisory committee has been given the task of presenting recommendations to the Prime Minister in March 1986 concerning the structural adjustments that will be required. In the monetary sphere, the Japanese Government will continue to back the trend for the yen to appreciate and for it to take on a more international role. As regards cooperation with the Community, Japan welcomes the possibility of concluding an agreement on thermonuclear fusion research; study will continue on opportunities for cooperation in the new materials and biotechnology fields, and also on arrangements for the exchange of young research workers.

On the other hand, the Japanese Ministers and the Prime Ministers both rejected the idea that Japan might set itself a quantified target for imports of manufactures and processed agricultural products or, alternatively, that it might provide estimates of the effects on imports of the action programme and the adoption of a long-term view concerning imports. The members of the Commission delegation deplored this response and hoped that the Japanese Government would continue to consider their suggestions.

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<sup>1</sup> Bull. EC 5-1985, point 2.2.22.

<sup>2</sup> Bull. EC 6-1985, point 2.3.11.

<sup>3</sup> Bull. EC 7/8-1985, point 2.3.17.

<sup>4</sup> Bull. EC 7/8-1985, point 2.3.18.



It is apparent that if the political will were forthcoming, the Japanese authorities would be fully capable of setting targets or making forward estimates as suggested by the Community, which could be used as a point of reference for coordinated action by the government and the private sector.

### European Free Trade Association <sup>1</sup>

2.3.15. The negotiations begun in October with the EFTA countries <sup>2</sup> on adapting the existing Agreements to take account of the accession of Spain and Portugal continued in November. Two rounds of negotiations took place, but no significant progress was made.

The EFTA countries refused to consider the immediate elimination of import duties on industrial exports from Spain on 1 January 1986 and could not accept immediate free access for textiles from Portugal either. Consequently, the negotiations virtually came to a halt.

The Commission drew the attention of the Council to this situation on 25 November and asked that the matter be discussed in depth. In the mean time the Commission will continue its efforts to break the deadlock.

## Relations with other countries and regions

### Mediterranean countries

#### Overall Mediterranean policy

##### *Mediterranean policy of the enlarged Community*

2.3.16. At its meeting on 25 and 26 November the Council approved directives authorizing the Commission to open negotiations with the Mediterranean non-mem-

ber countries <sup>3</sup> with a view to adapting the cooperation and association agreements following the accession of Spain and Portugal to the Community.

The directives are based on the Council statement which expressed the Community's intention of endeavouring to maintain traditional flows in addition to undertaking initiatives to reduce the Mediterranean countries' agri-food deficit and diversify their production. <sup>4</sup> In July and September the Commission presented to the Council proposals on these lines dealing with trade and cooperation aspects. <sup>5</sup>

The trade directives adopted by the Council provide for favourable tariff measures for all agricultural products covered by the agreements and traditionally exported to the Community, and also special measures for certain countries covering a number of sensitive products (citrus fruit, tomatoes, table grapes, olive oil and wine). The procedures by which the new Member States are to apply progressively the trade provisions of the agreements are also set out in the directives.

The Council also approved the Commission's guidelines for implementing cooperation, in particular with regard to the new financial protocols which will be negotiated with the southern and eastern Mediterranean countries to replace the protocols due to expire on 1 November 1986. <sup>6</sup> The guidelines concern the reduction of food dependence, efforts to achieve greater economic complementarity and support for regional and multilateral cooperation.

The directives also cover the opening of negotiations with Cyprus with a view to finalizing the arrangements for the second

<sup>1</sup> For relations with the EFTA countries in the research field, see points 2.1.183 and 2.1.184.

<sup>2</sup> Bull. EC 10-1985, point 2.3.16.

<sup>3</sup> Algeria, Morocco, Tunisia, Egypt, Jordan, Lebanon, Syria, Israel, Cyprus, Malta and Yugoslavia.

<sup>4</sup> Bull. EC 3-1983, point 2.2.19.

<sup>5</sup> Bull. EC 7/8-1985, point 1.3.1 *et seq.*; Bull. EC 9-1985, point 1.3.1 *et seq.*

<sup>6</sup> COM(85) 646 final.

stage under the Association Agreement, which would lead to full customs union.<sup>1</sup>

## Malta

2.3.17. At its 28 and 29 November meeting the Council approved the text of the second EEC-Malta financial protocol and formally decided that the Community should sign it.<sup>2</sup>

The protocol provides for Community financial assistance totalling 29.5 million ECU to aid Malta's economic and social development; the aid will comprise 16 million ECU in the form of EIB loans from the Bank's own resources and 13.5 million ECU from the Community budget (3 million ECU in special loans and 10.5 million ECU in grants).

## Asia

### Association of South-East Asian Nations

2.3.18. The second plenary meeting of the EEC-Asean Business Council took place in Kuala Lumpur on 28 November. It was attended by over 140 representatives, principally from the private sector in the two regions, including 80 European businessmen.

A keynote address was given by the Malaysian Minister for Energy, Telecommunications and Posts, and a message was sent by Mr Claude Cheysson, who called attention to the new phase in relations between the two regions following the Bangkok ministerial meeting;<sup>3</sup> here the private sector would have a key role to play. The future programme of the Business Council will include training and industrial cooperation schemes which were endorsed at Bangkok.

2.3.19. With a view to strengthening trade and industrial cooperation links between the Community and Asean, a second joint conference of industrialists was held in

Manila from 11 to 13 November. More than 65 businessmen from the Community had an opportunity to meet some 160 of their Asean counterparts in the agri-business sector and explore business possibilities and joint investment. The conference led to between 800 and 1 000 business meetings between potential partners, and many new contracts are expected to be signed in coming months.

## South Korea

2.3.20. The third annual round of high-level consultations between the Commission and South Korea took place in Seoul on 12 and 13 November.<sup>4</sup> The respective delegations were led by Mr Willy De Clercq, Member of the Commission with special responsibility for external affairs and trade policy, and Mr Lee Won Kyung, the Korean Foreign Minister.

On the agenda were discussions on the economic situation and the outlook worldwide, in the Community and in Korea, international multilateral issues (the new round of GATT trade negotiations and the Multifibre Arrangement), relations with other countries and EEC-Korea bilateral relations, with particular reference to specific problems such as shipbuilding, the liberalization of the Korean market, consumer electronics, the GSP, alcoholic beverages, intellectual property, scientific and technical cooperation, and so on.

A broad consensus was reached on a range of important issues, and measures were taken to intensify contacts and develop trade relations.

2.3.21. During the same week as the consultations were going on, the Commission organized the first-ever European trade mission to Korea, headed by Mr De Clercq. Some 25 European businessmen were able

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<sup>1</sup> Bull. EC 7/8-1985, point 2.3.23.

<sup>2</sup> Bull. EC 9-1985, point 2.3.13.

<sup>3</sup> Bull. EC 10-1985, point 2.3.24.

<sup>4</sup> Previous round: Bull. EC 7/8-1984, point 2.2.24.

to meet their Korean counterparts in three selected industries: subcontracting in ship-building, chemicals and petrochemicals, and food products.

## Latin America

### Central America

2.3.22. An EEC-Central America Cooperation Agreement was signed on 12 November at the second ministerial meeting between the Community and the Central American countries (→ point 1.2.1 *et seq.*).

### Mexico

2.3.23. The Joint Committee set up under the 1975 EEC-Mexico Agreement<sup>1</sup> held its sixth annual meeting<sup>2</sup> in Brussels on 7 and 8 November. Mexico's Secretary for External Relations, Mr Bernardo Sepúlveda Amor, and the Member of the Commission with special responsibility for North-South relations, Mr Claude Cheysson, opened the proceedings, each emphasizing the importance they attached to further cooperation between the two parties.

An exchange of views took place on new projects Mexico intends to put forward for Community financing under the trade promotion programme.

Energy cooperation on the use of low-enthalpy geothermal fluids in Mexico was the subject of a financing agreement and will soon get under way.

In the sphere of scientific cooperation, a meeting will take place early in 1986 between Commission and Mexican representatives to evaluate progress in research already under way and to draw up a science and technology cooperation programme to be implemented in 1986 and 1987.

Industrial cooperation is a priority area for Mexico's development policy; Mexico is keen to consolidate its domestic industries and so gain access to world markets. The

Mexican delegation will present to the Commission a scheme for cooperation on the identification and promotion of joint export-oriented investment projects.

At a press conference given at the end of the meeting, Mr Sepúlveda Amor emphasized the importance his country attached to the Agreement with the Community and the new impetus the visit to the Commission of Mexico's President, Mr Miguel de la Madrid Hurtado, had given cooperation.<sup>3</sup>

### Uruguay

2.3.24. The EEC-Uruguay Joint Committee set up under the 1973 Agreement<sup>4</sup> held its second meeting in Brussels.<sup>5</sup> The meeting, which marked the formal resumption of relations between the Community and Uruguay following the latter's return to democracy, was opened by Mr Cheysson, Member of the Commission with special responsibility for North-South relations, and Mr Enrique Iglesias, Uruguay's Foreign Minister.

The two chairmen both emphasized the intention to develop closer relations, improve trade, open the path to economic cooperation and, if need be, negotiate a new framework agreement for economic cooperation of greater scope than the present Agreement.

The Joint Committee will continue work at technical level during the first week of December.

The meeting of the Joint Committee gave Mr Iglesias, who is also the current Secretary of the Andean Group, the opportunity to have talks with Mr Cheysson and other Members of the Commission on the debt problem and the prospects for signing an agreement on investment protection on the lines of the conclusions of the annual

<sup>1</sup> OJ L 247, 23.9.1975.

<sup>2</sup> Previous meeting: Bull. EC 12-1984, point 2.2.31.

<sup>3</sup> Bull. EC 6-1985, point 2.3.33.

<sup>4</sup> OJ L 333, 4.12.1973.

<sup>5</sup> Previous meeting: Tenth General Report, point 558.

IMF and World Bank meetings held in Seoul.<sup>1</sup>

## Development

### Council

2.3.25. The Council meeting of 4 November discussed in depth the Commission communication concerning a plan to restore and revitalize the African countries most affected by drought and took note of the stocktaking and analysis of the way in which the Dublin Plan was being implemented.<sup>2</sup>

Conclusions were adopted by the Council on various issues: development aid and the situation of women in the developing countries, coordination of cooperation policies and operations, and promotion of developing countries' trade and services.

### Generalized tariff preferences

#### Scheme for 1986

2.3.26. In the light of the opinion delivered by Parliament,<sup>3</sup> the Council established on 26 November a common position on the Community's generalized preferences scheme for 1986.<sup>4</sup> This is without prejudice to the consultations due to take place with the ACP States and is subject to the consultation procedure under way with Spain and Portugal. The Economic and Social Committee delivered its opinion on the scheme at its session of 27 and 28 November (→ point 2.5.24).

Although based on the proposals contained in the Commission's communication concerning general guidelines on the GSP for the period 1986-90,<sup>5</sup> the Council rejected certain details of application with regard to differentiation and administration.

In the case of sensitive industrial products, greater differentiation will henceforth be applied to countries which have reached a high level of competitiveness (50% reduction in the volume of the quotas for which the Commission had proposed exclusion); the preferential amounts will be updated and also increased by 9.5% in order to take account of the accession of Spain and Portugal, who will begin applying the Community GSP on 1 March. The quota share for these two countries was fixed at 5.5% and 1.5% respectively, the shares of the other Member States being adjusted accordingly. The number of products is almost identical (131 compared with 132 in 1985), but some changes have been made to the composition of the list as also to the administrative arrangements for certain products (in all 116 quotas concerning 13 countries, compared with 120 in 1985 for 17 countries, and determination of the quotas concerning India, Mexico, Pakistan and Uruguay).

The reference base in respect of non-sensitive products is increased by a flat 15%.

The procedures for the administration and reintroduction of customs duties will be maintained in accordance with the provisions in force in 1985, the Council having chosen not to take up the Commission's suggestions concerning the establishment of a management committee.

The preferential amounts in respect of ECSC products are unchanged, but the quota scale is amended to take account of the two new Member States.

In the agricultural sector, five preferential margins have been improved and eight products added to the list. The quota for cocoa butter is terminated and the quotas for soluble coffee, tinned pineapple and Virginia tobacco are increased as a result of the Community's enlargement and their

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<sup>1</sup> Bull. EC 10-1985, point 2.1.7.

<sup>2</sup> Bull. EC 10-1985, point 1.4.1 *et seq.*

<sup>3</sup> OJ C 343, 31.12.1985; Bull. EC 10-1985, point 2.3.32.

<sup>4</sup> Bull. EC 7/8-1985, point 2.3.40.

<sup>5</sup> Bull. EC 5-1985, point 2.2.42.

allocation among the Member States adjusted accordingly, while the preferential duty remains unchanged. In addition, the ceiling for other non-manufactured tobacco (2 550 tonnes in 1985) has been changed to a quota of 14 000 tonnes because of enlargement. The least-developed countries have also been granted an additional product.

In the case of textiles, the ceilings for MFA products will be boosted by the final part of the increase approved in 1983 and are increased by 1.42% to take account of accession; moreover, Argentina, Chile and Costa Rica, which have given the necessary undertakings (in the absence of a bilateral agreement with the Community), are included in the scheme. For the other textile products subject to restriction the increase in the ceilings due to enlargement is 3.19%.

## Commodities and world agreements

### Tin

2.3.27. At its 25 and 26 November meeting the Council considered the problems arising in connection with the tin market crisis; it stressed the need for the Community and the Member States to adopt a common position on these problems and asked the Commission to present proposals to this end as soon as possible.

### Food aid

2.3.28. With the endorsement of the Food Aid Committee, the Commission approved on 15 November the operations shown in Table 8. The costs of the aid, including transport, to the budget is approximately 33 million ECU.

Table 8 — *Food aid operations*

	(tonnes)	
	Skimmed-milk powder	Butteroil
Mali	500	200
Comoros	200	100
Madagascar	200	200
Grenada	200	40
Guyana	300	185
Niger	200	—
Egypt	3 000	400
India	5 000	3 000
NGOs	2 000	—
WFP	2 000	—
UNRWA	700	250
Mauritania	300	600
Tunisia	3 000	—
Total	17 600	4 975

2.3.29. The Commission also took decisions in November concerning the following emergency food aid allocations:

(i) Viet Nam (for typhoon victims): 2 000 tonnes of cereals and 200 tonnes of dried fish—to be distributed through several European non-governmental organizations under the direction of Trocaire;

(ii) Cape Verde: 2 000 tonnes of additional cereals aid to mitigate the considerable cereals shortage due to the drought;

(iii) ICRC: 4 640 tonnes of cereals, 300 tonnes of butteroil and 300 tonnes of beans to be distributed to the displaced persons (around 200 000) in Angola (Benguela, Huambo, Bié, Moxico, Huíla and Cunene provinces).

### Emergency aid

#### Colombia

2.3.30. On 15 November the Commission approved emergency aid of 500 000 ECU for victims of the Nevado del Ruiz volcanic eruption in Colombia. An aircraft was

immediately dispatched carrying a medical team and supplies, with additional relief being provided in the days immediately following.

In view of the scale of the disaster, a further emergency aid allocation of 1 500 000 ECU was granted on 20 November for the stricken population, to be administered via the League of Red Cross Societies and other agencies operating on the spot.

### Thailand

2.3.31. In view of the difficult situation facing the displaced population groups along the Thai frontier, the Commission took a decision on 20 November to grant a further 300 000 ECU in aid, to be distributed by the United Nations Border Relief Operation and the World Food Programme with the help of European non-governmental organizations active in the area.<sup>1</sup>

### Stabex

2.3.32. On 19 November the Commission decided to make the following transfers for the 1984 application year:

- (i) Grenada: 161 730 ECU (mace);
- (ii) Tanzania: 4 134 388 ECU (raw sisal).

For 1984 the Commission received 47 transfer requests from 16 ACP States; of these, 32 had to be rejected, 12 proved eligible for transfers and one is currently being examined.<sup>2</sup>

2.3.33. The Commission also received a request from Gambia for an advance on a Stabex transfer for the 1985 application year as a result of losses in respect of groundnut products. On examination it was found that this loss will probably amount to some 1.6 million ECU. The Commission therefore approved on 20 November the payment to Gambia of an advance of 1 million ECU.

## Financial and technical cooperation

### *ACP States and OCTs*

#### Aid programming (Lomé III)

2.3.34. Although much had been achieved in previous months, the task of programming Community aid to each of the ACP States (determining the amounts involved and the sectors to be assisted) continued actively. By the end of November programming missions had visited 22 ACP States to reach agreement on the indicative programme of Community aid.

Agreements have been reached with the following countries:

Senegal, Saint Vincent and the Grenadines, Burkina, Mali, Saint Lucia, Niger, Central African Republic, Dominica, Cape Verde, Tanzania, Seychelles, Comoros, Malawi, Zimbabwe, Madagascar, Burundi, Lesotho, Samoa, Mauritius, Swaziland, Vanuatu and Grenada.

The indicative programmes signed reflect the desire of both the Community and its ACP partners to make aid more effective by using it to support sectoral policies and concentrating it on rural development and security of food supplies, which are the priorities for most ACP countries.

2.3.35. In November the Commission took decisions involving the allocation of fourth and fifth EDF resources totalling 38 142 000 ECU to finance projects, programmes and emergency aid operations which it administers in the following sectors:

<sup>1</sup> Bull. EC 5-1985, point 2.2.48.

<sup>2</sup> Bull. EC 6-1985, point 2.3.54; Bull. EC 7/8-1985, point 2.3.50.

Table 9 — *Financing of operations under fourth and fifth EDFs*

(million ECU)			
	Project	Grants	Loans
<i>Rural production</i>			
St Christopher	Electricity improvement	0.253	1.069
Barbados	Fisheries	0.852	0.648
Barbados	Agriculture	0.550	
Nigeria	Plantations	2.600	
Madagascar	Plantations		1.600
Madagascar	Hydro-agricultural development	7.200	
Botswana	Forestry	2.100	
<i>Regional economic infrastructure</i>			
Tanzania, Rwanda, Burundi, Zaïre and Zambia	Ports and waterways	0.950	
Kenya — Northern Corridor	Roads	8.500	2.000
<i>Industrialization</i>			
Madagascar	Rehabilitation	6.400	1.170
<i>Social development</i>			
Guinea	Awards	0.150	
Tanzania	Health	1.100	
Malawi	Education infrastructure	0.900	
<i>Emergency aid</i>			
Uganda	Food and medical supplies	0.100	
Total		31.655	6.487

*Non-associated developing countries*

## Financing decisions

2.3.36. In November the Commission decided—with the endorsement of the Committee on Aid to Non-Associated Developing Countries—to finance the following projects out of the Community budget (Article 930):

*Costa Rica*—integrated rural development of the Osa/Golfito area (autonomous project): total cost 21.64 million ECU, EEC contribution 9.95 million ECU;

*six Central American countries* (represented by Cadesca<sup>1</sup>)—regional technical cooperation programme on food security (parallel

cofinancing with France): total cost 9.07 million ECU, EEC contribution 4.82 million ECU.

**Cooperation via non-governmental organizations**

2.3.37. For the period 1 January to 30 November 1985 the Commission committed a total of 35.3 million ECU in contributions to 280 projects presented by 115 NGOs.

The Commission also contributed a total of 3 228 000 ECU to 59 campaigns to increase

<sup>1</sup> Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, Panama. Cadesca: Action Committee for the Economic and Social Development of Central America.

awareness of development issues among the European public.

## Institutions

### *ACP-EEC*

2.3.38. Meeting on 25 and 26 November, the Council adopted negotiating directives with a view to the adaptation of the third Lomé Convention to take account of the accession of Spain and Portugal to the Community.<sup>1</sup>

2.3.39. On 13 November the Commission sent a proposal<sup>2</sup> to the Council, pending the entry into force of the third Lomé Convention, on extending the transitional measures adopted in February to cover relations between the ACP States and the enlarged Community.<sup>3</sup>

### Committee of Ambassadors

2.3.40. The ACP-EEC Committee of Ambassadors held its 21st meeting in Brussels on 22 November; the meeting was co-chaired by Mr Mongo So'o, Representative of Cameroon, and Mr Joseph Weyland, Permanent Representative of Luxembourg.

The two co-chairmen welcomed the presence, for the first time, of Spanish and Portuguese representatives. Numerous matters relating to ACP-EEC cooperation were discussed at the meeting.

### *Trade*

2.3.41. It was agreed that the Commission's proposals and the ACP comments on the generalized preferences scheme for 1986 (→ point 2.3.26), together with a study on the trend of ACP-EEC trade, would be examined in the relevant working groups.

Consultations will also take place between the two sides within the framework of the GATT multilateral trade negotiations.

It was agreed that the ACP States would be consulted before any Community decision concerning the composition of chocolate and the aflatoxin content of groundnut products.

The ACP States continued to reject the Community's proposals on the guaranteed price for the current sugar year<sup>4</sup> and once again contested the Community's interpretation of the sugar protocol with respect to the reallocation of quotas.

### *Stabex*

2.3.42. The Commission urged a rapid settlement of the question of the repayments due to be made by Congo and Gabon in connection with transfers made under Lomé I.

For the Lomé II period, following the closure of operations, it announced an unexpended balance of 127 million ECU which it proposed to allocate to those countries which did not receive the full amount of transfers for 1980 and 1981, giving priority to the least-developed countries.

### *Other matters*

2.3.43. A joint working party is to examine the measures to be taken in respect of investment, as certain practical details remain to be clarified. The Committee approved the composition and terms of reference of a working party on available agricultural products. The question of setting up an Agricultural Commodities Committee, as agreed in Lomé III, will be settled, as also the 1986 budget for the Technical Centre for Agricultural and Rural Cooperation.

At the request of the ACP States, the Community representatives summarized the emergency measures taken by the Community on behalf of the countries affected by drought and famine and outlined the

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<sup>1</sup> Bull. EC 10-1985, point 2.3.52.

<sup>2</sup> COM(85) 638 final.

<sup>3</sup> Bull. EC 2-1985, point 2.2.27.

<sup>4</sup> Bull. EC 10-1985, point 2.3.24.



longer-term action envisaged in order to address the problem as well as the rehabilitation plan involving immediate relief measures.<sup>1</sup> The ACP States wished to see the Community adopt the necessary budgetary decisions to provide for an emergency food reserve; Mr Weyland gave certain assurances in this regard.

The ACP States referred to the migrant workers problem and the financing of activities organized by the Joint Assembly. They urged the Twelve to take real sanctions against South Africa and assist the ACP countries in this task.

It was decided, lastly, that the negotiations for the protocol of accession of Spain and Portugal to Lomé III (→ point 2.3.38) would begin on 10 December.

### Combating desertification

2.3.44. Addressing the African Ministerial Conference on Desertification on 7 November, Mr Natali set out the guidelines which the Commission intends to follow in its fight against desertification in Africa.

The Community's strategy is based on three principles: optimum use of available water; a search for a better balance between herds, water and grazing and a better division of the available agricultural area between agriculture, grazing and forestry.

### Visits

2.3.45. Mr Dafallah El Gizouli, Prime Minister of Sudan, accompanied by Mr Ibrahim Taha Ayoub, Foreign Minister, visited the Commission on 30 October. They were received by Mr Delors and had discussions with Mr Natali.

The discussions covered internal political change in Sudan, relations with neighbouring countries, the famine and refugee crises, economic and debt-servicing problems, rehabilitation and reconstruction, day-to-day cooperation links both within and outside the Lomé Convention, and the programming of Lomé III.

The Prime Minister expressed satisfaction with the combined efforts of the Commission and the Member States, both under the Dublin Plan and through other measures to help Sudan combat famine and alleviate the burden of refugees. He sought continued humanitarian aid for the most vulnerable groups and aid for repair and rehabilitation activities in advance of the next crop year. He was assured that no effort would be spared to respond appropriately and speedily.

## International organizations and conferences

### United Nations

#### General Assembly

##### *40th session*

2.3.46. The 40th session of the UN General Assembly continued,<sup>2</sup> with the Community taking an active part in the discussions on various political and economic issues.

On the economic front, while the opening of global negotiations has been shelved for the time being, the North-South dialogue is concentrating on more specific issues.

Key topics have been currency and financial matters, trade and development, the debt crisis, food problems and calls for an international monetary conference, a conference on African debt and a special session of the General Assembly to discuss Africa; there was unanimous agreement in principle to hold a special session in April.

A number of countries laid stress on the importance of the revised peace plan for Central America and the Luxembourg ministerial conference (→ point 1.2.1 *et seq.*) at which the Community and its Member

<sup>1</sup> Bull. EC 10-1985, point 1.4.1 *et seq.*

<sup>2</sup> Bull. EC 9-1985, point 2.3.36.

States signed a Cooperation Agreement with the five countries party to the General Treaty on Central American Economic Integration (Costa Rica, El Salvador, Guatemala, Honduras and Nicaragua) and Panama.

### United Nations Conference on the Law of Treaties

2.3.47. Preparatory consultations for the UN Conference on the Law of Treaties<sup>1</sup> went on in New York throughout the General Assembly's 40th session. The participants, among them the Community, finalized the rules of procedure for the Conference to be held in Vienna; these will be submitted to the Sixth Committee of the General Assembly and then to a plenary meeting of the Assembly at the close of the session.

### Unido

2.3.48. Unido's Industrial Development Board met on 4 and 5 November to discuss legal, budgetary and administrative issues arising from the organization's planned change of status on 1 January 1986 into a specialized agency.

The crucial questions for the Community concern the rules of procedure of the new agency and the status of the Community itself, matters which are still unresolved, particularly as regards participation in working parties and other bodies and right of reply. The Commission will be seeking to ensure that the Community loses none of the rights it currently enjoys.

### FAO

2.3.49. The Food and Agriculture Organization held its 23rd Conference, preceded by the 88th meeting of the FAO Council, in Rome from 4 to 29 November. The session coincided with the 40th anniversary of the founding of the FAO and was attended by President Mitterrand of France, President García Pérez of Peru and President Suharto of Indonesia.

Over a hundred ministers took part, and discussions centred on:

- (i) the food and agricultural situation worldwide, with particular reference to Africa;
- (ii) the adoption of a world food security pact morally committing governments, international organizations and individuals to combat malnutrition and hunger;
- (iii) international agricultural adjustment and a review of agricultural price policies; it was agreed that the years 1985 to 1990 would probably be seen as a turning point in the development of such policies;
- (iv) the adoption of a non-binding international code of conduct for the distribution and use of pesticides laying down guidelines for the safe handling, sale and use of pesticides.

The Community played an active part in the discussions, presenting its position on the various issues. A state of affairs in which some countries were starving while others faced problems from surpluses was damaging to the international economic and social balance and could not continue. It would be necessary to make adjustments to national policies, ensuring that the burden of change was fairly shared.

Concerning Africa, the Community's representative pointed to the Dublin Plan and announced plans for the rehabilitation and recovery of the African countries worst hit by drought.<sup>2</sup>

The Community and its Member States approved both the world food security pact and the pesticides code. The code includes a clause enabling regional groups of countries, including the Community, to participate fully.

2.3.50. The Community took part in the 55th meeting of FAO's Committee on Commodity Problems, which discussed agricultural trade and protectionism and the state of and outlook for the production and mar-

<sup>1</sup> Bull. EC 10-1985, point 2.3.53.

<sup>2</sup> Bull. EC 10-1984, point 1.4.1 *et seq.*

keting of the main agricultural commodities.

Its representative pointed out that the Community was the world's largest importer of these products, accounting for 20% of world trade, and noted that the salient feature of the past 10 years had been the emergence of the developing world as its main source of food and agricultural imports. The developing countries had recorded a five-point increase in their share of this trade; the Community now took almost 30% of their agricultural exports and was their largest customer.

### Unesco

2.3.51. Unesco held its fifth General Conference in Sofia from 8 October to 12 November. The Commission gave notice that it was unable to participate. The general debate showed a willingness on the part of members to negotiate a consensus on the main outstanding issues, the aim being to concentrate Unesco's work more effectively on the areas specifically within its competence and avoid duplicating the efforts of other UN agencies.

The budgetary problems caused by the withdrawal of the United States have not yet been overcome, despite clear evidence of a move to tighter programming and more cost-effective spending on specific projects.

## General Agreement on Tariffs and Trade

### 41st session of Contracting Parties

2.3.52. The 41st session of the GATT Contracting Parties took place in Geneva from 25 to 28 November.<sup>1</sup> The main business of the session was deciding on measures to be taken to continue the process of preparation for a new round of multilateral trade negotiations. The Community continued to play its decisive role in reconciling opposing views during the intensive consultations which took place both before and during the session, although it stuck to its

views on the new round as set out in the Council statement of 19 March.<sup>2</sup> This meant that the GATT's traditional consensus, which the Community supports, continued to prevail.

The main decision, taken unanimously by the Contracting Parties, was to establish a preparatory Committee to determine the objectives, subject matter and modalities for the new multilateral trade negotiations. The Committee will prepare by mid-July 1986 recommendations for the programme of negotiations for adoption at a ministerial meeting to be held in September 1986.

The new round will be comprehensive and unified. The terms of reference of the Preparatory Committee are such that all subjects can be broached, including trade in services. The session also decided that the working parties and committees set up under the work programme established by Ministers in 1982 would continue. The Community reiterated its proposal that, if GATT so decided, the new round should begin in Brussels. No decision has yet been taken because other Contracting Parties have also asked to host the meeting.

Mexico made an official request for accession to the General Agreement and to begin negotiations for this purpose.

### Rollback: speeding up the Tokyo Round tariff reductions

2.3.53. On 11 November the Council formally approved a decision bringing forward the final instalment of tariff cuts agreed during the Tokyo Round.<sup>3</sup>

## Diplomatic relations

2.3.54. The President of the Council and the President of the Commission received the following ambassadors, who presented

<sup>1</sup> Previous session: Bull. EC 11-1984, point 2.2.52.

<sup>2</sup> Bull. EC 3-1985, point 2.2.12.

<sup>3</sup> Bull. EC 10-1985, point 2.3.6.

their letters of credence, to take effect on the dates shown:

20 November

HE Mr Fernando Manuel da Silva Marques, Head of Mission of the Portuguese Republic to the European Communities;

25 November

HE Mrs Noémia Gabriela de Almeida Tavira, Head of Mission of the People's

Republic of Angola to the European Communities;

26 November

HE Mr Poseci Waqalevu Bune, Head of Mission of Fiji to the European Communities; HE Mr Zaid Haidar, Head of Mission of the Republic of Iraq to the European Communities; HE Mr Jozef Korosec, Head of Mission of the Socialist Federal Republic of Yugoslavia to the European Communities.

## 4. Financing Community activities

### Budgets

#### General budget

##### 1986 budget

##### *First reading of draft budget by Parliament*

2.4.1. At its November part-session Parliament gave a first reading to the draft budget for 1986. On 14 November it voted on more than 600 draft amendments and proposals for modifications<sup>1</sup> designed to extend and amend the draft budget established by the Council on 17 and 18 September.<sup>2</sup>

The overall effect of the voting was to increase appropriations for commitments by 2 243.3 million ECU and those for payments by 2 269.6 million ECU, broadly reverting to the Commission's preliminary draft.<sup>3</sup>

The main amendment, moved by the rapporteur for Section III (Commission) of the

budget, Mr Christodoulou, on behalf of the Committee on Budgets, was adopted *nem. con.* (327 for, 7 abstentions). It concerned two sectors on which the Council had not taken final decisions:

(i) the accession of Spain and Portugal to the Community, involving 1 407 million ECU in appropriations for commitments and 448 million ECU in appropriations for payments in respect of the EAGGF Guidance Section, fisheries and the Social and Regional Funds;

(ii) the cost of the past, involving 1 150.5 million ECU in payment appropriations to enable the Community to honour in 1986 commitments entered into in previous years in respect of agriculture (the EAGGF Guidance Section), the Regional and Social Funds and the non-associated developing countries.

Parliament also adopted an amendment concerning a reserve of 250 million ECU to

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<sup>1</sup> OJ C 345, 31.12.1985. For the debate preceding the voting, see point 2.5.8.

<sup>2</sup> Bull. EC 9-1985, points 2.4.1 to 2.4.5.

<sup>3</sup> Bull. EC 6-1985, point 1.6.7.

meet EAGGF Guarantee Section expenditure arising from enlargement for which no suitable provision had been made in the budget headings to which it would be charged.

Parliament's margin for manoeuvre amounted to 217.7 million ECU in appropriations for payments, and it adopted a number of amendments totalling 214.4 million ECU, mainly for new policies and the continuation of existing policies other than the structural Funds.

In contrast to the preliminary draft budget and the draft budget established by the Council at first reading, Parliament's draft contains the following new policy measures: ERDF, specific Community development schemes for frontier regions, financial support for transalpine infrastructure projects to facilitate transit via Yugoslavia, emergency measures to protect endangered species and to combat accidental pollution, interest subsidies for new investments to create jobs, the Eureka project, the positive action programme in South Africa decided upon at the political cooperation meeting held by Ministers on 10 September<sup>1</sup> and Community aid for non-governmental organizations active in Chile. (Tables 10 and 11 show the various stages of the budgetary procedure.)

After voting on the amendments and modifications, Parliament adopted three resolutions on the sections of the draft budget relating to itself, the Commission and the other institutions.<sup>2</sup> In the resolution on Section III (Commission) Parliament stated that it 'takes the view that the Community cannot ignore or curtail, via the budget for 1986, the financial commitments it has entered into; and is therefore resolved to ensure compliance with this principle throughout the budgetary procedure'.

#### *Second reading of draft budget by Council*

##### **Meeting between a Parliament delegation and the Council**

2.4.2. After an initial examination of the draft budget as amended by Parliament and

accompanied by Parliament's proposals for modifications, the Council met a Parliament delegation led by the President, Mr Pierre Pflimlin, consisting of Mr Jean-Pierre Cot, Chairman of the Committee on Budgets, Mr Richie Ryan, First Vice-Chairman of the Committee on Budgets, Sir James Scott Hopkins, Second Vice-Chairman of the Committee on Budgets, Mr Efthimios Christodoulou, Rapporteur on Section III (Commission), Mr Heinrich Aigner, Chairman of the Committee on Budgetary Control, and Mr Jean-Claude Pasty, Mr Olivier d'Ormesson, Mr Jens-Peter Bonde, Mr Hors Langes, Mrs Christiane Scrivener and Mr Thomas von der Vring, Members of the Committee on Budgets.

The two arms of the budgetary authority welcomed the opportunity afforded by this meeting to have a frank and open exchange of views on the specific problems arising in connection with the establishment of the 1986 budget. This enabled the representatives of the two institutions to narrow the gap between the positions, particularly as regards enlargement and the 'cost of the past', adopted by each of them during their respective first readings of the budget.

The Council then held a detailed discussion with a view to acting on Parliament's amendments and proposals for modifications, in particular in the light of the concerns expressed by Parliament's delegation.

##### **Outcome of the Council's second reading**

2.4.3. In its second reading of the 1986 draft budget the Council decided, in comparison with its first reading, to increase appropriations for payments by 894.92 million ECU and appropriations for commitments by 695.77 million ECU. These increases cover increased allocations to the Regional and Social Funds to take account

<sup>1</sup> Bull. EC 9-1985, point 2.5.1.

<sup>2</sup> OJ C 345, 31.12.1985.

Table 10 — *Stages in the 1986 budget procedure*  
*Appropriations for commitments*

		(ECU)					
		1986 draft budget		Parliament draft first reading		Change (3/1)	
		Amount (1)	% (2)	Amount (3)	% (4)	Amount (5)	% (6)
<b>1. Agricultural market guarantees</b>							
EAGGF Guarantee (Ch. 10 to 29)		21 012 000 000	61.89	21 004 500 000	58.03	- 7 500 000	- 0.04
Total 1		21 012 000 000	61.89	21 004 500 000	58.03	- 7 500 000	- 0.04
<b>2. Structural policies</b>							
EAGGF Guidance (Ch. 30 to 34)		783 830 721	2.31	819 530 721	2.26	+ 35 700 000	+ 4.55
Specific agricultural measures (Ch. 38)		61 769 618	0.18	69 397 818	0.19	+ 7 628 200	+ 12.35
Fisheries (Ch. 40 to 46)		214 875 654	0.63	259 774 654	0.72	+ 44 899 000	+ 20.90
Regional Fund (Ch. 50 and 51)		2 705 000 000	7.97	3 734 100 000	10.32	+ 1 029 100 000	+ 38.04
EMS measures (Ch. 52)		p.m.	—	p.m.	—	—	—
Suppl. measures (UK) (ch. 53)		—	—	—	—	—	—
Mediterranean programmes (Ch. 55)		230 000 000	0.68	260 000 000	0.72	+ 30 000 000	+ 13.04
Miscel. - regional (Ch. 54 and 56)		26 062 500	0.08	31 676 500	0.09	+ 5 614 000	+ 21.54
Transport (Ch. 58)		16 950 000	0.05	87 840 000	0.24	+ 70 890 000	+ 418.23
Social Fund (Ch. 60 and 61)		2 183 000 000	6.43	2 513 000 000	6.94	+ 330 000 000	+ 15.12
Miscel. - social (Ch. 64, 65 and 69)		64 049 588	0.19	70 850 463	0.20	+ 6 800 875	+ 10.62
Education and culture (Ch. 63 and 67)		24 147 750	0.07	35 434 125	0.10	+ 11 286 375	+ 46.74
Environment and consumers (Ch. 66)		23 134 595	0.07	24 450 325	0.07	+ 1 315 730	+ 5.69
Total 2		6 332 820 426	18.65	7 906 054 606	21.85	+ 1 573 234 180	+ 24.84
<b>3. Research, energy and industry</b>							
Energy (Ch. 70 and 71)		134 767 500	0.40	167 807 000 <sup>1</sup>	0.46	+ 33 039 500	+ 26.52
Research and investment (Ch. 72 and 73)		623 353 000	1.84	674 374 250	1.86	+ 51 021 250	+ 8.18
Information and innovation (Ch. 75)		16 832 625	0.05	17 536 250	0.05	+ 703 625	+ 4.18
Industry and internal market (Ch. 77)		57 152 000	0.17	80 451 500	0.22	+ 23 299 500	+ 40.77
Total 3		832 105 125	2.45	940 169 000	2.60	+ 108 063 875	+ 12.99

<b>4. Repayments and reserves</b>							
Repayments to the Member States (Ch. 80)	1 239 920 000	3.65	1 239 920 000	3.43		—	—
Other repayments (Ch. 82, 86 and 87)	1 791 961 394	5.28	1 974 323 844	5.45	+	182 362 450	+ 10.18
Miscel. - guarantees (Ch. 79, 83, 84 and 85)	p.m.	—	p.m.	—		—	—
Reserves (Ch. 101)	5 000 000	0.01	255 000 000	0.70	+	250 000 000	+ 5 000.00
<b>Total 4</b>	<b>3 036 881 394</b>	<b>8.94</b>	<b>3 469 243 844</b>	<b>9.58</b>	<b>+</b>	<b>432 362 450</b>	<b>+ 14.24</b>
<b>5. Development cooperation and non-member countries</b>							
EDF (Ch. 90 and 91)	—	—	—	—		—	—
Food aid (Ch. 92)	635 594 800	1.87	693 610 000	1.92	+	58 015 200	+ 9.13
Cooperation with Latin American and Asian dev. countries (Ch. 93)	291 580 750	0.86	297 930 750	0.82	+	6 350 000	+ 2.18
Specific and exceptional measures (Ch. 94 and 95)	74 253 550	0.22	123 235 050	0.34	+	48 981 500	+ 65.97
Cooperation with Mediterranean countries (Ch. 96)	81 446 000	0.24	85 446 000	0.24	+	4 000 000	+ 4.91
Miscellaneous (Ch. 97, 98 and 99)	64 000 000	0.19	69 500 000	0.19	+	5 500 000	+ 8.59
<b>Total 5</b>	<b>1 146 875 100</b>	<b>3.38</b>	<b>1 269 721 800</b>	<b>3.51</b>	<b>+</b>	<b>122 846 700</b>	<b>+ 10.71</b>
<b>6. Staff and administration</b>							
Section III A	1 041 135 365	3.07	1 050 669 925	2.90	+	9 534 560	+ 0.92
Sections I, II, IV and V	550 466 888	1.62	555 266 888	1.53	+	4 800 000	+ 0.87
<b>Total 6</b>	<b>1 591 602 253</b>	<b>4.69</b>	<b>1 605 936 813</b>	<b>4.44</b>	<b>+</b>	<b>14 334 560</b>	<b>+ 0.90</b>
<b>Grand total</b>	<b>33 952 284 298</b>	<b>100.00</b>	<b>36 195 626 063</b>	<b>100.00</b>	<b>+</b>	<b>2 243 341 765</b>	<b>+ 6.61</b>

<sup>1</sup> Including 2 500 000 ECU in the reserve for title 7.

Table 11 — *Stages in the 1986 budget procedure*  
*Appropriations for payments*

	(ECU)					
	1986 draft budget		Parliament draft first reading		Change (3/1)	
	Amount (1)	% (2)	Amount (3)	% (4)	Amount (5)	% (6)
<b>1. Agricultural market guarantees</b>						
EAGGF Guarantee (Ch. 10 to 29)	21 012 000 000	66.09	21 004 500 000	61.68	- 7 500 000	- 0.04
Total 1	21 012 000 000	66.09	21 004 500 000	61.68	- 7 500 000	- 0.04
<b>2. Structural policies</b>						
EAGGF Guidance (Ch. 30 to 34)	704 588 260	2.22	756 208 260	2.22	+ 51 620 000	+ 7.33
Specific agricultural measures (Ch. 38)	61 769 618	0.19	69 097 818	0.20	+ 7 328 200	+ 11.86
Fisheries (Ch. 40 to 46)	184 075 654	0.58	213 544 654	0.63	+ 29 469 000	+ 16.01
Regional Fund (Ch. 50 and 51)	1 668 000 000	5.25	2 384 100 000	7.00	+ 716 100 000	+ 42.93
EMS measures (Ch. 52)	p.m.	—	p.m.	—	—	—
Suppl. measures (UK) (Ch. 53)	—	—	—	—	—	—
Mediterranean programmes (Ch. 55)	93 000 000	0.29	133 000 000	0.39	+ 40 000 000	+ 43.10
Miscel. - regional (Ch. 54 and 56)	37 362 500	0.12	44 376 500	0.13	+ 7 014 000	+ 18.77
Transport (Ch. 58)	36 950 000	0.12	62 840 000	0.18	+ 25 890 000	+ 70.07
Social Fund (Ch. 60 and 61)	1 447 000 000	4.55	2 079 000 000	6.10	+ 632 000 000	+ 43.68
Miscel. - social (Ch. 64, 65 and 69)	61 099 588	0.19	67 380 463	0.20	+ 6 280 875	+ 10.28
Education and culture (Ch. 63 and 67)	24 147 750	0.08	31 434 125	0.09	+ 7 286 375	+ 30.17
Environment and consumers (Ch. 66)	19 934 595	0.06	21 750 325	0.06	+ 1 815 730	+ 9.11
Total 2	4 337 927 965	13.65	5 862 732 145	17.20	+ 1 524 804 180	+ 35.15
<b>3. Research, energy and industry</b>						
Energy (Ch. 70 and 71)	45 180 000	0.14	48 420 000 <sup>1</sup>	0.14	+ 3 240 000	+ 7.17
Research and investment (Ch. 72 and 73)	618 635 000	1.95	629 656 250	1.85	+ 11 021 250	+ 1.78
Information and innovation (Ch. 75)	17 832 625	0.06	18 786 250	0.06	+ 953 625	+ 5.35
Industry and internal market (Ch. 77)	55 089 000	0.17	69 338 500	0.20	+ 14 249 500	+ 25.87
Total 3	736 736 625	2.32	766 201 000	2.25	+ 29 464 375	+ 4.00



<b>4. Repayments and reserves</b>								
Repayments to the Member States (Ch. 80)	1 239 920 000	3.90	1 239 920 000	3.64	—	—		
Other repayments (Ch. 82, 86 and 87)	1 791 961 394	5.64	1 974 323 844	5.80	+	182 362 450	+	10.18
Miscel. - guarantees (Ch. 79, 83, 84 and 85)	p.m.	—	p.m.	—		—		—
Reserves (Ch. 101)	5 000 000	0.02	435 000 000	1.28	+	430 000 000	+	8 600.00
<b>Total 4</b>	<b>3 036 881 394</b>	<b>9.55</b>	<b>3 649 243 844</b>	<b>10.72</b>	<b>+</b>	<b>612 362 450</b>	<b>+</b>	<b>20.16</b>
<b>5. Development cooperation and non-member countries</b>								
EDF (Ch. 90 and 91)	—	—	—	—		—		—
Food aid (Ch. 92)	507 861 900	1.60	548 277 100	1.61	+	40 415 200	+	7.96
Cooperation with Latin American and Asian dev. countries (Ch. 93)	192 795 250	0.61	223 495 250	0.66	+	30 700 000	+	15.92
Specific and exceptional measures (Ch. 94 and 95)	73 253 550	0.23	89 735 050	0.26	+	16 481 500	+	22.50
Cooperation with Mediterranean countries (Ch. 96)	238 035 800	0.75	241 035 800	0.71	+	3 000 000	+	1.26
Miscellaneous (Ch. 97, 98 and 99)	64 000 000	0.20	69 500 000	0.20	+	5 500 000	+	8.59
<b>Total 5</b>	<b>1 075 946 000</b>	<b>3.38</b>	<b>1 172 043 200</b>	<b>3.44</b>	<b>+</b>	<b>96 096 700</b>	<b>+</b>	<b>8.93</b>
<b>6. Staff and administration</b>								
Section III A	1 041 135 365	3.27	1 050 669 925	3.08	+	9 534 560	+	0.92
Sections I, II, IV and V	550 466 888	1.73	555 266 888	1.63	+	4 800 000	+	0.87
<b>Total 6</b>	<b>1 591 602 253</b>	<b>5.01</b>	<b>1 605 936 813</b>	<b>4.71</b>	<b>+</b>	<b>14 334 560</b>	<b>+</b>	<b>0.90</b>
<b>Grand total</b>	<b>31 791 094 737</b>	<b>100.00</b>	<b>34 060 657 002</b>	<b>100.00</b>	<b>+</b>	<b>2 269 562 265</b>	<b>+</b>	<b>7.14</b>

<sup>1</sup> Including 2 500 000 ECU in the reserve for title 7.

Table 12 — *Stages in the 1986 budget procedure*  
 Appropriations for commitments

	(ECU)					
	Council draft first reading		Council draft second reading		Change (3/1)	
	Amount (1)	% (2)	Amount (3)	% (4)	Amount (5)	% (6)
<b>1. Agricultural market guarantees</b>						
EAGGF Guarantee (Ch. 10 to 29)	21 012 000 000	61.89	21 012 000 000	60.64	—	—
Total 1	21 012 000 000	61.89	21 012 000 000	60.64	—	—
<b>2. Structural policies</b>						
EAGGF Guidance (Ch. 30 to 34)	783 830 721	2.31	783 830 721	2.26	—	—
Specific agricultural measures (Ch. 38)	61 769 618	0.18	64 853 618	0.19	+ 3 084 000	+ 4.99
Fisheries (Ch. 40 to 46)	214 875 654	0.63	217 094 654	0.63	+ 2 219 000	+ 1.03
Regional Fund (Ch. 50 and 51)	2 705 000 000	7.97	3 098 000 000	8.94	+ 393 000 000	+ 14.53
EMS measures (Ch. 52)	p.m.	—	p.m.	—	—	—
Suppl. measures (UK) (Ch. 53)	—	—	—	—	—	—
Mediterranean programmes (Ch. 55)	230 000 000	0.68	250 000 000	0.72	+ 20 000 000	+ 8.70
Miscel. - regional (Ch. 54 and 56)	26 062 500	0.08	26 176 500	0.08	+ 114 000	+ 0.44
Transport (Ch. 58)	16 950 000	0.05	32 500 000	0.09	+ 15 550 000	+ 91.74
Social Fund (Ch. 60 and 61)	2 183 000 000	6.43	2 290 000 000	6.61	+ 107 000 000	+ 4.90
Miscel. - social (Ch. 64, 65 and 69)	64 049 588	0.19	67 990 638	0.20	+ 3 941 050	+ 6.15
Education and culture (Ch. 63 and 67)	24 147 750	0.07	28 091 875	0.08	+ 3 944 125	+ 16.33
Environment and consumers (Ch. 66)	23 134 595	0.07	23 638 595	0.07	+ 504 000	+ 2.18
Total 2	6 332 820 426	18.65	6 882 176 601	19.86	+ 549 356 175	+ 8.67
<b>3. Research, energy and industry</b>						
Energy (Ch. 70 and 71)	134 767 500	0.40	136 317 500	0.39	+ 1 550 000	+ 1.15
Research and investment (Ch. 72 and 73)	623 353 000	1.84	634 374 250	1.83	+ 11 021 250	+ 1.77
Information and innovation (Ch. 75)	16 832 625	0.05	17 029 375	0.05	+ 196 750	+ 1.17
Industry and internal market (Ch. 77)	57 152 000	0.17	64 762 500	0.19	+ 7 610 500	+ 13.32
Total 3	832 105 125	2.45	852 483 625	2.46	+ 20 378 500	+ 2.45

<b>4. Repayments and reserves</b>								
Repayments to the Member States (Ch. 80)	1 239 920 000	3.65	1 239 920 000	3.58	—	—	—	—
Other repayments (Ch. 82, 86 and 87)	1 791 961 394	5.28	1 863 877 209	5.38	+	71 915 815	+	4.01
Miscel. - guarantees (Ch. 79, 83, 84 and 85)	p.m.	—	p.m.	—	—	—	—	—
Reserves (Ch. 101)	5 000 000	0.01	5 000 000	0.01	—	—	—	—
<b>Total 4</b>	<b>3 036 881 394</b>	<b>8.94</b>	<b>3 108 797 209</b>	<b>8.97</b>	<b>+</b>	<b>71 915 815</b>	<b>+</b>	<b>2.37</b>
<b>5. Development cooperation and non-member countries</b>								
EDF (Ch. 90 and 91)	—	—	—	—	—	—	—	—
Food aid (Ch. 92)	635 594 800	1.87	663 604 800	1.92	+	28 010 000	+	4.41
Cooperation with Latin American and Asian dev. countries (Ch. 93)	291 580 750	0.86	296 630 750	0.86	+	5 050 000	+	1.73
Specific and exceptional measures (Ch. 94 and 95)	74 253 550	0.22	85 035 050	0.25	+	10 781 500	+	14.52
Coopération with Mediterranean countries (Ch. 96)	81 446 000	0.24	81 446 000	0.24	—	—	—	—
Miscellaneous (Ch. 97, 98 and 99)	64 000 000	0.19	66 800 000	0.19	+	2 800 000	+	4.38
<b>Total 5</b>	<b>1 146 875 100</b>	<b>3.38</b>	<b>1 193 516 600</b>	<b>3.44</b>	<b>+</b>	<b>46 641 500</b>	<b>+</b>	<b>4.07</b>
<b>6. Staff and administration</b>								
Section III A	1 041 135 365	3.07	1 043 814 125	3.01	+	2 678 760	+	0.26
Sections I, II, IV and V	550 466 888	1.62	555 266 888	1.60	+	4 800 000	+	0.87
<b>Total 6</b>	<b>1 591 602 253</b>	<b>4.69</b>	<b>1 599 081 013</b>	<b>4.62</b>	<b>+</b>	<b>7 478 760</b>	<b>+</b>	<b>0.47</b>
<b>Grand total</b>	<b>33 952 284 298</b>	<b>100.00</b>	<b>34 648 055 048</b>	<b>100.00</b>	<b>+</b>	<b>695 770 750</b>	<b>+</b>	<b>2.05</b>

Table 13 — *Stages in the 1986 budget proposals*  
 Appropriations for payments

	(ECU)					
	Council draft first reading		Council draft second reading		Change (3/1)	
	Amount (1)	% (2)	Amount (3)	% (4)	Amount (5)	% (6)
<b>1. Agricultural market guarantees</b>						
EAGGF Guarantee (Ch. 10 to 29)	21 012 000 000	66.09	21 012 000 000	64.28	—	—
Total 1	21 012 000 000	66.09	21 012 000 000	64.28	—	—
<b>2. Structural policies</b>						
EAGGF Guidance (Ch. 30 to 34)	704 588 260	2.22	704 588 260	2.16	—	—
Specific agricultural measures (Ch. 38)	61 769 618	0.19	64 553 618	0.20	+	2 784 000 + 4.51
Fisheries (Ch. 40 to 46)	184 075 654	0.58	186 294 654	0.57	+	2 219 000 + 1.21
Regional Fund (Ch. 50 and 51)	1 668 000 000	5.25	2 063 000 000	6.31	+	395 000 000 + 23.65
EMS measures (Ch. 52)	p.m.	—	p.m.	—	—	—
Suppl. measures (UK) (Ch. 53)	—	—	—	—	—	—
Mediterranean programmes (Ch. 55)	93 000 000	0.29	133 000 000	0.41	+	40 000 000 + 43.01
Miscel. - regional (Ch. 54 and 56)	37 362 500	0.12	38 876 500	0.12	+	1 514 000 + 4.05
Transport (Ch. 58)	36 950 000	0.12	42 500 000	0.13	+	5 550 000 + 15.02
Social Fund (Ch. 60 and 61)	1 447 000 000	4.55	1 773 000 000	5.42	+	326 000 000 + 22.53
Miscel. - social (Ch. 64, 65 and 69)	61 099 588	0.19	64 640 638	0.20	+	3 541 050 + 5.80
Education and culture (Ch. 63 and 67)	24 147 750	0.08	28 091 875	0.09	+	3 944 125 + 16.33
Environment and consumers (Ch. 66)	19 934 595	0.06	20 438 595	0.06	+	504 000 + 2.53
Total 2	4 337 927 965	13.65	5 118 984 140	15.67	+	781 056 175 + 18.01
<b>3. Research, energy and industry</b>						
Energy (Ch. 70 and 71)	45 180 000	0.14	45 780 000	0.14	+	600 000 + 1.33
Research and investment (Ch. 72 and 73)	618 635 000	1.95	622 056 250	1.90	+	3 421 250 + 0.55
Information and innovation (Ch. 75)	17 832 625	0.06	18 279 375	0.06	+	446 750 + 2.51
Industry and internal market (Ch. 77)	55 089 000	0.17	61 449 500	0.19	+	6 360 500 + 11.55
Total 3	736 736 625	2.32	747 565 125	2.29	+	10 828 500 + 1.47

<b>4. Repayments and reserves</b>							
Repayments to the Member States (Ch. 80)	1 239 920 000	3.90	1 239 920 000	3.79	—	—	
Other repayments (Ch. 82, 86 and 87)	1 791 961 394	5.64	1 863 877 209	5.70	+	71 915 815	+
Miscel. - guarantees (Ch. 79, 83, 84 and 85)	p.m.	—	p.m.	—	—	—	—
Reserves (Ch. 101)	5 000 000	0.02	5 000 000	0.02	—	—	—
<b>Total 4</b>	<b>3 036 881 394</b>	<b>9.55</b>	<b>3 108 797 209</b>	<b>9.51</b>	<b>+</b>	<b>71 915 815</b>	<b>+</b>
<b>5. Development cooperation and non-member countries</b>							
EDF (Ch. 90 and 91)	—	—	—	—	—	—	—
Food aid (Ch. 92)	507 861 900	1.60	512 871 900	1.57	+	5 010 000	+
Cooperation with Latin American and Asian dev. countries (Ch. 93)	192 795 250	0.61	202 845 250	0.62	+	10 050 000	+
Specific and exceptional measures (Ch. 94 and 95)	73 253 550	0.23	79 035 050	0.24	+	5 781 500	+
Cooperation with Mediterranean countries (Ch. 96)	238 035 800	0.75	238 035 800	0.73	—	—	—
Miscellaneous (Ch. 97, 98 and 99)	64 000 000	0.20	66 800 000	0.20	+	2 800 000	+
<b>Total 5</b>	<b>1 075 946 500</b>	<b>3.38</b>	<b>1 099 588 000</b>	<b>3.36</b>	<b>+</b>	<b>23 641 500</b>	<b>+</b>
<b>6. Staff and administration</b>							
Section III A	1 041 135 365	3.27	1 043 814 125	3.19	+	2 678 760	+
Sections I, II, IV and V	550 466 888	1.73	555 266 888	1.70	+	4 800 000	+
<b>Total 6</b>	<b>1 591 602 253</b>	<b>5.01</b>	<b>1 599 081 013</b>	<b>4.89</b>	<b>+</b>	<b>7 478 760</b>	<b>+</b>
<b>Grand total</b>	<b>31 791 094 737</b>	<b>100.00</b>	<b>32 686 015 487</b>	<b>100.00</b>	<b>+</b>	<b>894 920 750</b>	<b>+</b>

of the accession of Spain and Portugal and the 'cost of the past' problem.

The ERDF and Social Fund amounts are as follows:

	<i>million ECU</i>			
	Draft (1st reading)		Draft (2nd reading)	
	Commitment approps	Payment approps	Commitment approps	Payment approps
ERDF	2 705	1 668	3 098	2 063
Social Fund	2 183	1 447	2 290	1 773

In the context of the enlargement of the Community, the Council 'asked the Commission to submit in 1986 a preliminary draft supplementary and amending budget to the budgetary authority, as necessary, aimed at attaining the objectives set by the Commission when it proposed a reserve of 250 million ECU (in compulsory expenditure) in the 1986 preliminary draft budget'.

As for other non-compulsory expenditure, the Council accepted Parliament's amendments for up to 100 million ECU in appropriations for payments and 122 million ECU in appropriations for commitments intended in particular for the IMPs, research, food aid, aid to the Latin American and Asian developing countries, aid for the private agricultural sector in Poland and the positive action programme in South Africa.

In the case of food aid, the Council agreed to the setting up of an emergency reserve; for that purpose, it increased the nominal appropriation proposed by Parliament by entering a further 5 million ECU in appropriations for both payments and commitments.

As for the increase in non-compulsory expenditure in the 1986 draft budget compared with 1985, the Council agreed to propose that Parliament adopt new commitment and payment rates, namely 14.63% and 20.5% respectively. The rate of increase for all expenditure following the Council's second reading is 14.96% for appropriations for payments and 13.17% for appropriations for commitments. (Tables 12 and 13 compare the various stages of the budgetary procedure.)

### Own resources

2.4.4. Parliament gave a favourable opinion<sup>1</sup> on the proposal for the extension<sup>2</sup> of Regulation No 2892/77<sup>3</sup> implementing in respect of own resources accruing from value-added tax the Decision of 21 April 1970 on own resources.<sup>4</sup> It also took note of the Commission's report<sup>2</sup> on the implementation of Regulations Nos 2891/77<sup>3</sup> and 2892/77.<sup>3</sup>

Parliament hoped that the Commission would step up its efforts to reach a single system for establishment of the VAT own resource base and advocated greater means for the Commission to carry out effective control of all Community own resources. Parliament once again asked for consideration of the proposals for revision of Regulation No 2891/77 to be speeded up.<sup>5</sup>

## Financial operations

### ECSC

#### Loans raised

2.4.5. During November the Commission made a public issue of DM 100 million at par for 12 years carrying a coupon of 6.875%, a public issue of LFR 600 million

<sup>1</sup> OJ C 345, 31.12.1985.

<sup>2</sup> OJ C 125, 22.5.1985; Bull. EC 4-1985, point 2.3.4.

<sup>3</sup> OJ L 336, 27.12.1977.

<sup>4</sup> OJ L 94, 28.4.1970.

<sup>5</sup> OJ C 219, 21.8.1984; Bull. EC 7/8-1984, point 2.3.12.

at 100.5% for 8 years carrying a coupon of 8.5% and a number of private placings in marks and dollars for the equivalent of 121.42 million ECU.

### Loans paid out

2.4.6. Acting under Articles 54 and 56 of the ECSC Treaty, the Commission paid out loans in November for a total of 36.24 million ECU broken down as follows:

#### *Industrial loans*

2.4.7. Industrial loans (Article 54) totalling 35.87 million ECU were paid out to help finance the following projects:

#### France

Sollac SA, Paris: modernization of a hot wide strip mill at Sérémange; installation of a cold mill at Florange Saint Agathe.

#### Germany

Elektromark Kommunales Electrizaritätswerk Mark AG, Hagen.

#### Italy

Acciaierie Ferrero Torino: restructuring and modernization of the Settimo Torinese works (4 950 000 ECU).

#### *Subsidized housing*

2.4.8. Loans for the building of subsidized housing amounted to 370 000 ECU, of which 10 000 ECU was for steelworkers and 360 000 ECU was for mineworkers.

## Euratom

### Loans raised

2.4.9. The Council reached a common approach, subject to consultations with

Spain and Portugal, on raising from 2 000 million ECU to 3 000 million ECU the total amount of Euratom loans which the Commission is empowered to contract for the purpose of contributing to the financing of nuclear power stations.<sup>1</sup>

2.4.10. In November the Commission made a public issue of LFR 600 million at 100.5% for 4 years carrying a coupon of 8.5%.

## EEC-NCI

### Loans paid out

2.4.11. Loan contracts signed in November totalled 67.2 million ECU; of this sum, 44.9 million ECU was under the first tranche of NCI III and 22.3 million ECU under the second tranche.

The loans were as follows:

#### Denmark

22.3 million ECU to the Danish State Railways. This is the second instalment of a loan for electrification of the main network.

#### Ireland

27.9 million ECU to the Forest Service of the Department of Fisheries and Forestry to finance afforestation of some 13 280 ha. The project also includes related investments such as roads and miscellaneous equipment.

#### United Kingdom

17 million ECU to the Strathclyde Regional Council for electrification of a section of the Glasgow to Ayr and Ardrossan railway line in Scotland. An improved rail link will be of benefit to both industry and commerce.

<sup>1</sup> Bull. EC 12-1984, point 2.3.9.

## 5. Political and institutional matters

### European political cooperation

2.5.1. The European Council, meeting in Luxembourg on 2 and 3 December, reached agreement in principle on a legal framework for European cooperation on foreign policy (→ point 1.1.1).

2.5.2. The meeting of the Ministers for Foreign Affairs on 19 November, which was originally planned as a political cooperation meeting, was devoted entirely to the proceedings of the Intergovernmental Conference (→ point 1.1.4).

However, the Ministers of the 10 current Member States plus Spain and Portugal formally adopted a revised version of the Code of Conduct for companies from the European Community with subsidiaries, branches or representation in South Africa and the fifth summary analysis of the implementation of the Code (July 1983-June 1984) (→ point 3.4.1).

Ministers approved the following press release:

In order to allow the Code of Conduct to contribute even more effectively to the abolition of the system of racial segregation and to take into account major changes in the social environment in South Africa after 1977, date of adoption of the present Code of Conduct, the Ten decided at their ministerial meeting of 22 July 1985 to draw up a reinforced Code of Conduct.<sup>1</sup>

This revision of the Code of Conduct also forms part of the package of harmonized measures with regard to South Africa adopted by the Ten, Spain and Portugal, at their meeting held in Luxembourg on 10 September.<sup>2</sup> It is thus an integral part of the efforts being made by the European partners to bring about an early end to apartheid. Of the modifications added, those referring to relations with the black trade unions, to the formation and promotion of black workers, to supplementary benefits and to coordination in applying the Code should be more especially noted. The revised text of the Code of Conduct has been adopted today by the Ministers for Foreign Affairs of the Ten, Spain and Portugal, meeting in Brussels.

The Ministers for Foreign Affairs discussed also the fifth summary analysis of national reports on the implementation of the Code of Conduct for

European companies with subsidiaries in South Africa. They decided to forward this analysis to the European Parliament. The fifth report covers the period from 1 July 1983 to 30 June 1984, and analyses reports submitted by 218 companies with more than 131 000 employees.

Major economic and social changes took place in South Africa during the period under review. Some significant elements were the recession, which affected broad sectors of the South African economy, an increase in unemployment, and a significant increase in organized social demands. Black trade unionism continued to make progress, and black union membership increased from 545 000 at the end of 1982 to some 700 000 at the end of 1983. European companies have largely taken account of this new trade union situation and are increasingly recognizing the black unions and negotiating with them, whilst the distinction between registered and non-registered trade unions is becoming less important.

The Ten believe that establishing an atmosphere of trust between employees' representatives and employers is crucial in improving the social and economic position of black workers.

Although European companies have made considerable efforts in providing vocational training for black workers, the fact remains that there are still very few blacks who have risen to positions of responsibility. The income gap between black and white workers remains wide, even though most European firms pay wages well in excess of the minimum laid down by South African law. Nevertheless, given the economic crisis currently affecting South Africa, companies do not always achieve the wage levels recommended by the Code of Conduct, and the Ten urge European companies to make greater efforts in this respect.

2.5.3. At his press conference following the meeting of 19 November the President of the Council, Mr Jacques F. Poos, stated that the Ten had renewed their support for King Hussein's efforts, in particular the Jordanian-Palestinian agreement of 11 February. The Ten had also reaffirmed their intention to support any efforts to end the Gulf War and welcomed the peace efforts of the member countries of the Gulf Cooperation Council.

<sup>1</sup> Bull. EC 7/8-1985, point 2.5.1.

<sup>2</sup> Bull. EC 9-1985, point 2.5.1.



2.5.4. The Foreign Ministers of the Community countries, Spain and Portugal, the Foreign Ministers of the Central American and Contadora Group countries and a Commission representative (Mr Claude Cheysson) held a conference in Luxembourg on 11 and 12 November. At the end of the conference they signed a Final Act in which it was agreed that the political dialogue begun at the conference in San José, Costa Rica, should be institutionalized, with annual meetings normally at ministerial level (→ point 1.2.2).

## European policy and relations between the institutions

### European policy

#### Luxembourg European Council

2.5.5. The European Council meeting in Luxembourg on 2 and 3 December noted that the Governments of the Member States had reached agreement on the following matters: internal market, monetary capacity, cohesion, Parliament, management and implementing powers of the Commission, research and technological development, environment, social policy, Court of Justice and European cooperation on foreign policy. A blanket reservation on the part of Denmark and Italy remained, and there were also reservations on some specific points.

These issues and a number of topics that the Conference was not in a position to consider in detail were to be taken up again by the Foreign Ministers at their meeting on 16 and 17 December.

The President of the European Council was to present its results to Parliament at the December part-session. This would be followed by a debate (→ point 1.1.1 *et seq.*).

2.5.6. The ground for the European Council meeting was prepared by several meetings in November of the Intergovernmental Conference consisting of representatives of the Governments of the Member States, followed by a meeting on the weekend of 30 November and 1 December (→ point 1.1.3).

## Institutions and organs of the Communities

### Parliament<sup>1</sup>

#### Strasbourg: 11 to 15 November

2.5.7. Parliament's November part-session was given over mainly to the first reading of the draft budget for 1986 and to a people's Europe. Other matters debated were the *Annual Economic Report 1985-86*, the *Fourteenth Report on Competition Policy* and the recognition of diplomas.

#### First reading of 1986 draft budget

2.5.8. To the general rapporteur for the 1986 budget, Mr Efthimios Christodoulou (EPP/G), the situation of the 1986 budget and the position of the Committee on Budgets were perfectly clear. Disregarding the proposals contained in the Commission's preliminary draft, the Council had established a draft budget which took no account of the political undertakings given to Spain and Portugal when the accession instruments were concluded, nor of the obligations arising from previous budgets. The

<sup>1</sup> The complete texts of the resolutions adopted by Parliament are reproduced in OJ C 345, 31.12.1985, and the report of the proceedings is contained on OJ Annex 2-332. 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).

Committee on Budgets had proposed that Parliament recast the draft budget, taking care — unlike the Council — to honour its undertakings.

Moreover, the Committee on Budgets had suggested that Parliament draw on its margin of manoeuvre (217.7 million ECU) for 'non-compulsory expenditure other than that connected with enlargement and the obligations arising from previous financial years and ... use it to finance expenditure which guarantees the further development of the Community in accordance with the priorities laid down by the European Parliament'.

Mr Henning Christophersen, Vice-President of the Commission with special responsibility for the budget, said he was very impressed by the work of the Committee, whose priorities matched those of the Commission. He spoke of 'realistic and adequate' proposals as regards the budgetary repercussions of enlargement and welcomed, in connection with the payment appropriations, the solution suggested with regard to the 'cost of the past', a problem which must be resolved now before the entry of Spain and Portugal.

The Socialist Group spokesman, Mr Thomas von der Vring (D), endorsed the line taken by the Committee on Budgets. He called for the adoption of a balanced budget and warned against the lure of a rejection. Mr von der Vring also insisted that Parliament must not allow the Council to encroach upon its budgetary powers.

Mr David Curry (ED/UK), though agreeing with the general approach, nevertheless pointed to the danger of accumulating commitments today by increasing the imbalance between commitments and payments. Creating an unduly large volume of commitment appropriations will very probably be preparing a 'cost-of-the-past' problem for the future.

Mrs Christiane Scrivener (Lib/F) took the Council to task for trying to curtail Parliament's budgetary powers.

Mr Jean-Claude Pasty (EDA/F) called this budget 'a non-budget for a non-Europe'.

Mr Jean-Claude Juncker, President of the Council, told the House that if it followed its Committee, no compromise would be possible. He was troubled on three points: first, the increase in non-compulsory expenditure proposed by the Committee, when the maximum rate was 7.1%; second, the Committee's determination to make the Council entirely responsible for the 'cost of the past'; and third, the deliberate intention of members to enter the same amounts again in second reading.

Mr Pieter Dankert (Soc/NL) replied that Parliament wanted the Community to function. The budget could not be isolated from the rest of Community policy.

Mr Mario Di Bartolomei (Lib/I) warned the Council that if it did not change its attitude, Parliament would assume its responsibilities and would inevitably reject the budget. Mr Robert Chambeiron (Com/F) criticized the Council's attitude and was not altogether happy with the Committee on Budgets, which, despite having taken a few steps forward, had still failed to transpose into budgetary terms political positions defined by Parliament itself (e.g. shipyards and food aid).

2.5.9. Parliament followed the course charted by its Committee on Budgets and passed at first reading a 1986 budget totalling 34 000 million ECU for payments and 36 200 million ECU for commitments. The appropriations for payments exceed the Council's draft by 2 269 million ECU.

Earlier, the House had rejected by 246 votes to 47, with 2 abstentions, a motion tabled by the British Socialists for outright rejection of the budget.

The key amendment, tabled by Mr Christodoulou for the Committee on Budgets, called for the entry of 1 500 million ECU for the various structural Funds to cover enlargement. The Community would thus honour the political and legal obligations

to Spain and Portugal and discharge earlier obligations ('cost of the past').

The other amendment adopted creates a reserve which could be used to ensure that the new member countries do not become 'net contributors'.

Mr Christophersen, though agreeing with the House, did not believe that the Commission could execute this budget, as the cash would run out by summer. But the Chairman of the Committee on Budgets explained that the draft budget, as adopted by Parliament at first reading, was not a budget to be executed but a budget for the Council to consider under the normal procedures.

At the end of the debate the resolution moved by Mr Christodoulou was passed by 240 votes to 38, with 7 abstentions.<sup>1</sup>

Mr Jean-Pierre Cot (*Soc/F*), the Chairman of the Committee on Budgets, summed up members' views when he said that he hoped that in future the Council would show more respect for the letter and the spirit of the Treaty of Rome, both in the legitimate interests of Parliament's rights and more particularly so that a dialogue could begin in good time and on a sound basis between the two arms of the budgetary authority. Mr. Cot found that the Council had been needlessly obtuse in its assessment of the use of appropriations to attain fixed objectives. The Community must not disregard the commitments it had clearly entered into, for both its financial credibility and its political morality were at stake. His conclusion-cum-warning: in acting as it was, Parliament was convinced it was defending the evident interests of our Community.

2.5.10. Parliament gave opinions on the following Commission proposals:

- (i) the annual report on the economic situation in the Community and the economic guidelines for 1985-86 (→ point 2.1.3);
- (ii) a Directive on a general system for the recognition of higher education diplomas (→ point 2.1.41);

(iii) a Decision relating to the coordinated development of computerized administrative procedures (→ point 2.1.47);

(iv) the Commission's *Fourteenth Report on Competition Policy* (→ point 2.1.57);

(v) a Directive on the exemption from taxes of imports of small consignments of goods of a non-commercial character from non-member countries;<sup>2</sup>

(vi) two Decisions concerning contributions to the ECSC from the general budget of the Communities to finance measures connected with the restructuring of the coal and steel industries;<sup>3</sup>

(vii) a Decision adopting an action programme of the Community in education and training for technology — Comett (1982-92) (→ point 2.1.78);

(viii) an amendment to the Regulation on the ERDF in connection with the accession of Spain and Portugal (→ point 2.1.98);

(ix) a draft ECSC Decision concerning the Community system of measures taken by the Member States to assist the coalmining industry (→ point 2.1.173);

(x) a draft amendment to the Decision of 15 July 1973 concerning coal and coke for the iron and steel industry in the Community (→ point 2.1.174);

(xi) a report on the implementation of Council Regulations Nos 2891/77 and 2892/77 of 19 December 1977 implementing the Decision of 21 April 1970 on the replacement of financial contribution from Member States by the Communities' own resources, with a proposal for a Regulation to extend the term of validity of Regulation No 2892/77 until 31 December 1988 (→ point 2.4.4).

2.5.11. Parliament also passed resolutions on the following subjects.

*A people's Europe.* Parliament paid tribute to the work of the Adonnino Committee

<sup>1</sup> See also point 2.4.1.

<sup>2</sup> OJ C 167, 6.7.1985; Bull. EC 6-1985, point 2.1.61.

<sup>3</sup> Bull. EC 7/8-1985, point 2.1.85.

and supported in principle its many and well-founded proposals for short- and medium-term action; the Council was urged to adopt the Commission's proposals without delay.

On the matter of citizen's special rights, in view of the fact that elections to the European Parliament were governed by twelve different sets of statutory provisions, the House advocated a uniform electoral system, to be introduced if possible before the next European elections in 1989. It also considered that arrangements should be made to enable citizens from other Member States to take part in local government elections.

Parliament was in favour of closer cultural cooperation which could foster mutual understanding and a sense of European cultural identity. It regarded radio and television broadcasting as an effective means of spreading and strengthening awareness of this identity.

Parliament welcomed the Commission's efforts to promote the recognition of higher education diplomas and to achieve greater transparency of professional qualifications. In this connection, it called again for the introduction of a European vocational training passport, to enable individual employees to produce evidence of their vocational competence in all Member States or do some of their training in another Member State.

Concerning the European passport itself, the House considered that the reasons given for delays, such as national legislative procedure and bureaucratic problems, lacked all credibility.

Parliament also called for the achievement of a free capital market with a common currency, in order to complete the internal market and to save the individual the need to change money into other currencies when crossing borders.

The House emphasized the important role for young people in the development of the Europe of the future and therefore con-

sidered it essential to get young people interested in European events and encourage them to take an active part.

Finally, the House proposed that in January 1987 a second Adonnino Committee should review action taken on the proposals of the *ad hoc* Committee on a People's Europe, and resolved that in 1987 Parliament would compile a report on the subject.

*The right of nationals of other Member States to vote and stand in local government and European Parliament elections in their country of residence.* In two resolutions, Parliament called on the Commission to present as soon as possible the essential Community legislative instruments to enable nationals of other Member States to vote and stand in local government and European Parliament elections in their country of residence.

*Regional policy in Spain and Portugal and the consequences of enlargement.* Parliament noted with concern that the gap between rich and poor regions would become greater as a result of enlargement and so the Community's structural financial resources (ERDF, ESF, EAGGF and EIB) would have to be concentrated on the weakest regions through an integrated policy. The House urged the Council to join with the other arm of the budgetary authority and provide for an appropriate increase in ERDF appropriations and other structural Funds in the 1986 budget to take account of enlargement.

## Council

2.5.12. The Council held 10 meetings in November. The table below lists the number, place and date of each meeting, the names of the Council President and Commission representatives and the main items of business. A more detailed account of specific items can be found in the sections of the Bulletin referred to in the footnotes.

Table 14 — Council meetings in November 1985

Number, place and date of meeting	Subject	President	Commission	Main items of business
1037th Brussels 4 November	Fisheries	Mr Steichen	Mr Andriessen	Compensatory indemnities in respect of sardines <sup>1</sup> Conservation measures Common marketing standards <sup>1</sup> Flat-rate amounts of hake, horse mackerel and blue whiting allocated to Spain for 1986 Control measures Relations with certain non-member countries and international organizations
1038th Brussels 4 November	Development cooperation	Mr Goebbels	Mr Natali	Famine in Africa Development aid and situation of women in developing countries Coordination of cooperation policies and operations Promotion of developing countries' trade and services
1039th Brussels 11 November	Energy	Mr Schlechter	Mr Mosar	Programme of support for technological development in hydrocarbons sector and programme to promote, by granting of financial support, demonstration projects and industrial pilot projects <sup>2</sup> Substitute fuel components <sup>2</sup> Commission communication on new Community energy objectives <sup>2</sup> Solid fuels <sup>2</sup> Coal and coke for Community iron and steel industry Community rules for state aids to coal industry <sup>2</sup> Social aspects: coal <sup>2</sup> Refining <sup>2</sup> Euratom loans <sup>2</sup>
1040th Brussels 14 November	Transport	Mr Schlechter	Mr Clinton Davis	1986: European Road Safety Year <sup>3</sup> Social legislation in road transport <sup>3</sup> Development of common transport policy—Council conclusions on action to be taken in light of Court's judgment <sup>3</sup> Master Plan <sup>3</sup> Weights and dimensions of commercial vehicles

Table 14 (continued)

Number, place and date of meeting	Subject	President	Commission	Main items of business
1041st Luxembourg 11 November	Foreign affairs	Mr Poos	Mr Cheysson	Adjustment of Community quota <sup>3</sup> Sea transport Air transport Vehicle taxation Combined transport
1042nd Brussels 18 November	Economic and financial affairs	Mr Santer	Mr Delors Lord Cockfield Mr Pfeiffer	EEC/Central America relations—Draft cooperation agreement: decision to sign <sup>4</sup> Preparations for European Council Euratom loans <sup>2</sup> Removal of tax barriers Community loan to Greece <sup>5</sup> Undertakings for collective investment in transferable securities <sup>6</sup> Annual Economic Report 1985-86
1043rd Brussels 18 and 19 November	Agriculture	Mr Fischbach	Mr Andriessen	Cereals and colza/rapeseed prices Perspectives for common agricultural policy (Green Paper—cereals memorandum) <sup>7</sup> Wine <sup>7</sup> Sugar Sugar used in chemical industry Starch Sheepmeat and goatmeat Beef and veal Laying hens kept in battery cages Plant health/veterinary harmonization <sup>7</sup>
1044th Brussels 25 and 26 November	Foreign affairs	Mr Poos	Mr Delors Mr Narjes Mr Cheysson Mr De Clercq Mr Ripa di Meana	Preparations for European Council Mediterranean policy of enlarged Community <sup>8</sup> Community GSP for 1986 <sup>9</sup> Relations with United States: steel, citrus fruit, tinned fruit <sup>10</sup> Relations with Japan <sup>10</sup> Relations with EFTA countries <sup>10</sup> Tin market crisis <sup>9</sup>
1045th Brussels 26 and 27 November	Budget	Mr Juncker	Mr Christophersen	Meeting between Parliament delegation and Council <sup>11</sup> Budget <sup>11</sup>

Number, place and date of meeting	Subject	President	Commission	Main items of business
1046th Brussels 28 and 29 November	Environment	Mr Krieps	Mr Clinton Davis	<p>Limit values and quality objectives for discharges of certain dangerous substances into aquatic environment<sup>12</sup></p> <p>Limitation of emissions of pollutants into air from large combustion plants<sup>12</sup></p> <p>Air pollution by motor vehicles<sup>12</sup></p> <p>Sulphur content of certain liquid fuels (gas oil)<sup>12</sup></p> <p>Community information system for control of and reduction of pollution caused by hydrocarbons and other harmful substances discharged at sea<sup>12</sup></p> <p>Use of sewage sludge in agriculture<sup>12</sup></p> <p>Pollution caused by titanium dioxide industry<sup>12</sup></p> <p>Environment and agriculture<sup>12</sup></p> <p>Protection of forests against fire and atmospheric pollution<sup>12</sup></p> <p>Action programme for European Year of the Environment (1987)<sup>12</sup></p>

<sup>1</sup> Fisheries.

<sup>2</sup> Energy.

<sup>3</sup> Transport.

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

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

<sup>6</sup> Financial institutions and taxation.

<sup>7</sup> Agriculture.

<sup>8</sup> Relations with other countries and regions.

<sup>9</sup> Development.

<sup>10</sup> Relations with industrialized countries.

<sup>11</sup> Financing Community activities.

<sup>12</sup> Environment and consumers.

## Commission

### Activities

2.5.13. Some of the Commission's time was spent preparing for the Luxembourg European Council on 2 and 3 December, to which it sent its annual report on European Union (→ point 1.1.1 *et seq.*).

### *Decisions, communications and proposals*

2.5.14. The Commission approved a communication to the Council on a people's Europe reporting on the measures taken as a result of the work of the *ad hoc* Committee.<sup>1</sup> In response to the request made by the Milan European Council in June, the Commission transmitted to the Council a

<sup>1</sup> Supplement 7/85—Bull. EC.

proposal for a cancer prevention programme. It also sent the Council a communication on the development of a European dimension with regard to books, a major objective and essential component of Community action in the cultural sector.

Acting under Article 108(3) of the EEC Treaty, the Commission authorized the Greek Government to take certain protective measures to alleviate the country's balance-of-payments difficulties (→ point 1.1.3 *et seq.*); it attempted to ensure that they would cause the least possible disturbance to the functioning of the common market.

In another communication it announced specific proposals for action to help create a common information market.

As part of the public discussion initiated by its Green Paper on reform of the common agricultural policy, the Commission sent the Council a communication on the market organization for cereals.

Following the Council's assent on 29 October to its proposals on steel, the Commission was able to adopt two decisions, effective from 1 January 1986, on the extension of the quota system and the new rules for aid.

As part of its work on completion of the internal market the Commission adopted a proposal for a Council Directive introducing a standstill in respect of VAT and excise duties.

A further proposal was sent to the Council for a Directive to protect public health and the environment against asbestos pollution.

The Commission also adopted a proposal for negotiating directives on both the renewal of the Multifibre Arrangement and

the negotiation of bilateral agreements and arrangements with non-member countries.

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

2.5.15. After an initial meeting on 31 January arranged by the President of the Commission,<sup>1</sup> top-level representatives of the European Trade Union Confederation, the Union of Industries of the European Communities and the European Centre of Public Enterprises met again in Brussels on 12 November and held wide-ranging discussions on ways of improving investment, growth and employment in the Community. They endorsed the main principles of the 'cooperative growth strategy for more employment' proposed by the Commission<sup>2</sup> and agreed to continue discussions on how it could be implemented at Community, national and industry level. They decided with the Commission to set up a working party to monitor developments in the economy and employment and to take a closer look at the points raised in the Commission's report.

The workers' and employers' organizations are now waiting for new Commission initiatives, particularly at microeconomic level, to increase the capacity of the Community's economies for adaptation and growth. These points will be included in the dialogue between the two sides of industry.

At the end of the meeting, the participants adopted a joint statement of intent on the social dialogue and new technologies, with provision for the setting-up of a restricted working party composed of representatives of the organizations and the Commission to examine the possibility of formulating a joint Community-wide approach to social dialogue on the introduction of the new technologies.

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<sup>1</sup> Bull. EC 1-1985, point 2.4.19.

<sup>2</sup> Bull. EC 10-1985, point 1.3.1 *et seq.*



## Court of Justice

## 2.5.16. New cases

Case	Subject	Basis
<b>ECSC — Steel</b>		
340/85—Acciaierie e Ferriere di Porto Nogaro v Commission <sup>1</sup>	Annulment of the Commission Decision of 9 October 1985 requiring the applicant to pay a fine for exceeding production quotas granted for the second quarter of 1983	Article 33 ECSC
344/85—Ferriere San Carlo v Commission <sup>2</sup>	Annulment of the Commission Decision of 9 October 1985 requiring the applicant to pay a fine for exceeding production quotas granted for the fourth quarter of 1983	Article 33 ECSC
350/85—Cockerill Sambre v Commission	Annulment of the Commission Decision of 9 October 1985 requiring the applicant to pay a fine for exceeding production quotas granted for the fourth quarter of 1983	Article 33 ECSC
351/85—Fabrique de Fer de Charleroi v Commission	Annulment of Commission Decision No 2760/85/ECSC of 30 September 1985 amending Decision No 234/84/ECSC on the extension of the system of monitoring and production quotas for certain products of undertakings in the steel industry	Article 33 ECSC
360/86—Dillinger Hüttenwerke v Commission		
<b>Customs union</b>		
314/85—Foto-Frost v HZA Lübeck-Ost	<ol style="list-style-type: none"> <li>1. Possibility of a national court examining the validity of a Commission Decision</li> <li>2. Interpretation of Article 5(2) of Council Regulation No 1697/79 on the post-clearance recovery of import duties or export duties which have not been required of the person liable for payment on goods declared for a customs procedure involving the obligation to pay such duties</li> <li>3. Applicability of the Protocol on internal German trade in the event of transit through a Member State</li> </ol>	Article 177 EEC
<b>Competition</b>		
311/85—Vereniging van Vlaamse Reisbureaus v Sociale Dienst van de Plaatselijke en Gewestelijke Overheidsdiensten	<p>Compatibility with Community law of:</p> <ol style="list-style-type: none"> <li>1. national legislation declaring contrary to fair trading practice the grant of price reductions on holidays and commission-sharing</li> <li>2. agreements adopted by travel agents on the basis of that legislation</li> </ol>	Article 177 EEC
354/85—Metro-SB-Grossmärkte v Commission	Annulment of Commission Decision 85/404/EEC of 10 July 1985 ruling that Grundig's dealership agreements may be exempted under Article 85(3) of the EEC Treaty	Article 173 EEC

Case	Subject	Basis
<p><b>Social policy</b></p> <p>316/85—Centre Public d'Aide Sociale de Courcelles v Lebon</p>	<p>1. Does equality of treatment in regard to social benefits apply to the descendants of a migrant worker who remains in his country of employment as a pensioner, when those descendants have reached the age of majority and are no longer dependent upon him and do not have the status of workers?</p> <p>2. If so, does it continue to apply to such descendants where they have returned to the country of origin, lived there independently for several months and then returned to live in their ascendant's country of employment?</p> <p>3. Does the question whether a person is a 'dependent member of a worker's family' depend on an assessment of the facts in each case or on objective circumstances independent of the will of the person concerned?</p> <p>4. Does the right of residence in a Member State with the status of migrant worker imply that the person concerned holds an offer of employment? Can the person concerned merely claim that he wishes to work? Must there be actual evidence of that wish in the form of serious and genuine efforts to gain work?</p>	<p>Article 177 EEC</p>
<p><b>Agriculture and fisheries</b></p>		
<p>312/85—Villa Banfi v Regione della Toscana and Ispettorato Provinciale dell'Agricoltura di Siena</p>	<p>Interpretation of Council Directive 72/159/EEC concerning the possibility of defining under national law the term 'a farmer practising farming as his main occupation' for persons other than natural persons</p>	<p>Article 177 EEC</p>
<p>320/85—Ministère Public v Maniglier</p>	<p>Interpretation of the terms 'delivery or act of marketing' pursuant to Council Regulation No 1035/72 on the common organization of the market in fruit and vegetables</p>	<p>Article 177 EEC</p>
<p>325/85—Ireland v Commission</p>	<p>Annulment of Commission Decision 85/485/EEC of 28 August 1985 on the clearance of the EAGGF accounts for 1981 in regard to the non-payment of the expenditure provided by Council Regulation No 100/76 on the common organization of the market in fishery products</p>	<p>Article 173 EEC</p>
<p>326/85—Netherlands v Commission</p>	<p>Annulment of Commission Decision 85/464/EEC of 28 August 1985 on the clearance of the EAGGF accounts for 1981 in regard to the non-payment of expenditure effected for export refunds and expenditure on intervention in the fishery products sector</p>	<p>Article 173 EEC</p>
<p>327/85—Netherlands v Commission</p>	<p>Annulment of Commission Decisions 85/463/EEC and 85/464/EEC of 28 August 1985 on the clearance of the EAGGF accounts for 1980 and 1981 in regard to the non-payment of</p>	<p>Article 173 EEC</p>

Case	Subject	Basis
332/85—Germany v Commission	<p>expenditure on aid for the processing of skimmed milk and powdered skimmed milk intended for animal feedingstuffs</p> <p>Annulment of Commission Decision 85/453/EEC of 28 August 1985 on the clearance of the EAGGF accounts for 1981 in regard to the non-payment of expenditure under the rules on the common organization of the market in fishery products.</p>	Article 173 EEC
336/85—France v Commission	<p>Annulment of Commission Decision 85/456/EEC of 28 August 1985 on the clearance of the EAGGF accounts for 1981 in regard to the non-payment of expenditure on quantities caught in excess of the quotas laid down by the Commission</p>	Article 173 EEC
337/85—Ireland v Commission	<p>Annulment of Commission Decision 85/458/EEC of 28 August 1985 on the clearance of the EAGGF accounts for 1981 in regard to the non-payment of refunds for exports to third countries of butter and concentrated butter</p>	Article 173 EEC
342/85—Italy v Commission	<p>Annulment of Commission Decision 85/459/EEC of 28 August 1985 on the clearance of the EAGGF accounts for 1980 in regard to the non-payment of expenditure under Community rules for the olive oil, milk and fishery sectors</p>	Article 173 EEC
343/85—Italy v Commission	<p>Annulment of Commission Decision 85/460/EEC of 28 August 1985 on the clearance of the EAGGF accounts for 1981 in regard to the non-payment of expenditure under Community rules for the olive oil, milk and fishery sectors and monetary compensatory amounts on wheat imports</p>	Article 173 EEC
346/85—United Kingdom v Commission	<p>Annulment of Commission Decision 85/446/EEC of 28 August 1985 on the clearance of the EAGGF accounts for 1981 in regard to the non-payment of expenditure under rules on the common organization of the market in fishery products</p>	Article 173 EEC
347/85—United Kingdom v Commission	<p>Annulment of Commission Decisions 85/465/EEC and 85/466/EEC of 28 August 1985 on the clearance of the EAGGF accounts for 1980 and 1981 in regard to the non-payment of expenditure on aid to butter consumption, intervention measures for powdered skimmed milk and export refunds in the milk and milk products sector</p>	Article 173 EEC
348/85—Denmark v Commission	<p>Annulment of Commission Decision 85/451/EEC of 28 August 1985 on the clearance of the EAGGF accounts for 1981 in regard to the non-payment of expenditure under the rules on the common organization of the market in fishery products</p>	Article 173 EEC

Case	Subject	Basis
349/85—Denmark v Commission  <b>Free movement of capital</b>	Annulment of Commission Decisions 85/450/EEC and 85/451/EEC of 28 August 1985 on the clearance of the EAGGF accounts for 1980 and 1981 in regard to the non-payment of export refunds in the beef and veal sector	Article 173 EEC
318/85—Commissione Consultativa per le Infrazioni Valutarie v Greis Unterweger  <b>Convention on Jurisdiction and the Enforcement of Judgments in Civil and Commercial Matters</b>	Definition of a limit below which the Member States must not carry out verification of currency movements constituting payments	Article 177 EEC
313/85—Iveco Fiat v Van Hool  <b>Commercial policy</b>	Are the requirements of Article 17 of the Convention satisfied by a written agreement which contains a jurisdiction clause but whose expiry date has passed, where that agreement has still served as the legal basis for the continued contractual relations between the parties although the term stipulating that the agreement could be renewed only in writing was not fulfilled?	
333/85—Mannesmannröhren Werke and Others v Council 334/85 and 335/85—Hoesch v Council  <b>Administrative and institutional questions</b>	Annulment of Council Regulation No 2355/85 of 6 August 1985 supplementing Regulation No 60/85 on the restriction of exports of steel pipes and tubes to the United States	Article 173 EEC
358/85—France v European Parliament  <b>Infringements</b>	Annulment of Parliament's resolution of 24 October 1985 on meeting facilities in Brussels on account of Parliament's lack of competence in this area	Articles 38 ECSC, 173 EEC and 146 Euratom
353/85—Commission v United Kingdom 356/85—Commission v Belgium <sup>1</sup> 357/85—Commission v Greece	Article 13A(1) (c) of the sixth VAT Directive (77/388/EEC) concerning medical care Article 95 EEC: application of a higher VAT rate on wine of fresh grapes, an imported product, than on beer, a domestic product Articles 5 and 93(3) EEC: failure to notify a state aid and failure to cooperate in regard to export prices for pasta	Article 169 EEC Article 169 EEC Article 169 EEC
359/85—Commission v Germany	Failure to incorporate into national law Council Directives 79/279/EEC, 80/390/EEC and 82/121/EEC concerning the admission of securities to official stock exchange listing	Article 169 EEC

Case	Subject	Basis
361/85—Commission v Italy <sup>3</sup>	Failure to apply Directives 79/373/EEC, 80/509/EEC, 80/511/EEC and 80/695/EEC concerning compound feedingstuffs and feedingstuffs in packages	Article 169 EEC
362/85—Commission v Italy <sup>3</sup>	Failure to apply Commission Directive 82/331/EEC concerning propagation of the vine	Article 169 EEC
363/85—Commission v Italy <sup>3</sup>	Failure to apply Council Directive 80/502/EEC concerning undesirable products	Article 169 EEC
364/85—Commission v Italy <sup>3</sup>	Failure to apply Directives 80/219/EEC, 80/1098/EEC and 80/1102/EEC concerning tuberculosis, swine fever and bovine leucosis	Article 169 EEC
365/85—Commission v Italy <sup>3</sup>	Failure to apply Directives 77/101/EEC, 79/372/EEC, 79/797/EEC and 80/510/EEC concerning straight feedingstuffs	Article 169 EEC
366/85—Commission v Italy <sup>3</sup>	Article 177 EEC: failure to implement the judgment of the Court of Justice in Case 94/81 and consequent failure to implement Council Directive 76/768/EEC concerning cosmetic products	Article 169 EEC
367/85—Commission v Italy <sup>3</sup>	Failure to apply Commission Directives 80/1335/EEC concerning cosmetic products and 82/147/EEC adapting to technical progress Annex II to Council Directive 76/768/EEC	Article 169 EEC
368/85—Commission v France	Failure to incorporate into national law Commission Directive 82/331/EEC amending Council Directive 68/193/EEC concerning the marketing of material for the vegetative propagation of the vine	Article 169 EEC
369/85—Commission v Luxembourg	Failure to incorporate into national law Commission Directive 82/287/EEC concerning the marketing of seeds	Article 169 EEC
370/85—Commission v France	Failure to incorporate into national law within the period prescribed Council Directives 79/373/EEC and 80/509/EEC and Commission Directives 80/511/EEC and 80/695/EEC concerning the marketing of straight animal feedingstuffs	Article 169 EEC
371/85—Commission v France	Failure to incorporate into national law within the period prescribed Council Directives 77/101/EEC and 79/372/EEC and Commission Directives 79/797/EEC and 80/510/EEC concerning the marketing of straight animal feedingstuffs	Article 169 EEC
382/85—Commission v Italy	Failure to notify the measures adopted to incorporate into national law and/or failure to incorporate into national law Council Directive 79/267/EEC concerning the taking-up and pursuit of the business of direct life assurance	Article 169 EEC

Case	Subject	Basis
383/85—Commission v Belgium	Article 171 EEC: failure to implement the judgment of the Court of Justice in Case 137/80 concerning the transfer of pension rights	Article 169 EEC
386/85—Commission v Italy	Failure to apply Directives 80/214/EEC, 80/1099/EEC and 80/1100/EEC concerning meat products, swine fever and swine vesicular disease	Article 169 EEC

**Disputes between the Community and its staff**

- 319/85—Misset v Council.
- 321/85—Schwiering v Court of Auditors.
- 322/85—Hoyer v Court of Auditors.
- 323/85—Neumann v Court of Auditors.
- 324/85—Bouteiller v Commission.<sup>1</sup>
- 329/85—Castagnoli v Commission.<sup>2</sup>
- 330/85—Richter v Commission.
- 339/85—Brunotti v Commission.
- 341/85 and 341/85 R—van der Stijl v Commission.

<sup>1</sup> OJ C 327, 17.12.1985.  
<sup>2</sup> OJ C 318, 10.12.1985.  
<sup>3</sup> OJ C 333, 21.12.1985.

**2.5.17. Judgments**

Date and case	Held
<p><b>ECSC — Steel</b></p> <p>12.11.1985: 183/83 — Krupp Stahl v Commission<sup>1</sup></p> <p>26.11.1985: 42/85 — Cockerill-Sambre v Commission<sup>2</sup></p> <p>23.10.1985: 224/84 and 263/84 — Alphasteel v Commission</p> <p>23.10.1985: 264/84, 32/85, 33/85, 99/85, 140/85, 216/85 and 217/85 — Alphasteel v Commission</p> <p><b>Free movement of goods</b></p> <p>26.11.1985: 182/84 — Criminal proceedings against Miro<sup>3</sup></p>	<p>1. Article 1 of the Commission Decision of 13 July 1983 is void in so far as it finds that the investigations were obstructed</p> <p>2. The amount of the fine imposed on the applicant is reduced to DM 1 000 000</p> <p>3. For the rest, the application is dismissed</p> <p>Application dismissed as inadmissible (Decision of 19 December 1984 imposing a fine for exceeding production quotas)</p> <p>Ordered removed from the Court Register (Commission Decisions fixing and adopting production quotas)</p> <p>The prohibition of measures having an effect equivalent to quantitative restrictions on imports within the meaning of Article 30 EEC prevents</p>

Date and case	Held
<p><b>Customs union</b></p> <p>14.11.1985: 227/84 — Texas Instruments v HZA München-Mitte<sup>3</sup></p>	<p>a Member State from applying to products of the same type imported from another Member State national rules which subject the right to use the appellation for a national beverage to observance of a minimum alcohol content where the products are fairly and traditionally manufactured and marketed under that same appellation in the Member State of their origin and suitable information is provided for purchasers</p>
<p><b>Taxation</b></p> <p>27.11.1985: 295/84 — Rousseau Wilmot v Caisse de Compensation de l'Organisation Autonome Nationale de l'Industrie et du Commerce</p>	<p>Consideration of the questions raised has disclosed no factors of such a kind as to affect the validity of Council Regulation No 2841/79</p>
<p><b>Competition</b></p> <p>9.10.1985: 245/84 — Athlet Sport- und Freizeitbekleidung and Others v Commission</p>	<p>The expression 'taxes, duties or charges which cannot be characterized as turnover taxes' in Article 33 of the sixth Directive must be interpreted as including a charge of a non-fiscal nature which is levied on companies or certain categories of companies for the benefit of social security schemes and which is calculated on the basis of the total annual turnover of the companies concerned</p>
<p><b>Agriculture</b></p> <p>14.11.1985: 275/84 — Coöperatieve Melkproducenten-bedrijven 'Noord-Nederland' v Produktschap voor Zuivel<sup>4</sup></p>	<p>Ordered removed from the Court Register (Commission Decision of 4 July 1984 relating to a proceeding under Article 85 EEC)</p>
<p>14.11.1985: 299/84 — Neumann v Bundesanstalt für landwirtschaftliche Marktordnung<sup>3</sup></p>	<p>Articles 1 and 2 of Commission Regulation No 1371/81 laying down detailed rules for the administrative application of monetary compensatory amounts, together with Article 5 of Commission Regulation No 2730/79 laying down common detailed rules for the application of the system of export refunds on agricultural products, must be interpreted as meaning that no monetary compensatory amount may be granted for supplies of butter intended for sale to passengers during sea trips which begin and terminate in the territory of one and the same Member State</p>
	<p>In Community law there is no general principle that a provision which is in force in Community law may not be applied by a national authority if it causes the person concerned hardship which the Community legislature would clearly have sought to avoid if it had envisaged that case when enacting that provision. A national court which considers that there is such a case of hardship is, however, always at liberty to refer</p>

Date and case	Held
<p>25.10.1985: 289/85 R — Italy v Commission</p> <p><b>Commercial policy</b></p>	<p>to the Court for a preliminary ruling any question on the interpretation and the validity of the Community measure concerned the answer to which it considers necessary to enable it to give judgment</p> <p>Ordered removed from the Court Register (Commission Decision 85/403/EEC concerning protective measures against African swine fever)</p>
<p>11.11.1985: 82/85 — Eurasian Corporation v Commission<sup>3</sup></p>	<p>Ordered removed from the Court Register (annulment of the Commission Decision of 22 March 1985 precluding contact with the Thai authorities with a view to issue of an export certificate to the applicant in respect of excess quantities of tapioca produced in Thailand and exported to the Community)</p>
<p><b>Administrative and institutional questions</b></p> <p>26.11.1985: 318/81 — Commission v CO.DE.MI</p>	<p>1. CO.DE.MI is ordered to pay the Commission damages in respect of construction defects in the MB and IP buildings CO.DE.MI is ordered to pay the Commission a sum to be defined in reimbursement of sums paid in advance CO.DE.MI is also ordered to compensate the Commission for the increased cost to it of the works</p> <p>2. The remainder of the submissions in the Commission's application are dismissed</p> <p>3. All the submissions of CO.DE.MI are dismissed</p>
<p><b>Miscellaneous</b></p> <p>7.11.1985: 145/83 and 53/84 — Adams v Commission<sup>5</sup></p>	<p>In Case 145/83 the Court ruled:</p> <p>1. The Commission is ordered to compensate the applicant to the extent of one half of the damages suffered by him as a result of the fact that he was identified as the source of information which led the Commission to impose a fine on his former employer, the Swiss company Hoffmann-La Roche, for certain anti-competitive practices</p> <p>2. For the rest, the application is dismissed</p> <p>In Case 53/84, the Court ruled: The application is dismissed</p>
<p><b>Infringements</b></p> <p>6.11.1985: 131/84 — Commission v Italy<sup>6</sup></p>	<p>By not complying with the judgment delivered by the Court of Justice on 8 June 1982 in Case 91/81, Italy has failed to fulfil its obligations under Article 171 EEC (failure to incorporate correctly into national law Directive 75/129/EEC relating to collective redundancies)</p>



Date and case	Held
23.10.1985: 244/84 — Commission v Italy	Ordered removed from the Court Register (Article 30 EEC — Ban on the sale of tobacco substitutes)
23.10.1985: 2/85 — Commission v France	Ordered removed from the Court Register (Article 30 EEC — Preference given in awarding public contracts to certain French trade groupings and organizations)
<b>Disputes between the Community and its staff</b>	
14.11.1985: 219/84 — Powell v Commission <sup>3</sup>	<ol style="list-style-type: none"> <li>1. The application is admissible (application for regrading)</li> <li>2. The procedure is resumed with regard to the substance of the case</li> </ol>
16.10.1985: 38/84 — Klees v Parliament	Ordered removed from the Court Register
<sup>1</sup> OJ C 313, 4.12.1985. <sup>2</sup> OJ C 327, 17.12.1985. <sup>3</sup> OJ C 318, 10.12.1985. <sup>4</sup> OJ C 320, 12.12.1985. <sup>5</sup> OJ C 307, 28.11.1985. <sup>6</sup> OJ C 305, 26.11.1985.	

## Court of Auditors

2.5.18. On 29 November the Court of Auditors sent the Community institutions its annual report on the implementation of the general budget and operations under the European Development Fund for 1984.<sup>1</sup>

## Economic and Social Committee

### 231st plenary session

2.5.19. The Economic and Social Committee held its 231st plenary session on 27 and 28 November with Mr Gerd Muhr in the chair.

It adopted opinions on several Commission proposals and two major documents — the 1985-86 *Annual Economic Report* and the White Paper on completing the internal market.

### 1985-86 Annual Economic Report

2.5.20. Adopting its opinion on the 1985-86 *Annual Economic Report*<sup>2</sup> by a large

majority, the Committee noted with satisfaction that the Commission had largely taken account of the comments it had expressed in previous opinions. However, as time was short the Committee was obliged to confine itself to examining the broad outline of the report.

Considering the economic situation in mid-1985, the Committee observed that the growth rate expected in 1985, 2.3% of GNP, would be too low to bring about a return to equilibrium and that unemployment would not therefore come down appreciably. Like the Commission, it felt that a higher growth rate had to be achieved; to this end, a number of measures to improve the supply side of the economy had to be introduced, and these should go hand in hand with policies to support demand.

The Committee commented as follows on the Commission's outline of the salient features of such a policy based on both supply and demand:

<sup>1</sup> OJ C 326, 16.12.1985.

<sup>2</sup> Bull. EC 10-1985, point 1.3.1 *et seq.*

(i) the desire for greater flexibility in the labour market conflicted with established worker rights;

(ii) it was too generally argued that the limits of production capacity had been reached and that capacity therefore had to be increased; for production to increase there also had to be outlets;

(iii) not enough importance was attached to the fact that a change in the relationship between the return on capital and the return on labour would increase employment and investment, in particular large-scale investment;

(iv) trade unions could not be expected to make their wage claims conditional on changes in interest rates.

Nevertheless, the Committee welcomed the two-track strategy proposed by the Commission provided that the Member States were free to emphasize whichever aspect of the strategy they preferred.

In the Committee's view, the measures recommended by the Commission should be discussed as part of a constructive dialogue between the two sides of industry and national authorities and, at Community level, the Council. The dialogue should focus in particular on: the reduction and adjustment of working hours; greater flexibility in the labour market and established worker rights; participation as affected by the introduction of new technology; wage differentials; further efforts to find a satisfactory rate of increase of pay; and a larger-scale increase in jobs through private and public investment.

### The Commission's White Paper on completing the internal market

2.5.21. The Committee adopted its opinion on the Commission's White Paper on completing the internal market<sup>1</sup> by 90 votes to 14, with 17 abstentions. While regretting the lack of a social dimension in the White Paper, the Committee supported the ambitious objective of a totally unified market by 1992.

With regard to checks on travellers, the Committee fully agreed with the need to dismantle internal frontiers and felt that crime and drug trafficking should not be used as excuses to maintain systematic controls. These scourges should be fought by means of closer cooperation between the national authorities.

As regards technical barriers, the Committee welcomed the Council's new approach to the harmonization of technical regulations,<sup>2</sup> which would entail the adoption of directives confined to safety or other essential requirements. With regard to the new approach to standards, the Committee welcomed the statement that the opinions of all parties concerned would be taken into consideration and that provision had been made for the participation of consumer organizations in the work of CEN and Cenelec. The Committee asked the Commission to take appropriate steps to ensure this.

The Committee also welcomed the Commission's desire to remove frontier controls completely via a reduction of differences in indirect taxation. In practice, rates will have to be aligned over a period of several years in order to arrive at common tax brackets. To prevent differences from widening in the short term, a standstill proposal should be introduced as soon as possible. Outstanding decisions on the structure of VAT should be taken as a matter of urgency.

Lastly, interim measures to last until tax frontiers are dismantled should be introduced immediately to reduce or eliminate the administrative costs resulting from the differences in taxation practice and VAT rates.

### Community programme in education and training for technology (1986-92)

2.5.22. The Committee unanimously supported the proposal for a Council Decision to adopt Comett, an action programme in

<sup>1</sup> Bull. EC 6-1985, point 1.3.1 *et seq.*

<sup>2</sup> OJ C 136, 4.6.1985; Bull. EC 5-1985, point 1.3.1.

education and training for technology (1986-92).<sup>1</sup>

The Committee expressed its support for the programme in particular because it felt it represented a further attempt by the Community to guarantee its long-term competitiveness in world trade by encouraging technological cooperation between the Member States. Comett will benefit university staff and students and business executives and will provide an incentive for improving the flow of information between these two groups: university staff will be kept abreast of developments in industrial policy, which they will therefore be able to incorporate into studies and curricula, while business executives will be able to make use of the latest discoveries in scientific research in their own work.

### Sea transport

2.5.23. The Committee unanimously adopted an opinion on the Commission communication 'Progress towards a common transport policy—maritime transport'.<sup>2</sup>

The maritime sector is important to the Community as a source of foreign currency and a provider of jobs both at sea and on land. Apart from its strategic value, it also provides essential transport services for the Community's imports and exports and for trade within and between Member States.

The Community is not faced with a straight choice between market freedom and protectionism. Instead, a balanced, pragmatic approach can be adopted based on defensive measures to be applied wherever the basic viability of sea transport is seriously threatened.

### Generalized tariff preferences scheme for 1986

2.5.24. The Committee unanimously adopted an opinion on the Commission's proposals for the generalized tariff preferences scheme for 1986.<sup>3</sup> It regretted that the Commission had not waited for its opin-

ion on the review of the scheme for the next five years before presenting the proposals, but welcomed the fact that the Commission planned to introduce in 1986 the idea of 'cross-selectivity' which it had recommended, i.e. withdrawing preferences for products from countries whose competitiveness is comparable with the Community's. However, it repeated its disapproval of the setting up of a management committee and the new method of allocating zero tariff quotas to Member States.

### Freedom of establishment and freedom to provide services in the field of mortgage credit

2.5.25. The Committee adopted *nem. con.*, with 9 abstentions, an opinion on the proposal for a Council Directive on freedom of establishment and freedom to provide services in the field of mortgage credit.<sup>4</sup> It approved the innovative nature of the Commission's approach, which had the *Cassis de Dijon* judgment of the Court of justice as a basis for a solution to the problem of mortgage credit. The Commission's approach was also in keeping with the wider objectives of the White Paper on completing the internal market, which the Committee likewise approved. However, it drew the Commission's attention to the need to inform consumers by all appropriate means and to the technical and regulatory problems that would have to be solved when the Directive was put into effect.

### Contribution to the ECSC from the general budget

2.5.26. By 48 votes to 5, the Committee approved an opinion on the Commission's proposal for contributions to the ECSC from the general budget to finance social measures linked to the restructuring of the

<sup>1</sup> OC J C 234, 13.9.1985; Bull. EC 7/8-1985, point 1.6.1 *et seq.*

<sup>2</sup> OJ C 212, 23.8.1985; Supplement 5/85—Bull. EC; Bull. EC 4-1985, point 1.2.1 *et seq.*

<sup>3</sup> Bull. EC 7/8-1985, point 2.3.40.

<sup>4</sup> OJ C 42, 14.12.1985; Bull. EC 12-1984, point 2.1.75.

steel and coal industries. However, it felt that the proposal should be considered in the context of the general restructuring policy in these industries and, in the case of coal, in the light of the Community's energy policy. It also felt that the problem of financing, even in the medium term, still had to be resolved and asked the Commission to find a solution.

### Social security schemes for employed persons and their families

2.5.27. The Committee unanimously adopted an opinion on the proposal<sup>2</sup> to amend the Council Regulation of 14 June 1971 on the application of social security schemes to employed and self-employed persons and their families moving within the Community (1408/71).<sup>3</sup> It considered the proposal to be an important step towards greater cohesion within the Community and welcomed the fact that even periods of employment or self-employment in one or more Member States prior to the entry into force of the Regulation proposed by the Commission would provide entitlement to pension rights and other benefits. However, it also noted that the specific, detailed amendments proposed would have wider implications as they reflected the increasing importance of non-contributory benefits in the present economic and social climates of the Member States.

### Postal charges for customs presentation

2.5.28. The Committee unanimously approved the proposal for a Regulation abolishing certain postal charges for customs presentation.<sup>4</sup>

### Community quota for the carriage of goods by road

2.5.29. With 2 abstentions, the Committee adopted *nem. con.* an opinion on the proposal<sup>5</sup> to amend the Council Regulation of 16 December 1976 on the Community quota for the carriage of goods by road between Member States.<sup>6</sup> It considered that Spanish

and Portuguese accession was the sole justification for the proposal to increase the quota. The Committee maintained its reservations in principle on the quota increases, recalling that in October 1983 it had voted against automatic increases.<sup>7</sup> It also felt that the present system for quota allocation between Member States lacked clarity and reiterated the need for technical standardization of vehicles.

### Sulphur content of certain liquid fuels

2.5.30. By a large majority (3 votes against, with 7 abstentions) the Committee adopted an opinion on the proposal<sup>8</sup> to amend the Council Directive of 24 November 1975 on the sulphur content of certain liquid fuels.<sup>9</sup> It endorsed the proposal and asked the Commission to report by 1 July 1989 on its implementation.

### Tax measures in the cultural sector

2.5.31. The Committee unanimously adopted an opinion on the draft resolution concerning the adoption of tax measures in the cultural sector.<sup>10</sup> It approved the draft and asked the Commission to propose a common definition of the term 'cultural worker'. It also felt that a period of seven years would be an appropriate spread for calculating the income tax payable by such workers.

### European Social Fund

2.5.32. The Committee unanimously adopted an opinion on the proposal<sup>11</sup> to amend Decision 83/516/EEC and the corre-

<sup>1</sup> Bull. EC 7/8-1985, point 2.1.85.

<sup>2</sup> OJ C 240, 21.9.1985; Bull. EC 7/8-1985, point 2.1.97.

<sup>3</sup> OJ L 149, 5.7.1971.

<sup>4</sup> OJ C 202, 10.8.1985; Bull. EC 7/8-1985, point 2.1.36.

<sup>5</sup> OJ C 284, 7.11.1985; Bull. EC 10-1985, point 2.1.132.

<sup>6</sup> OJ L 357, 29.12.1976.

<sup>7</sup> OJ C 358, 31.12.1983; Bull. EC 10-1983, point 2.4.45.

<sup>8</sup> OJ C 205, 14.8.1985; Bull. EC 7/8-1985, point 2.1.119.

<sup>9</sup> OJ L 307, 27.11.1975.

<sup>10</sup> Bull. EC 5-1985, point 2.1.63.

<sup>11</sup> OJ C 237, 18.9.1985; Bull. EC 7/8-1985, point 2.1.83.

sponding implementing Regulation (EEC) No 2950/83 on the tasks of the European Social Fund.<sup>1</sup>

The Committee agreed to the principle of extending ESF assistance to young unemployed persons and the long-term unemployed who decide to become self-employed. In general terms, and specifically as regards the self-employed, it considered that the Fund should not be restricted to financing measures and programmes already implemented at national level, but used principally to promote new schemes selected on the principle of additionality. It also felt that the positive effects of this new type of ESF assistance would be considerably increased by being closely coordinated with other Community structural Funds (ERDF, EAGGF) and credit instruments (EIB, NCI).

2.5.33. The Committee also adopted an opinion on the proposal<sup>2</sup> to amend the Decision and implementing Regulation referred to above<sup>1</sup> in view of the accession of Spain and Portugal.

## ECSC Consultative Committee

### 253rd meeting

2.5.34. The ECSC Consultative Committee held its 253rd meeting in Luxembourg on 4 November. It delivered opinions, pursuant to Article 95 of the ECSC Treaty, on the new rules for state aids to the coal industry and on the steel negotiations between the Community and the United States.

### New Community rules for State aids to the coal industry

2.5.35. The Commission representative presented the Commission communication, accompanied by two draft Decisions, on the new Community rules for State aids to the coal industry.<sup>3</sup>

Mr Jensen, joint rapporteur for the General Objectives and Market and Prices Subcom-

mittees, summarized the morning's discussions.

This was followed by a lively debate: a broad consensus emerged on the objectives set out in the Commission communication, but it was pointed out that it would have been preferable to extend the present rules for a full year; there was sharp criticism of the failure to make adequate provision for security of supply.

Representatives of the steel industry pointed out that coal and steel did not receive equal treatment when it came to granting aids and that support for the coal industry must on no account be prejudicial to steelmaking. It was also pointed out that the competition situation in the two industries was quite different. Aids should be regarded as a security grant rather than a subsidy in the pejorative sense of the term.

The point was also made that the example of South Africa explained the repeated references to security of supply and that the example of Polish coal showed that Community coal had to compete with subsidized imports. If it were not for the subsidies to the Community coal industry, many miners would be out of work.

The Commission representative replied that, although security of supply was important, every aspect had to be carefully weighed up. It was quite right to treat coal and steel differently for purposes of subsidies for the good reason that the situation in the two industries was different.

The Commission representative acknowledged that imported coal accounted for 25% of the market and that 43% of imports came from South Africa and Poland. In the event of delivery problems from these countries, prices would 'move' but, given the excess capacity worldwide, other suppliers would be able to meet the shortfall.

<sup>1</sup> OJ L 289, 22.10.1983; Bull. EC 10-1983, point 2.1.57.

<sup>2</sup> OJ C 297, 20.11.1985; Bull. EC 10-1985, point 2.1.59.

<sup>3</sup> Bull. EC 9-1985, point 1.4.1 *et seq.*

The Committee's opinion on the new rules was adopted *nem. con.*, with 6 abstentions.<sup>1</sup>

### Steel negotiations between the Community and the United States

2.5.36. The Commission representative made a number of comments on the form and substance of the steel negotiations between the Community and the United States (→ point 2.1.34). Members of the Committee asked for further information on the arrangement for semifinished products. Although the Commission's work was appreciated, it was pointed out that the inclusion of special steels was a retrograde step.

In reply to the objections raised, the Commission representative stated that semi-finished products had not been included in the arrangement and still fell within the category of 'consultation' products. He felt that there would probably never be a better opportunity for settling the question of special steels.

The Chairman wound up the discussion by noting that consultation had taken place.

## European Investment Bank

### Operations in November

2.5.37. Loans announced by the European Investment Bank in November for investments within the Community totalled 347.5 million ECU,<sup>2</sup> broken down as follows: 177.7 million ECU in France, 86.6 million ECU in the United Kingdom and 83.2 million ECU in Ireland. Of the total amount, 44.9 million ECU was provided from the resources of the new Community borrowing and lending instrument (NCI).<sup>3</sup> Outside the Community, the bank lent 53.5 million ECU for investments in ACP States under the second Lomé Convention.

### Community

#### France

2.5.38. FF 1 200 million was lent in France — FF 900 million for motorways and small

and medium-scale infrastructure projects and FF 300 million for the Atlantic high-speed train project. FF 500 million granted to the Caisse d'Aide à l'Équipement des Collectivités Locales (CAECL) in the form of a global loan (line of credit) will be onlent for small and medium-scale public infrastructure projects implemented by local or regional authorities, departments, chambers of commerce and autonomous ports in areas eligible for regional development aid. The EIB had already channelled FF 2 800 million to CAECL for such schemes — FF 2 400 million for more than 1 300 sections of the departmental road network, FF 155.5 million for port infrastructure projects and the balance to finance the expansion of the rural electric grid and the improvement of rail connections and air transport.

FF 250 million advanced to the Caisse Nationale des Autoroutes (CNA) were passed on to Société des Autoroutes Paris-Rhin-Rhône (SAPRR), the company holding the concession for the Bourges — Clermont-Ferrand section of the A71 which will connect the A10 Paris — Orleans motorway to the A72-A47 between Clermont-Ferrand and Lyon, thereby helping to open up the Auvergne region. The loan will go towards construction of about 180 km of motorway with 130 bridges, including two viaducts, and seven interchanges.

FF 150 million was made available to Société des Autoroutes du Sud de la France, again via CNA, for constructing the Angers — Durtal and Durtal — La Sarthe — Le Mans sections (81.5 km in all) of the Orleans — Bourges — Clermont-Ferrand motorway, including 64 bridges and tunnels and two viaducts.

The Bank lent FF 300 million to the Société Nationale des Chemins de Fer Français (SNCF) to carry out the Atlantic high-speed

<sup>1</sup> OJ C 329, 19.12.1985.

<sup>2</sup> The conversion rates at 30 September used by the EIB in statistics for the fourth quarter were 1 ECU = BFR 44.88, DKR 8.05, DM 2.21, DR 108.59, FF 6.75, HFL 2.49, IRL 0.73, LFR 44.88, LIT 1 495, UKL 0.59, USD 0.83.

<sup>3</sup> OJ L 298, 20.10.1978; Bull. EC 10-1978, point 2.1.10.

train project, which will improve rail services to the west and south-west. This loan will finance 273 km of new, double-track line designed to take trains travelling at up to 300 km per hour, with a joint 124 km section between Paris and Courtaulin, where it will branch off to Le Mans (50 km) to the west and Tours (99 km) to the south-west. The new lines will connect with the existing rail network serving Brittany and the south-west. The Atlantic high-speed train project will foster development in these two regions and also help to trim transport sector energy consumption. Potential energy savings are put at the equivalent of more than 55 000 tonnes of oil per annum.

### *United Kingdom*

2.5.39. UKL 50.5 million went to the United Kingdom, including UKL 10 million from NCI resources. UKL 33 million was for investment in Scotland, including UKL 23 million for construction of Torness power station, which consists of two advanced gas-cooled reactor units with turbo-alternator with a total net output of 1298 MW.

UKL 10 million from NCI resources went towards electrification of the Glasgow-Ayr and Glasgow-Ardrossan lines.

The Bank lent a further UKL 17.5 million for regional development. UKL 10 million went to eight improvement schemes for the main urban road network around Birmingham and the Wolverhampton, Walsall and Coventry areas. UKL 3 million was for other road improvements in Clwyd, Wales, to reduce urban congestion and improve access to agricultural and tourist areas. And UKL 4.5 million went to the development of an integrated data-processing system and the establishment of a computer centre near Manchester by 1988 and its connection to CWS's production and distribution centres.

### *Ireland*

2.5.40. Ireland was granted IRL 59.5 million (including 20 million from NCI

resources), mainly for improvements to roads, water supplies and sewerage systems throughout the country: IRL 15 million for the extension of water supplies at Kerry and Carlow and the provision of improved sewerage facilities at Cork and Carlow; IRL 5 million for small water supply and sewerage schemes undertaken by various local authorities all over Ireland; IRL 9.5 million towards road works involving construction (11.6 km) and widening (10.6 km) of trunk roads in Mayo, Galway, Waterford, Kilkenny, Wexford and Limerick and for a new river bridge at Cork; IRL 10 million for small and medium-scale projects to improve the national road network.

IRL 20 million from NCI resources was granted for forestry development, in particular the reforestation of more than 13 000 hectares.

### *Outside the Community*

#### *ACP States*

2.5.41. The Bank granted 53.5 million ECU under the second Lomé Convention to five ACP States (Botswana, Congo, Ivory Coast, Mali and Solomon Islands) — 50 million ECU from its own resources, with a 3% interest subsidy out of European Development Fund resources, and 3.5 million ECU from the risk capital it administers under the Convention.

In the Ivory Coast 19 million ECU advanced to the central government will be onlent to the publicly owned company Palmindustrie, which manages commercial plantations and, indirectly, local smallholder plantations, covering in all 110 000 hectares of oil palm and cocoa trees, and runs 13 oil mills. The investments form part of a broader programme covering 70 000 ha of plantations, some new and some replanted, and construction of two new oil mills. The EIB's funding is being channelled specifically towards the Blidouba complex, comprising a 3 000 ha commercial plantation, 1 200 ha of smallholder plantations, 900 ha of smaller-scale agricultural holdings and an oil mill with a throughput of 30 tonnes

of fresh fruit bunches an hour which is due to enter into service in 1989.

A loan of 3 million ECU was advanced to Saco SA, a subsidiary of Barry SA, a world leader in cocoa processing and trading, for modernization of the installations and processing equipment in the company's plant on the Abidjan industrial estate.

In Congo the EIB granted 18 million ECU for oil palm cultivation and an oil mill at Ouessou, in the north of the country, as part of a development programme for the agricultural and related industries to shift the slant of development policy on to a more balanced footing and so assist inland areas.

In Botswana the EIB lent 10 million ECU for the installation of a fourth 33 MW generating unit burning local coal at the Morupule power station. The first three units of

the power station (on the edge of the Kalahari desert 280 km north-east of the capital, Gaborone) have a combined output of 90 MW and should be completed in November 1986. The new unit will prevent load-shedding.

As part of concerted international action to enhance food security, the Community is helping to improve local rice production in Mali to cover national requirements. The EIB lent 3.4 million ECU for the Dioro rice mill, which will go towards financing additional equipment and technical assistance up to the end of the 1987/88 marketing year.

Finally, 100 000 ECU was granted to Solomon Islands from risk capital for a feasibility study on the improvement of Tulagi ship repair yard. The project is of primary importance for this Pacific ACP State, which has more than 100 vessels for fisheries and transport.





PART THREE

DOCUMENTATION

# 1. ECU

## Values in national currencies of one ECU

29 November 1985 <sup>1</sup>	
Belgian franc and Luxembourg franc (convertible)	44.7836
Belgian franc and Luxembourg franc (financial)	44.9503
German mark	2.20585
Dutch guilder	2.48126
Pound sterling	0.590626
Danish krone	8.01124
French franc	6.72895
Italian lira	1 501.56
Irish pound	0.714234
Greek drachma	130.658
United States dollar	0.877079
Swiss franc	1.82783
Spanish peseta	136.210
Swedish krona	6.71448
Norwegian krone	6.65045
Canadian dollar	1.21125
Portuguese escudo	139.456
Austrian schilling	15.4892
Finnish mark	4.77131
Japanese yen	177.565
Australian dollar	1.28041
New Zealand dollar	1.52801

<sup>1</sup> OJ C 309, 30.11.1985

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*

November 1985	
National currency	Value in national currency of one ECU
Belgian franc and Luxembourg franc	46.4118
Danish krone	8.41499
German mark	2.39792 <sup>1</sup> 2.41047 <sup>2</sup> 2.38516 <sup>3</sup>
Greek drachma	77.2479 <sup>4</sup> 102.345 <sup>3</sup>
French franc	6.49211 <sup>4</sup> 7.10590 <sup>5</sup> 7.00089 <sup>3</sup>
Irish pound	0.725690 <sup>4</sup> 0.750110 <sup>3</sup>
Italian lira	1 341.00 <sup>4</sup> 1 482.00 <sup>3</sup>
Dutch guilder	2.70178 <sup>1</sup> 2.71620 <sup>2</sup> 2.68749 <sup>3</sup>
Pound sterling	0.618655

<sup>1</sup> For cereals and durum wheat.

<sup>2</sup> For milk and milk products.

<sup>3</sup> For other products.

<sup>4</sup> For seeds.

<sup>5</sup> 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 7/8-1985**

#### *Point 2.1.228*

Medium-term guidelines for technical steel research (1986 to 1990)  
OJ C 294, 16.11.1985

#### *Point 2.3.40*

Commission proposals to the Council fixing the Community's scheme of generalized tariff preferences for 1986:  
OJ C 302, 25.11.1985

### **Bull. EC 9-1985**

#### *Point 2.1.81*

Recommendation for a Council Decision authorizing the Commission to approve, on behalf of the Community, programmes and measures under the Convention for the Prevention of Marine Pollution from Land-based Sources (Paris Convention)  
OJ C 286, 9.11.1985

#### *Point 2.1.126*

Revision of the outlook for the Community's solid fuels market in 1985  
OJ C 308, 29.11.1985

#### *Points 2.5.19 to 2.5.33*

Opinions adopted by the Economic and Social Committee during its session on 25 and 26 September.  
OJ C 303, 25.11.1985

## 3. Infringement procedures

### **Initiation of proceedings for failure to implement directives**

3.3.1. In November the Commission sent letters of formal notice for failure to incorporate directives into national law (the Commission not having been informed of national implementing measures) in the following 25 cases:

#### **Internal market and industrial affairs**

Council Directive of 9 March 1968 on coordination of safeguards which, for the protection of the interests of members and others, are required by Member States of companies within the meaning of the second paragraph of Article 58 of the Treaty, with a view to making such safeguards equivalent throughout the Community<sup>1</sup> (Greece).

Second Council Directive of 13 December 1976 on coordination of safeguards which, for the protection of the interests of members and others, are required by Member States of companies within the meaning of the second paragraph of Article 58 of the Treaty, in respect of the formation of public limited liability companies and the maintenance and alteration of their capital, with a view to making such safeguards equivalent<sup>2</sup> (Greece).

Fourth Council Directive of 25 July 1978 based on Article 54(3)(g) of the Treaty on the annual accounts of certain types of companies<sup>3</sup> (Greece).

<sup>1</sup> OJ L 65, 14.3.1968.

<sup>2</sup> OJ L 26, 30.1.1977.

<sup>3</sup> OJ L 222, 14.8.1978.

**Environment, consumer protection and nuclear safety**

Council Directive of 26 July 1971 on the approximation of the laws of the Member States relating to textile names<sup>1</sup> (Greece).

Council Directive of 18 December 1978 on the approximation of the laws of the Member States relating to the labelling, presentation and advertising of foodstuffs for sale to the ultimate consumer<sup>2</sup> (Greece).

Council Directive of 17 December 1979 on the protection of groundwater against pollution caused by certain dangerous substances<sup>3</sup> (Greece).

Council Directive of 15 July 1980 on air quality limit values and guide values for sulphur dioxide and suspended particulates<sup>4</sup> (Greece).

Council Directive of 17 February 1981<sup>5</sup> amending Section 2 of Annex II to the Council Directive of 17 July 1972 on the approximation of the laws of the Member States relating to certain methods for the quantitative analysis of binary textile fibre mixtures<sup>6</sup> (Greece).

Council Directive of 22 March 1982 on limit values and quality objectives for mercury discharges by the chloralkali electrolysis industry<sup>7</sup> (Greece).

Council Directive of 24 June 1982 on the major-accident hazards of certain industrial activities<sup>8</sup> (Greece).

Council Directive of 17 May 1982<sup>9</sup> 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 products<sup>10</sup> (Greece).

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 products<sup>11</sup> (Greece).

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 products<sup>12</sup> (Greece, Italy, Netherlands).

Council Directive of 3 December 1982 on a limit value for lead in the air<sup>13</sup> (Greece, Netherlands).

Council Directive of 21 April 1983<sup>14</sup> amending the Council Directive of 20 December 1979 on the limitation of noise emissions from subsonic aircraft<sup>15</sup> (Greece).

Second Commission Directive of 30 March 1983<sup>16</sup> 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 products<sup>10</sup> (Italy).

Third Commission Directive of 29 June 1983<sup>17</sup> 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 products<sup>10</sup> (Italy).

Fourth Commission Directive of 22 September 1983<sup>18</sup> adapting to technical progress Annex VI to the Council Directive of 27 July 1976 on the approximation of the laws of the Member States relating to cosmetic products<sup>10</sup> (Italy, Netherlands).

Council Directive of 26 October 1983<sup>19</sup> 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 products<sup>10</sup> (Italy, Netherlands).

Council Directive of 26 September 1983 on limit values and quality objectives for cadmium discharges<sup>12</sup> (Netherlands).

**Reasoned opinions**

3.3.2. The Commission delivered reasoned opinions in the following cases:

**Internal market and industrial affairs**

Failure to inform the Commission of national measures to give effect to the Commission Directive of 5 October 1981<sup>20</sup> 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 products<sup>21</sup> (Netherlands).

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<sup>1</sup> OJ L 185, 16.8.1971.

<sup>2</sup> OJ L 33, 8.2.1979.

<sup>3</sup> OJ L 20, 26.1.1980.

<sup>4</sup> OJ L 229, 30.8.1980.

<sup>5</sup> OJ L 57, 4.3.1981.

<sup>6</sup> OJ L 173, 31.7.1972.

<sup>7</sup> OJ L 81, 27.3.1982.

<sup>8</sup> OJ L 230, 5.8.1982.

<sup>9</sup> OJ L 167, 15.6.1982.

<sup>10</sup> OJ L 262, 27.9.1976.

<sup>11</sup> OJ L 185, 30.6.1982.

<sup>12</sup> OJ L 291, 24.10.1983.

<sup>13</sup> OJ L 378, 31.12.1982.

<sup>14</sup> OJ L 117, 4.5.1983.

<sup>15</sup> OJ L 18, 24.1.1980.

<sup>16</sup> OJ L 109, 26.4.1983.

<sup>17</sup> OJ L 188, 13.7.1983.

<sup>18</sup> OJ L 275, 8.10.1983.

<sup>19</sup> OJ L 332, 28.11.1983.

<sup>20</sup> OJ L 342, 28.11.1981.

<sup>21</sup> OJ L 303, 28.11.1977.

Failure to inform the Commission of national measures to give effect to the Council Directive of 16 May 1983<sup>1</sup> amending 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 products<sup>2</sup> (Belgium, Luxembourg, Netherlands).

Incorrect application of the Council Directive of 19 February 1973 on the harmonization of the laws of Member States relating to electrical equipment designed for use within certain voltage limits<sup>3</sup> with regard to milk coolers (France).

Failure to incorporate correctly into national law the Council Directive of 26 January 1965 on the approximation of provisions laid down by law, regulation or administrative action relating to proprietary medicinal products<sup>4</sup> (Italy).

Failure to incorporate correctly into national law the Council Directive of 20 May 1975 on the approximation of the laws of Member States relating to analytical, pharmaco-toxicological and clinical standards and protocols in respect of the testing of proprietary medicinal products<sup>5</sup> (Italy).

Failure to incorporate correctly into national law the second Council Directive of 20 May 1975 on the approximation of provisions laid down by law, regulation or administrative action relating to proprietary medicinal products<sup>5</sup> (Italy).

Obstacles to the importation of liquid manure (Belgium).

Restriction on access to markets for manufacturers of construction materials established in other Member States (Ireland).

### Agriculture

Incorrect application of the Council Directive of 21 December 1976 on protective measures against the introduction into the Member States of harmful organisms of plants or plant products<sup>6</sup> with regard to the importation of *Stagona Pini* (United Kingdom).

Failure to give effect to a Commission decision concerning certain protective measures against swine fever in Belgium (Italy).

Requirement to obtain exchange control authorization for wheat imports (Greece).

Exclusive rights to import maize (Greece).

Procedure for checking the import of fresh meat (requirement for inspection corridors) (Italy).

### Environment, consumer protection and nuclear safety

Failure to incorporate correctly into national law the Council Directive of 18 December 1978 on the approximation of the laws of the Member States relating to the labelling, presentation and advertising of foodstuffs for sale to the ultimate consumer<sup>7</sup> (Germany).

Failure to inform the Commission of national measures to give effect to the Council Directive of 16 June 1975 on the disposal of waste oils<sup>8</sup> (Greece).

Failure to inform the Commission of national measures to give effect to the Council Directive of 16 June 1975 concerning the quality required of surface water intended for the abstraction of drinking water in the Member States<sup>8</sup> (Greece).

Failure to inform the Commission of national measures to give effect to the Council Directive of 15 July 1975 on waste<sup>8</sup> (Greece).

Failure to inform the Commission of national measures to give effect to the Council Directive of 8 December 1975 concerning the quality of bathing water<sup>9</sup> (Greece).

Failure to inform the Commission of national measures to give effect to the Council Directive of 6 April 1976 on the disposal of polychlorinated biphenyls and polychlorinated terphenyls<sup>10</sup> (Greece).

Failure to inform the Commission of national measures to give effect to the Council Directive of 18 July 1978 on the quality of fresh waters needing protection or improvement in order to support fish life<sup>11</sup> (Greece).

Failure to inform the Commission of national measures to give effect to the Council Directive of 9 October 1979 concerning the methods of measurement and frequencies of sampling and analysis of surface water intended for the abstraction of drinking water in the Member States<sup>12</sup> (Greece).

Failure to inform the Commission of national measures to give effect to the Council Directive of

<sup>1</sup> OJ L 147, 6.6.1983.

<sup>2</sup> OJ L 303, 28.11.1977.

<sup>3</sup> OJ L 77, 26.3.1973.

<sup>4</sup> OJ L 22, 9.2.1965.

<sup>5</sup> OJ L 147, 9.6.1975.

<sup>6</sup> OJ L 26, 31.1.1977.

<sup>7</sup> OJ L 33, 8.2.1979.

<sup>8</sup> OJ L 194, 25.7.1975.

<sup>9</sup> OJ L 31, 5.2.1976.

<sup>10</sup> OJ L 108, 26.4.1976.

<sup>11</sup> OJ L 222, 14.8.1978.

<sup>12</sup> OJ L 271, 29.10.1979.

30 October 1979 on the quality required of shellfish waters<sup>1</sup> (Greece).

Failure to inform the Commission of national measures to give effect to the first Commission Directive of 22 December 1980 on the approximation of the laws of the Member States relating to methods of analysis necessary for checking the composition of cosmetic products<sup>2</sup> (Greece).

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 products<sup>3</sup> (Belgium, Italy).

### Proceedings terminated

3.3.3. The Commission decided not to continue the following infringement proceedings:

*Cases in respect of which a letter constituting formal notice had been sent for failure to incorporate a directive into national law (the Commission not having been informed of national implementing measures)*

#### Customs union

Failure to inform the Commission of national measures to give effect to the Commission Directive of 23 May 1984<sup>4</sup> laying down provisions for the application of Articles 13 and 14 of the Council Directive of 4 March 1969<sup>5</sup> as regards release for free circulation of compensating products under inward processing (Belgium, France).

Failure to inform the Commission of national measures to give effect to the Commission Directive of 26 July 1984 fixing standard rates of yield for certain inward processing operations and laying down certain rules for the calculation of import duties<sup>6</sup> (Luxembourg, Netherlands).

Failure to inform the Commission of national measures to give effect to the Commission Directive of 26 July 1984<sup>5</sup> amending the Annex to the Council Directive of 4 March 1969 on the harmonization of provisions laid down by law, regulation or administrative action in respect of inward processing<sup>5</sup> (Luxembourg).

#### Internal market and industrial affairs

Failure to inform the Commission of national measures to give effect to the Commission Direc-

tive of 14 December 1983<sup>7</sup> adapting to technical progress the Council Directive of 27 July 1976 on the approximation of the laws of the Member States relating to the installation of lighting and light-signalling devices on motor vehicles and their trailers<sup>8</sup> (France, United Kingdom).

Failure to inform the Commission of national measures to give effect to the Commission Directive of 3 July 1984<sup>9</sup> 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 vehicles<sup>10</sup> (France, United Kingdom).

Failure to inform the Commission of national measures to give effect to the Council Directive of 12 July 1982<sup>11</sup> amending the Council Directive of 25 July 1978 laying down specific criteria of purity for emulsifiers, stabilizers, thickeners and gelling agents for use in foodstuffs<sup>12</sup> (Belgium, Denmark, Ireland, Luxembourg, Netherlands).

Failure to inform the Commission of national measures to give effect to the Council Directive of 18 October 1982<sup>13</sup> amending the Council Directive of 25 July 1978 laying down specific criteria of purity for anti-oxidants which may be used in foodstuffs intended for human consumption<sup>12</sup> (Denmark, Ireland, Luxembourg, Netherlands).

Failure to inform the Commission of national measures to give effect to the Commission Directive of 22 July 1983 introducing temporary measures for the designation of certain ingredients in the labelling of foodstuffs for sale to the ultimate consumer<sup>14</sup> (Denmark, Luxembourg, Netherlands, United Kingdom).

Failure to inform the Commission of national measures to give effect to the Commission Directive of 5 October 1981<sup>15</sup> 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 label-

<sup>1</sup> OJ L 281, 10.11.1979.

<sup>2</sup> OJ L 383, 31.12.1980.

<sup>3</sup> OJ L 185, 30.6.1982.

<sup>4</sup> OJ L 166, 26.6.1984.

<sup>5</sup> OJ L 58, 8.3.1969.

<sup>6</sup> OJ L 245, 14.9.1984.

<sup>7</sup> OJ L 9, 12.1.1984.

<sup>8</sup> OJ L 232, 27.9.1976.

<sup>9</sup> OJ L 196, 26.7.1984.

<sup>10</sup> OJ L 42, 23.2.1970.

<sup>11</sup> OJ L 230, 5.8.1982.

<sup>12</sup> OJ L 223, 14.8.1978.

<sup>13</sup> OJ L 297, 23.10.1982.

<sup>14</sup> OJ L 255, 15.9.1983.

<sup>15</sup> OJ L 342, 28.11.1981.

ling of paints, varnishes, printing inks, adhesives and similar products<sup>1</sup> (United Kingdom).

Failure to inform the Commission of national measures to give effect to the Council Directive of 16 May 1983<sup>2</sup> amending 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 products<sup>1</sup> (United Kingdom).

Failure to inform the Commission of national measures to give effect to the Council Directive of 18 December 1978 concerning the mutual recognition of diplomas, certificates and other evidence of formal qualifications in veterinary medicine, including measures to facilitate the effective exercise of the right of establishment and freedom to provide services<sup>3</sup> (Greece).

Failure to inform the Commission of national measures to give effect to the Council Directive of 19 July 1982 laying down measures to facilitate the effective exercise of the right of establishment and freedom to provide services in hairdressing<sup>4</sup> (Greece).

### Employment and social affairs

Failure to inform the Commission of national measures to give effect to the Council Directive of 20 October 1980 on the approximation of the laws of the Member States relating to the protection of employees in the event of the insolvency of their employer<sup>5</sup> (Greece).

### Agriculture

Failure to inform the Commission of national measures to give effect to the Council Directive of 30 June 1982 concerning certain products used in animal nutrition<sup>6</sup> (Denmark).

Failure to inform the Commission of national measures to give effect to the Council Directive of 19 July 1982<sup>7</sup> amending Annex II to the Council Directive of 23 November 1976 relating to the fixing of maximum levels for pesticide residues in and on fruit and vegetables<sup>8</sup> (Denmark, France).

Failure to inform the Commission of national measures to give effect to the forty-first Commission Directive of 19 November 1982<sup>9</sup> amending the Annexes to the Council Directive of 23 November 1970 concerning additives in feeding-stuffs<sup>10</sup> (France).

Failure to inform the Commission of national measures to give effect to the third Commission Directive of 21 December 1982<sup>11</sup> amending the Annex to the Council Directive of 23 November 1976 on the marketing of straight feedingstuffs<sup>12</sup> (Belgium).

Failure to inform the Commission of national measures to give effect to the Council Directive of 18 April 1983 on the fixing of guidelines for the assessment of certain products used in animal nutrition<sup>13</sup> (Denmark, Luxembourg, United Kingdom).

Failure to inform the Commission of national measures to give effect to the Council Directive of 21 December 1982 on the notification of animal diseases within the Community<sup>14</sup> (Luxembourg).

Failure to inform the Commission of national measures to give effect to the Commission Directive of 12 April 1983<sup>15</sup> establishing exceptions from the Council Directive of 21 December 1976<sup>16</sup> for certain products which contain other foodstuffs and only a small percentage of meat or meat product (Denmark, Luxembourg).

### Transport

Failure to inform the Commission of national measures to give effect to the Council Directive of 28 July 1982<sup>17</sup> amending the Council Directive of 17 February 1975 on the establishment of common rules for certain types of combined road/rail carriage of goods between Member States<sup>18</sup> (France).

### Environment, consumer protection and nuclear safety

Failure to inform the Commission of national measures to give effect to the Council Directive of 24 November 1975 on the approximation of the

<sup>1</sup> OJ L 303, 28.11.1977.

<sup>2</sup> OJ L 147, 6.6.1983.

<sup>3</sup> OJ L 362, 23.12.1978.

<sup>4</sup> OJ L 218, 27.7.1982.

<sup>5</sup> OJ L 283, 20.10.1980.

<sup>6</sup> OJ L 213, 21.7.1982.

<sup>7</sup> OJ L 234, 9.8.1982.

<sup>8</sup> OJ L 340, 9.12.1976.

<sup>9</sup> OJ L 347, 7.12.1982.

<sup>10</sup> OJ L 270, 14.12.1970.

<sup>11</sup> OJ L 383, 31.12.1982.

<sup>12</sup> OJ L 32, 3.2.1977.

<sup>13</sup> OJ L 126, 13.5.1983.

<sup>14</sup> OJ L 378, 31.12.1982.

<sup>15</sup> OJ L 112, 28.4.1983.

<sup>16</sup> OJ L 26, 31.1.1977.

<sup>17</sup> OJ L 247, 23.8.1982.

<sup>18</sup> OJ L 48, 22.2.1975.

laws of the Member States relating to the sulphur content of certain liquid fuels<sup>1</sup> (Greece).

Failure to inform the Commission of national measures to give effect to the Council Directive of 22 March 1982 on limit values and quality objectives for mercury discharges by the chloralkali electrolysis industry<sup>2</sup> (Germany, Italy).

Failure to inform the Commission of national measures to give effect to the Council Directive of 24 June 1982 on the major-accident hazards of certain industrial activities<sup>3</sup> (Belgium, Italy, United Kingdom).

Failure to inform the Commission of national measures to give effect to the Council Directive of 21 April 1983<sup>4</sup> amending the Council Directive of 20 December 1979 on the limitation of noise emissions from subsonic aircraft<sup>5</sup> (Netherlands).

Failure to inform the Commission of national measures to give effect to the Commission Directive of 29 July 1983<sup>6</sup> 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 substances<sup>7</sup> (Belgium, United Kingdom).

*Cases in respect of which  
a reasoned opinion had been sent*

**Internal market and industrial affairs**

Failure to inform the Commission of national measures to give effect to the Commission Directive of 7 June 1982<sup>8</sup> adapting to technical progress the Council Directive of 4 November 1976 on the approximation of the laws of the Member States relating to radio interference caused by electrical household appliances, portable tools and similar equipment<sup>9</sup> (France).

Failure to inform the Commission of national measures to give effect to the Commission Directive of 7 June 1982<sup>8</sup> adapting to technical progress the Council Directive of 4 November 1976 on the approximation of the laws of the Member States relating to the suppression of radio interference with regard to fluorescent lighting luminaires fitted with starters<sup>9</sup> (United Kingdom).

Failure to inform the Commission of national measures to give effect to the Commission Directive of 1 July 1982<sup>10</sup> adapting to technical progress the Council Directive of 4 November 1976 on the approximation of the laws of the Member States

relating to electrical energy meters<sup>9</sup> (Luxembourg).

Failure to inform the Commission of national measures to give effect to the Council Directive of 26 May 1983<sup>11</sup> amending the Council Directive of 27 July 1976 on the approximation of the laws of the Member States relating to the installation of lighting and light-signalling devices on motor vehicles and their trailers<sup>12</sup> (United Kingdom).

Failure to inform the Commission of national measures to give effect to the Council Directive of 16 June 1983<sup>13</sup> amending the Council Directive of 20 March 1970 on the approximation of the laws of the Member States relating to measures to be taken against air pollution by gases from positive-ignition engines of motor vehicles<sup>14</sup> (France, United Kingdom).

Failure to inform the Commission of national measures to give effect to the Council Directive of 15 July 1980 on the approximation of the laws of the Member States relating to the exploitation and marketing of natural mineral waters<sup>15</sup> (Netherlands).

Failure to inform the Commission of national measures to give effect to the first Commission Directive of 28 July 1981 laying down Community methods of analysis for verifying that certain additives used in foodstuffs satisfy criteria of purity<sup>16</sup> (France).

Failure to inform the Commission of national measures to give effect to the Council Directive of 18 December 1975 on the approximation of the laws of the Member States relating to fertilizers<sup>17</sup> (Italy).

Failure to inform the Commission of national measures to give effect to the Commission Directive of 22 June 1977 on the approximation of the laws of the Member States relating to methods of sampling and analysis for fertilizers<sup>18</sup> (Italy).

<sup>1</sup> OJ L 307, 27.11.1975.

<sup>2</sup> OJ L 81, 27.3.1982.

<sup>3</sup> OJ L 230, 5.8.1982.

<sup>4</sup> OJ L 117, 4.5.1983.

<sup>5</sup> OJ L 18, 24.1.1980.

<sup>6</sup> OJ L 257, 16.9.1983.

<sup>7</sup> OJ L 196, 16.8.1967.

<sup>8</sup> OJ L 222, 30.7.1982.

<sup>9</sup> OJ L 336, 4.12.1976.

<sup>10</sup> OJ L 252, 27.8.1982.

<sup>11</sup> OJ L 151, 9.6.1983.

<sup>12</sup> OJ L 262, 27.9.1976.

<sup>13</sup> OJ L 197, 20.7.1983.

<sup>14</sup> OJ L 76, 6.4.1970.

<sup>15</sup> OJ L 229, 30.8.1980.

<sup>16</sup> OJ L 257, 10.9.1981.

<sup>17</sup> OJ L 24, 30.1.1976.

<sup>18</sup> OJ L 213, 22.8.1977.



Failure to inform the Commission of national measures to give effect to the Commission Directive of 14 December 1978<sup>1</sup> amending the Commission Directive of 22 June 1977 on the approximation of the laws of the Member States relating to methods of sampling and analysis for fertilizers<sup>2</sup> (Italy).

Failure to incorporate correctly into national law the Council Directive of 21 January 1980 concerning the mutual recognition of diplomas, certificates and other evidence of formal qualifications in midwifery and including measures to facilitate the effective exercise of the right of establishment and freedom to provide services<sup>3</sup> (Italy).

Failure to incorporate correctly into national law the Council Directive of 22 December 1980<sup>4</sup> amending, consequent on the accession of Greece, the Council Directive of 21 January 1980 concerning the mutual recognition of diplomas, certificates and other evidence of formal qualifications in midwifery and including measures to facilitate the effective exercise of the right of establishment and freedom to provide services<sup>3</sup> (Italy).

Failure to incorporate correctly into national law the Council Directive of 14 December 1981<sup>5</sup> supplementing the Council Directives of 16 June 1975<sup>6</sup>, 27 June 1977<sup>7</sup>, 25 July 1978<sup>8</sup> and 18 December 1978<sup>9</sup> concerning the mutual recognition of diplomas, certificates and other evidence of the formal qualifications of doctors, nurses responsible for general care, dental practitioners and veterinary surgeons respectively, with regard to acquired rights (Luxembourg).

### Employment and social affairs

Failure to incorporate correctly into national law the Council Directive of 9 February 1976 on the implementation of the principle of equal treatment for men and women as regards access to employment, vocational training and promotion, and working conditions<sup>10</sup> (Ireland).

### Agriculture

Failure to inform the Commission of national measures to give effect to the Commission Directive of 3 September 1980 on health marking of large packagings of fresh poultrymeat<sup>11</sup> (Italy).

Failure to inform the Commission of national measures to give effect to the Council Directive of 11 November 1980<sup>12</sup> amending the Council Directive of 12 December 1972<sup>13</sup> with regard to

swine vesicular disease and classical swine fever (France).

Failure to inform the Commission of national measures to give effect to the Council Directive of 11 November 1980<sup>12</sup> amending the Council Directive of 22 January 1980<sup>14</sup> with regard to swine vesicular disease and classical swine fever (France, Luxembourg).

### Transport

Failure to incorporate correctly into national law the Council Directive of 21 December 1978 concerning minimum requirements for certain tankers entering or leaving Community ports<sup>15</sup> (Netherlands).

### Environment, consumer protection and nuclear safety

Failure to inform the Commission of national measures to give effect to the Council Directive of 15 July 1980 relating to the quality of water intended for human consumption<sup>16</sup> (Italy).

Failure to inform the Commission of national measures to give effect to the Commission Directive of 23 October 1981<sup>17</sup> adapting to technical progress for the third 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 substances<sup>18</sup> (Greece).

Failure to inform the Commission of national measures to give effect to the Commission Directive of 25 March 1982<sup>19</sup> adapting to technical progress for the fourth time the Council Directive of 27 June 1967 on the approximation of laws, regulations and administrative provisions relating

<sup>1</sup> OJ L 39, 14.2.1979.

<sup>2</sup> OJ L 213, 22.8.1977.

<sup>3</sup> OJ L 33, 11.2.1980.

<sup>4</sup> OJ L 375, 31.12.1980.

<sup>5</sup> OJ L 385, 31.12.1981.

<sup>6</sup> OJ L 167, 30.6.1975.

<sup>7</sup> OJ L 176, 15.7.1977.

<sup>8</sup> OJ L 233, 24.8.1978.

<sup>9</sup> OJ L 362, 23.12.1978.

<sup>10</sup> OJ L 39, 14.2.1976.

<sup>11</sup> OJ L 251, 24.9.1980.

<sup>12</sup> OJ L 325, 1.12.1980.

<sup>13</sup> OJ L 302, 31.12.1972.

<sup>14</sup> OJ L 47, 21.2.1980.

<sup>15</sup> OJ L 33, 8.2.1979.

<sup>16</sup> OJ L 229, 30.8.1980.

<sup>17</sup> OJ L 351, 7.12.1981.

<sup>18</sup> OJ L 196, 16.8.1967.

<sup>19</sup> OJ L 106, 21.4.1982.

to the classification, packaging and labelling of dangerous substances<sup>1</sup> (Greece).

#### Financial institutions and taxation

Failure to inform the Commission of national measures to give effect to the first Council Directive of 12 December 1977 on the coordination of the laws, regulations and administrative provisions relating to the taking up and pursuit of the business of credit institutions<sup>2</sup> (Belgium, Italy).

Failure to inform the Commission of national measures to give effect to the Council Directive of 5 March 1979 coordinating the conditions for the admission of securities to official stock exchange listing<sup>3</sup> (Greece, Luxembourg).

Failure to inform the Commission of national measures to give effect to the Council Directive of

17 March 1980 coordinating the requirements for the drawing up, scrutiny and distribution of the listing particulars to be published for the admission of securities to official stock exchange listing<sup>4</sup> (Greece).

Failure to inform the Commission of national measures to give effect to the Council Directive of 15 February 1982 on information to be published on a regular basis by companies the shares of which have been admitted to official stock-exchange listing<sup>5</sup> (Greece, Luxembourg).

Failure to inform the Commission of national measures to give effect to the Council Directive of 28 March 1983<sup>6</sup> determining the scope of Article 14(1)(d) of the Council Directive of 17 May 1977<sup>7</sup> as regards exemption from value-added tax on the final importation of certain goods (Ireland).

<sup>1</sup> OJ L 196, 16.8.1967.

<sup>2</sup> OJ L 322, 17.12.1977.

<sup>3</sup> OJ L 66, 16.3.1979.

<sup>4</sup> OJ L 100, 17.4.1980.

<sup>5</sup> OJ L 48, 20.2.1982.

<sup>6</sup> OJ L 105, 23.4.1983.

<sup>7</sup> OJ L 145, 13.6.1977.

## 4. Code of Conduct for companies from the European Community with subsidiaries, branches or representation in South Africa

### As revised on 19 November 1985 by the Foreign Ministers of the 10 Community countries, Spain and Portugal

3.4.1. This Code is addressed to all companies from the European Community which have subsidiaries, branches or representatives in South Africa.

The aim of the Code is to make a contribution towards abolishing apartheid. None of the provisions of this Code should be interpreted as leading to discrimination between the various racial communities in South Africa. The dispositions concerning black employees have the sole objective of putting these on an equal footing with the other employees.

#### 1. Relations within the undertaking

(a) Companies should ensure that all their employees irrespective of racial or other distinction are allowed to choose freely and without any hindrance the type organization to represent them.

(b) Companies should pay particular attention to black trade unions and be prepared to recognize them.

(c) Companies should be prepared to sign recognition agreements with representative black trade unions within the company and allow collective bargaining, including the signing of collective agreements, in accordance with internationally accepted labour standards.

Employers should regularly and unequivocally inform their employees that consultations and col-

lective bargaining with organizations which are freely elected and representative of employees are part of company policy.

(d) Companies should do everything possible to inform their employees within the company of their social and trade union rights.

Employers should make every effort to ensure that black African employees are free to form or join the trade union of their choice. Steps should be taken as a matter of course to allow trade union officials to explain to employees the aims of trade unions and the advantages of membership, to distribute trade union documentation and display trade union notices on the company's premises, to have reasonable time off to carry out their union duties without loss of pay and to organize meetings. Employers should encourage trade union members to take part in trade union training programmes.

(e) Companies should do everything to establish a climate of confidence in their relations with their employees and should in particular make available to them the text of the Code of Conduct of the European Communities and inform them, in an appropriate language and in places to which they normally have access, of what the company is doing to implement this Code.

(f) In companies where works or liaison committees already operate, trade union officials should have representative status on these bodies if employees so wish. The existence of these types of committee should not prejudice the development or status of trade unions or of their representatives.

## 2. Migrant labour

(a) The policy of apartheid leads to the use of migrant labour, which robs the individual of the basic freedom to seek and obtain the job of his choice. It also causes grave social and family problems.

(b) Employers have the social responsibility to contribute towards ensuring freedom of movement for black African workers and giving them the opportunity to lead a family life.

(c) Employers should endeavour to alleviate the effects of existing regulations, in particular by facilitating the regular renewal of contracts of employment and making it easier for the families of employees to settle near their companies.

## 3. Pay and wage structures

(a) Companies should assume a special responsibility as regards the pay and conditions of employ-

ment of their black African employees. In this context, they should refer to the data of the University of South Africa (Unisa).

They should formulate specific guidelines aimed at improving their terms of employment. Pay based on the 'supplemented living level' for an average-sized family must be considered as the absolute minimum necessary.<sup>1</sup> Nevertheless, companies should make every effort to exceed this level when fixing wages. In their reports they should supply the required explanations and, in particular, give an account of their wage scale and the possibilities for progress in this context.

(b) The principle of equal opportunities for all employees ought to be fully respected. The principle of 'equal pay for equal work' means that all jobs should be open to any worker who possesses suitable qualifications, irrespective of racial or other distinction, and that wages should be based on a qualitative job evaluation. The same pay scales should be applied to the same jobs.

## 4. Training and promotion of black employees

(a) The principle of equal pay would, however, be meaningless if black African employees were kept in inferior jobs. Employers should therefore draw up an appropriate range of training schemes of a suitable standard to provide training for their black African employees and reduce the dependence of their companies on immigrant white labour.

(b) Companies should ensure that supervisory and management jobs and those requiring high technical qualifications are open to their black African employees.

Companies should, if possible, organize occupational training programmes for their black employees. Companies should, if possible, help their black employees to take advantage of other educational and occupational training programmes outside their places of work. Where required, companies, should set up or use educational facilities to enable their black employees to benefit from more specialized training.

(c) Companies should make every effort to eliminate in practice the *de facto* restriction or based on custom on apprenticeships for black employees. They should ensure that employees of different racial groups can take part in training programmes without any form of segregation.

<sup>1</sup> In this context, it is to be recalled that the previous text of the Code of Conduct mentioned that the minimum wage should exceed by at least 50% the minimum level required to satisfy the basic needs of an employee and his family.

## 5. Fringe benefits

(a) In view of their social responsibilities, companies should concern themselves with the living conditions of their employees and their families.

(b) For this purpose, company funds could be set aside to provide benefits over and above those currently provided according to South African legislation:

(i) providing complete social protection schemes for employees and their families (health, accident and unemployment insurance and old age pensions);

(ii) ensuring that their employees and their families have the benefit of adequate medical care;

(iii) in the education of members of their families;

(iv) involving the accommodation of black African staff and their families, in particular by helping them to buy their own housing;

(v) providing transport from home to work and back;

(vi) providing their employees with assistance in problems they encounter with the authorities over their movement from one place to another, their choice of residence and their employment;

(vii) providing leisure facilities.

(c) Companies should support projects which aim to improve the quality of life of the black communities from which they draw their staff.

## 6. Desegregation at places of work

(a) Employers should do everything possible to abolish any practice of segregation, notably at the workplace, in canteens, in education and training and in sports activities. They should also ensure equal working conditions for all their staff.

(b) Along with the advancement of their black employees, companies should directly support inter-staff contacts, and help employees from different racial groups to get to know each other better and integrate more fully.

Companies should encourage sporting activities in which employees from different racial groups take part as mixed teams in mixed competitions.

## 7. Encouragement of black businesses

As far as they are able, companies should, in the framework of their activities, encourage the setting up and expansion of black businesses by subcontracting, providing assistance for their black employees to set up their own companies and

preferential, priority treatment in customer-supplier relations.

## Procedure

### 1. Criteria for implementation

(a) A detailed and fully documented report should be prepared by all companies which have a controlling interest in a South African company employing black workers.

(b) In other companies where there are European interests, whether significant or not, the European shareholders should make every effort to ensure that the principles of this Code are implemented and that a report is produced.

### 2. Drafting of reports

(a) Reports shall be drafted by companies according to the uniform criteria agreed by the European Community countries. These reports shall be sent either to embassies in South Africa or directly to the national authorities of the country of origin and should be made public by the companies.

(b) The reports shall cover the period from 1 July of the previous year to 30 June of the current year. They should be sent to the national authorities by the end of September. The authorities will then be responsible for drawing up national reports to be available by the end of March in the following year and submitted to the national parliaments. A summary report will be prepared by the Presidency-in-Office of the countries of the Community and presented to the European Parliament and the Economic and Social Committee of the European Community before the summer recess. The national and joint reports will be public.

### 3. Coordinating implementation of the Code

The Member States will consult regularly on the implementation of this Code, in particular through their representatives in South Africa. To this effect, the latter will draw up an annual report which will be taken into account when the summary report is drafted. This annual report will also assess the impact of this Code of Conduct in the economic and social context of South Africa and in particular the views of the relevant trade union and employers' circles concerning its content and implementation.

## Application of the Code of Conduct by Community companies with subsidiaries in South Africa

Fifth Summary analysis<sup>1</sup>  
1 July 1983 — 30 June 1984

### Introduction

During the period under review, there were a number of important developments in the economic and social climate in South Africa. The worsening economic recession which hit many sectors of the South African economy and resulted in a sharp upswing in unemployment, particularly among blacks, with an estimated 30% of the working black population (including the black homelands) out of work, was accompanied by the rapid growth of trade unionism. The number of black workers belonging to trade unions rose from 545 000 at the end of 1982 to about 700 000 at the end of 1983.

The same period also saw the workers giving more effective expression to their demands. It must be noted that compared to 1983, the official number of strikes has known a remarkable increase of about 30% in 1984, this number mounting from 331 to 469. An even bigger increase in the number of strikers was noted, this number almost tripling, going from 64 469 in 1983 to 181 942 in 1984.

This had a direct effect on the form of black worker representation in firms, with representative bodies such as liaison committees gradually being superseded by other forms of direct contact between black trade unions and companies. In this context, the difference between registered and non-registered trade unions is tending to fade in practice. On the legal front, a number of court rulings confirmed and reinforced the new trade union rights granted by South African law, but the legal mechanisms in the field of the labour law are not really adequate to enable workers to defend their rights and interests effectively. Trade unions continue to face major obstacles, in particular because of the imprisonment of many of their leaders and activists. Certain trade unions are even forbidden in the homelands of Ciskei and Bophuthatswana. Large groups of workers are, and always have been, excluded from the scope of labour legislation. Agricultural workers, domestic staff, civil servants and workers in certain strategic industries, a total of approximately three million people, are still excluded.

The law may prohibit discrimination in salary scales, but what happens in reality is often quite different and discriminatory practices do exist under the cover of the closed shop system, particu-

larly in the mining industry. Various factors, including the poor quality of education in the black community, mean that there is still a wide gap between the incomes of blacks and whites and there was no significant improvement since 1983. This was compounded at the beginning of 1984, when the South African Government reduced the fiscal benefits granted to firms to encourage the vocational training of black workers. It is therefore to be expected that the continuing economic crisis and the absence of favourable prospects in the short term will have an adverse effect on efforts to improve the social situation of black workers by improving their vocational training.

As regards the free movement of black workers, the application of the influx control laws led to the arrest of more than 100 000 blacks in 1983. However, the situation improved slightly following the *Rikhoto* judgment in 1983, which gave black workers the right, under certain conditions, to take up permanent residence in 'black' urban areas, and thus to become South African citizens rather than citizens of the homelands.

The 1983 Basic Conditions of Employment Act abolished regulations on segregation at the workplace.

### Analysis of the reports

The fifth common report on the implementation of the Code of Conduct covers the period 1 July 1983 to 30 June 1984. A summary of the reports analysed is given in the table below.

The fifth common report discusses the conditions of employment in 218 firms employing approximately 131 000 black workers. The Governments of the Ten are endeavouring to persuade firms which do not yet submit a report that they should do so in compliance with point 7 of the Code of Conduct. While it is true that the total number of workers concerned has decreased since the fourth common report, the number of reports from firms went down only slightly. This can be explained by the general development of the South African economy. However, the Code of Conduct has as large an acceptance as it had in the preceding period.

The national reports from Denmark, France, the Federal Republic of Germany, the Netherlands and the United Kingdom are public.

<sup>1</sup> Previous analysis: Bull. EC 11-1984, point 3.4.1.

Period covered: 1 July 1983 — 30 June 1984

Country <sup>1</sup>	Number of company reports analysed	Number of black workers
Belgium	5	2
Denmark	2	223
Federal Republic of Germany	47	19 400
Greece	2	40
France	6	1 629
Italy	2	1 000
Netherlands	17	4 782
United Kingdom	137	104 000
<b>Total</b>	<b>218</b>	<b>131 074</b>

<sup>1</sup> No firms in Ireland or Luxembourg have to submit reports in compliance with the Code of Conduct.

<sup>2</sup> No figures available.

### Relations within firms

The black trade union movement and the representation of black workers have continued to make significant progress. The principle of the free choice by workers of their representatives is generally accepted by the firms which submitted reports.

One hundred and twenty-eight British firms have or are prepared to have formal or informal relations with black trade unions.

According to the report from the Federal Republic of Germany twenty-four firms with a total of 33 264 employees (70% of all employees) have cooperated in a broad sense with unions having a black membership. In the case of six of them (22 848 employees), cooperation is based on written agreements, while the other firms have come to practical agreements on a non-contractual basis. Twenty-nine German firms have also informed their employees that they are prepared to cooperate with both registered and non-registered unions. Eighteen firms cooperate on a practical level in a variety of ways. The main advantages granted to trade union representatives are as follows:

- (i) authorization of meetings at the workplace and during working hours;
- (ii) technical assistance for trade union work (printing, premises, secretaries, etc.);
- (iii) partial or total exemption from work for staff delegates in 11 firms employing 24 000 workers;
- (iv) direct debit of union contributions from salaries in eight firms employing 17 790 workers.

The Dutch firms have all made it known that they are prepared to negotiate with black trade union representatives unconditionally. Eight firms are involved in collective negotiations by sector, and in seven large firms employing 8 210 staff direct contact with black trade unions is either already under way or is in the process of being introduced. The Dutch report particularly stresses the fact that the distinction between registered and non-registered unions is tending to lose its significance.

The British report shows that through a large number of firms have formal (41 firms) or informal (28 firms) contacts with black unions, the unions are not as yet involved to the full in collective bargaining procedures. There has been a marked increase in the number of firms which formally recognize the union rights of black employees. However, regulations applying collectively to the majority of black workers are introduced without negotiation, although in most of the firms procedures for consultation do exist. Thus nearly a third of the firms report that salary conditions are not yet negotiated with the black workers, and 10% of firms apply regulations adopted by bodies on which black workers are not represented.

The two Danish companies which answered the questionnaire gave blacks full rights to join a trade union, and this is also true of the two Italian firms, one of which has a union representation within the company, and a large majority of the French companies operating in South Africa.

The two Greek companies concerned point out that in the two sectors concerned either there are no trade unions or their employees have not yet expressed a wish to join one. The same is true of the Belgian companies.

Although the role of the union is growing more prominent, the liaison committee is still the main form of workers' organization. Ninety-three British companies, or 67.9% of the firms which filed a report, stated that they had liaison committees. The workers in 25 German companies, or 62% of the workers in German companies (29 491), are represented by this type of committee, as are the workers in the two Danish companies, three of the French companies and nine of the Dutch companies, mainly the larger ones. None the less, a growing number of companies stated in their reports that the importance of the liaison committee has diminished as a result of the growth of the black trade union movement.

### Migrant labour

As in previous years, only a minority of the firms which filed a report employ migrant labour and none of the Danish, Italian or Greek firms do so.

The problem of the migrant worker does not arise in four of the five Belgian companies, while the fifth employs only migrant labour. Only 17 German companies employ migrant workers and the total number fell from 1 700 in 1983 to 1 060 in 1984. Moreover, 90% of these workers are concentrated in four firms (mines and assembly lines) in regions with no local labour. Only one French company employs a significant proportion of migrant workers, but tries to limit the numbers as far as possible. The others employ a very small percentage of migrant workers. Four Dutch companies use migrant labour, only one to any significant degree (more than 50% of the black workers). The situation in British companies shows a slight increase in the total number of migrant workers, who represent approximately 10.6% (or 11 000) of all black workers employed by British companies. Nearly 80% of the migrant workers are employed by a single company. The total number of British firms employing migrant workers is 47.

As regards working conditions for migrant workers, many companies stated that they aimed to ensure equal working conditions for their migrant employees. A number of firms give additional benefits, such as paying transport costs, extra days' leave, improvement of housing, particularly to accommodate the workers' families, in an attempt to ease their situation. Some firms expressed a desire to stop employing migrant workers. Others take particular care to guarantee migrant workers a regular renewal of their work contracts for a period of 10 years, thus enabling them to obtain the right of permanent residence in 'white' areas.

### Wages

The Code recommends that all employers should pay minimum wages at least 50% higher than the amount needed to meet the minimum household needs.

According to the reports received, most companies pay wages above the minimum. For example, 68% of blacks employed by German firms earn wages 50% higher than the minimum required to meet the needs of a household of four persons. However, thirteen German firms with 5 315 employees have either not sent detailed information or reported wages below the recommended minimum for certain categories. The British report reveals that of 104 000 black workers, some 102 400 (98.2%) are paid more than the 'lower datum level'. Despite the economic recession in South Africa, the number of black workers earning less than the 'higher datum level' has dropped significantly, levelling off at 5 500 persons, or 5.2% of the black workers employed by British companies.

Of the 4 782 black workers employed by Dutch companies, approximately 4 555, or 95.3% are paid in accordance with the recommendations of the Code and 202 earn less than the recommended level but way above the minimum level. About 25 black workers earn wages below this minimum level.

All employees in French firms are paid well over the minimum rate and only a few are paid less than the recommended 'optimal' wage. The five Belgian companies, two Danish firms and one Italian firm also report paying only wages above the recommended minimum. In addition, many European companies stressed their efforts to adjust wages regularly to keep pace with the cost of living.

### Wage structures and promotion of black workers

The European Code of Conduct is based on the principle of 'equal work, equal pay' which implies that any job should be open to any worker with the right qualifications and that racial differences have no effect on wage levels and promotion prospects. The Code also calls on firms to reduce their dependence on white immigrant staff.

Nevertheless, although these principles are broadly accepted, there is still much to be done, particularly in the field of training black workers, a field in which increasing numbers of European firms are active.

As regards the principle of equal pay and promotion prospects, the great majority of European firms report that they are introducing objective job classification systems and salary scales in which racial criteria play no part, although it must be acknowledged that differences in the quality of education for the various racial groups do make themselves felt.

It is only rarely (less than 5% of British firms) that the principle of equal pay and equal access to jobs is not accepted.

The need to have sufficiently qualified staff has led a large number of firms to finance training for their black workers. This is so in 130 of the 137 British companies, 28 of the German (74% of the workers), both the Danish and Italian, one of the Belgian, most of the French and all the major Dutch companies.

While the importance of more specialist training for black workers is acknowledged, the ways in which this training is provided vary from one company to the next. Two of the big Dutch firms have their own training centres, others either

help their employees to follow external training courses or feel that priority must be given to on-the-job training. Sixteen German companies offer special training for commercial and technical jobs and nine have special training centres. Similarly, two thirds of British firms have their own training infrastructure. In-house training programmes are also organized by the two Danish firms, one Belgian firm and one French.

A number of companies which are unable to have their own centres help their black workers to participate in outside training courses by giving study grants and financing traineeships in other firms. Eight German firms have awarded specific grants for university or technical college courses. Three French companies have announced that they intend to take part in a training project for black managerial staff. A number of firms report that they have a deliberate policy for the promotion of black workers and cite examples.

Nevertheless, in view of the shortage of specialist black workers in certain fields, European firms are still obliged, although to a reduced extent, to employ European immigrant workers. Some reports, in particular the British report, reveal a substantial reduction in the number of white immigrants employed.

Generally speaking, the report show that the fact that many black workers are under-qualified is still a major problem for companies and continues to be at the root of the persisting concentration of these workers in the least specialized and least well-paid jobs.

#### Fringe benefits

The Code of Conduct recommends that firms should extend their responsibilities to the living conditions of their employees and their families and take specific action in the fields of housing, transport, leisure, health, education and social welfare.

A large majority of firms report that they give additional benefits to their black employees, in a wide range of forms:

- (i) contributions to insurance schemes (sickness, accident, unemployment, retirement);
- (ii) loans at reduced rates for house purchases;
- (iii) thirteenth month or end-of-year bonus;
- (iv) aid for children's education;
- (v) subsidies for sports and other leisure activities;
- (vi) food at reduced prices or free;
- (vii) free transport and other extra benefits.

A number of firms also finance various projects in the communities in which the black workers live.

#### Desegregation at the workplace

Firms are invited to eliminate all segregatory practices at the workplace and in other premises.

Efforts have been made by most European firms to achieve desegregation. Thus, 41 of the German, all the Danish, Belgian, French, Italian and Greek, most Dutch and 37 British companies stated that they had eliminated all forms of segregation, while in certain companies a distinction is made between complete desegregation at the workplace and the maintenance of some segregation in the toilet and wash-room facilities and canteens.

Nevertheless, generally speaking the progress made in previous years seems to have continued in many firms during the period under review, despite the fact that a number of legal, practical and psychological obstacles remain.

#### Conclusion

As was found in the fourth Community analysis, the black trade union movement has made rapid progress both in terms of organization and in the number of members. This state of affairs is largely recognized by European firms, which are now more willing to enter into contact and negotiate with the representative trade union, whether registered or not. South African law, reinforced by court rulings, has in a large measure taken account of the recommendations made in point 1 of the European Code of Conduct, and it now remains to adapt the Code to the situation which has developed since the Wiehahn Committee report in 1979.

It is clear that contacts and negotiations between trade unions and employers are increasingly supplanting the paternalistic institutions set up by South African law (liaison committee, works council, etc.), although these still play an important part in the reporting firms. In a number of cases, there are still no workers' representative bodies.

Despite the difficulties encountered during the period under review (economic crisis, changes in the legislation), appreciable efforts have been made by European firms in the field of the vocational training of black workers both within the firms and in external institutions. Nevertheless, it has to be acknowledged that the number of black workers who have achieved positions of responsibility is still very small and that there continue to be wide



discrepancies between the incomes of black and white workers.

In the absence of harmonized assessment, it is difficult to judge how far the recommendation of the Code of Conduct on the minimum salary has been applied in such a way as to improve the social situation of black workers. At most, it can be concluded that a large majority of European firms pay wages way above the minimum laid down by South African law. According to the reports, the deterioration of the economic climate in South Africa is the main cause for a certain stagnation in this field.

Finally, as regards desegregation at the workplace, progress was made during the period under review and this is a less prominent issue, though certain legal, institutional and psychological barriers still remain, particularly with regard to canteens and toilet and wash-room facilities.

Generally speaking, there has been positive progress in the accuracy and detail of the information supplied by companies, which is a reflection of the attention with which European firms operating in South Africa are, in the main, implementing the recommendations made in the European Code of Conduct.

Lastly, it should be mentioned that the Ministers of the Ten and of Spain and Portugal decided at their meeting on 22 July 1985 to amend and reinforce the Code of Conduct to enable it to make a more effective contribution to the abolition of apartheid in South Africa. The period from 1 July 1984 to 30 June 1985 will, however, still be examined on the basis of the present Code of Conduct. The revised Code will be applicable with effect from 1 July 1985.

